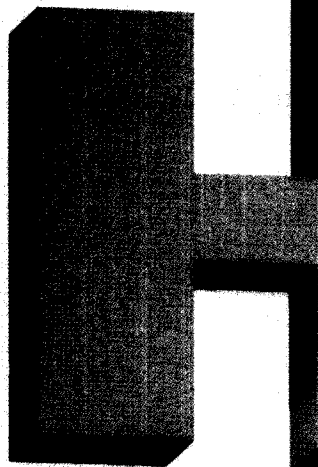


# HIMADRI CHEMICALS & INDUSTRIES LIMITED

Report



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# HIMADRI CHEMICALS & INDUSTRIES LIMITED

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## Board of Directors

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### **CHAIRMAN**

Mr. D.P. Choudhary

### **MANAGING DIRECTOR**

Mr. B.L. Choudhary

### **EXECUTIVE DIRECTOR**

Mr. V.K. Choudhary

### **DIRECTORS**

Mr. S.S. Choudhary

Mr. R.N. Jhunjhunwala

Mr. S.K. Saraf

Mr. S.K. Goenka

## Auditors

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

## Bankers

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Central Bank of India

## Share Transfer Agents

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M/s. S.K. Computers  
34/1A Sudhir Chatterjee Street, Kolkata 700 006  
Phone : 2219 4815/6797

## Company Addresses

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### **REGISTERED OFFICE**

23A Netaji Subhas Road, 8th Floor, Kolkata 700 001

### **WORKS**

Netaji Subhas Road, Liluah, Howrah, West Bengal.

Gadadhar Bhatt Road, Liluah, Howrah West Bengal.

Ancillary Industrial Estate, Visakhapatnam, Andhra Pradesh.



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors take pleasure in presenting the Fifteenth Annual Report and the Audited Statement of Accounts of your Company for the year ended on 31st March, 2003.

### FINANCIAL RESULTS

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

	( Rs. in lacs )	
	For the year ended 31/03/2003	Previous Year ended 31/03/2002
Gross Turnover	10853.13	7814.86
Less : Expenses (including Depreciation & Interest)	10646.31	7740.78
Profit Before Taxation	206.82	74.08
Less : Provision for Taxation:		
Current Tax	6.92	0.32
Deferred Tax	29.20	1.58
Profit After Taxation	170.70	72.18
Balance Brought Forward	(87.43)	14.73
	83.27	86.91
Less : Deferred tax liability as on 01.04.2001 adjusted	Nil	174.34
BALANCE CARRIED TO BALANCE SHEET	83.27	(87.43)

### DIVIDEND

Your Directors do not recommend payment of Dividend in respect of the year ended 31st March 2003 to enable the Company to augment its Working Capital requirement keeping in view the likely increased operational volume in the financial year 2003-2004 and the expansion activities at hand.

### HIGHLIGHTS OF PERFORMANCE

Gross turnover during the year increased by 38.88% despite a sliding industrial growth in the country. Profit Before Tax was up by 179.18% at 206.82 lacs. The turnaround in profitability is mainly due to continuous improvement in operational efficiencies, which resulted in noteworthy reductions in cost of production, particularly in the cost of inputs despite inflationary impacts, as also due to substantial increase in sales.

### FUTURE OUTLOOK

The new plant with most modern technology is being set up in West Bengal at Durgapur Expressway. This new plant is expected to be commissioned for trial run by the end of the current year. On successful commissioning of this plant, the total production capacity of the company would be more than double its present aggregate capacity and the company would be in a position to export a part of its product after meeting the needs of domestic market.

# HIMADRI CHEMICALS & INDUSTRIES LIMITED

## CORPORATE GOVERNANCE

A separate Report on Corporate Governance is enclosed as a part of this Annual Report and is marked as Annexure "A".

A certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

## MANAGEMENT DISCUSSION AND ANALYSIS

Report on Management Discussion and Analysis is a part of this Annual Report and is marked as Annexure "B".

## DIRECTORS

Mr. S. S. Choudhary and Mr. R. N. Jhunjhunwala, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of the provisions under section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- i) In preparation of the Annual Accounts of the Company, the applicable Accounting Standards prescribed by the ICAI have been strictly followed;
- ii) Your Directors have selected such Accounting Policies as mentioned in Schedule 19 to the Annual Accounts and applied them consistently and made judgments and estimates that are reasonable and prudent 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 of the Company for that period ;
- iii) Proper and sufficient care has been taken for 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 to the best of their knowledge and ability;
- iv) The Annual Accounts have been prepared on a going concern basis.

## PUBLIC DEPOSIT

The Company did not receive and/or renew any deposit from the public during the year under review nor was there any balance carried forward.

## AUDITORS

The Notes on Accounts appearing in Schedule 19 and referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments or explanations under Section 217 (3) of the Companies Act, 1956.

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

## PARTICULARS OF EMPLOYEES

None of the employees were drawing remuneration of Rs.2 lacs or more per month or Rs.24 lacs or



more per year during the year under review. Hence, details to be furnished as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required.

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

A statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo, in accordance with section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and is marked as Annexure "C" which forms part of this report.

**PERSONNEL**

Your Directors place on record their appreciation of the valuable and sincere contribution made by the employees at all levels. The employees and management relationship had been very cordial during the year under review.

**ACKNOWLEDGEMENT**

Grateful thanks are extended to the Central Government, State Governments and Semi-Government Authorities and Banks for their continued support to the Company. Shareholders' appreciation of the Management's efforts is also a great encouragement to strive for better performance year after year.



for and on behalf of the Board

Place : Kolkata  
Dated : The 28th August, 2003

D.P.Choudhary  
Chairman

# HIMADRI CHEMICALS & INDUSTRIES LIMITED

## Annexure-"A" to Directors' Report

### CORPORATE GOVERNANCE REPORT

#### COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE :

The company believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholder values. There is no universal model for corporate Governance. Different environments call for different solutions to meet the demands of statutory compliance and regulations. In any case, the ultimate goal is that the affairs of the company be controlled and regulated in a manner which is transparent, ethical and accountable. The basic philosophy of corporate governance in your company has been to achieve business excellence, to enhance stakeholder values and at the same time to meet the social expectations.

In the process, your Company follows the procedures and practices in conformity with the code of corporate governance as enacted in the listing agreements. In keeping with the spirit of the said code, the Board of Directors of the Company have since constituted and re-constituted various committees for due implementation of the code as detailed in the following paragraphs.

#### BOARD OF DIRECTORS

The Board closely monitors the performance of the company and of the Management, approves and reviews strategy. Through its various committees, it also evaluates management performance. It ensures legal and ethical conduct and accurate financial reporting. It holds itself responsible for long term health of the company.

The company is managed by the Managing Director and the Executive Director under the control and supervision of the Board.

The Board consists of Executive and Non-Executive Directors while the ratio of independent and non-independent Directors in the Board conforms the norms laid down under the Listing Agreement.

The Non-Executive Directors are professionals with expertise and experience in general corporate Management , Legal, Finance and other allied fields.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees as per clause 49(IV)(B) of the Listing Agreement across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding committee positions occupied by them in other companies.

During the year under review, the Board met 12 (twelve) times on 02/04/2002, 30/04/2002, 02/05/2002, 20/05/2002, 06/06/2002, 31/07/2002, 28/08/2002, 31/10/2002, 05/11/2002, 31/01/2003, 18/02/2003 and 25/03/2003.

The Company has not entered into any materially significant transaction with its promoters, directors or their relatives etc., that may have potential conflict with the interest of the company at large.

The Names and categories of the Directors on the Board, their attendance at the Board meetings held during the year and at the last Annual General Meeting as also the number of Directorship and committee positions as held by them in other public limited companies as on 31st March 2003 are given below :



Name	Category	No. of Board Meeting attended during 2002-2003	Whether attended last AGM held on 27/09/02	No. of Director ships in other Public Ltd Companies *	No. of Committee positions held in other Public Ltd. Co.	
					As Chairman	As Member
Mr.D.P.Choudhary	Promoter Not Independent Non-Executive	Twelve	Yes	Four	—	—
Mr.S.S.Choudhary	Promoter Not Independent Non-Executive	Twelve	Yes	Two	—	—
Mr.B.L.Choudhary	Promoter Not Independent Executive	Twelve	Yes	Four	—	—
Mr.V.K.Choudhary	Promoter Not Independent Executive	Seven	No	Three	—	—
Mr.R.N.Jhunjunwala	Non-Promoter Independent Non-Executive	Five	No	Six	—	—
Mr.S.K.Goenka	Non-Promoter Independent Non-Executive	Five	Yes	Nil	—	—
Mr.S.K.Saraf	Non-Promoter Independent Non-Executive	Three	Yes	Nil	—	—

\* Excluding Private Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956

The information as required under Annexure-I to clause 49 of the Listing Agreement is being made available to the Board

# HIMADRI CHEMICALS & INDUSTRIES LIMITED

## AUDIT COMMITTEE

Apart from all the matters provided in Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, the broad terms of reference of this committee is to review the internal controls, the internal audit reports, to investigate into any matter, to meet the internal/statutory auditors, to discuss their findings and suggestions and other related matters and major accounting policies followed by the Company.

The composition of Audit Committee and the details of meetings attended by the Directors are given below :

Name of Directors	Status	No. of Committee Meetings held	No. of Committee Meetings Attended
Mr. S. K. Goenka	Chairman	6	6
Mr. S. K. Saraf	Member	6	6
Mr. S. S. Choudhary	Member	6	6

Mr. S. K. Goenka has sufficient knowledge, experience and expertise in the areas of finance and accounts. The Audit Committee met on the following dates during the financial year 2002-2003:

22nd April, 2002, 23rd July, 2002, 21st August, 2002, 24th October, 2002, 29th October, 2002 and 24th January, 2003.

## SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

### TERMS OF REFERENCE

The Committee has been formed to approve the matters relative to allotment of securities, review and redressal of shareholders'/investors' grievances etc.

### COMPOSITION

#### THE COMMITTEE COMPRISES OF:

Mr. S. S. Choudhary	Chairman	Promoter, Non-executive, Not Independent Director
Mr. S. K. Saraf	Member	Non-executive, Independent Director
Mr. B. L. Choudhary	Member	Promoter, Executive, Not Independent Director.

Mr. Dilip Kumar Singh, Company Secretary, is the Compliance Officer of the Company.

During the year under review, the Committee received a total of 42 complaints from the Shareholders/Investors, out of which 37 complaints were resolved. The remaining 5 unresolved complaints are subject matters of pending court cases.

### SHARE TRANSFER COMMITTEE

The Share Transfer Committee of the Board is composed of Mr. S. S. Choudhary and Mr. S. K. Saraf who





have been delegated with the authority to deal with all Share transfer /transmission, split/consolidation/duplicate issue requests and for approval thereof. The Committee meets at least once in every month depending on the volume of requests received.

### REMUNERATION OF DIRECTORS

The Company pays remuneration to its Executive Directors by way of salary. The salary is paid within the range as approved by the shareholders and in accordance with Schedule XIII to the Companies Act, 1956.

Given below are the details of remuneration paid to Executive Directors during the financial year 2002-2003:

NAME OF DIRECTOR	SITTING FEES	SALARIES	PERQUISITES	COMMISSION
Mr. B.L.Choudhary Managing Director	-	Rs.1,80,000/-	-	-
Mr.V.K.Choudhary Executive Director	-	Rs.1,80,000/-	-	-

The Company does not pay any remuneration to its Non-Executive Directors.

### GENERAL BODY MEETINGS

Location, Date and Time of General Meetings held during the last three years :-

Date	Location	AGM/ EGM	Day	Time
25/04/2000	Bharat Chamber of Commerce, 9 Park Mansion 57 Park Street, Kolkata-16	EGM	Tuesday	10.00 a.m.
15/05/2000	23A, N.S.Road, 8th Floor, Kolkata-1	EGM	Monday	9.30 a.m.
22/09/2000	Sarat Sadan, Manton Super Market, D.H.Rd., Kol-34.	AGM	Friday	10.30 a.m.
27/12/2000	Somani Conference Hall, Merchants Chambers of Commerce, 15B Hemanta Basu Sarani, Kolkata-1	EGM	Wednesday	2.00 p.m.
28/09/2001	Sarat Sadan, Manton Super Market, D.H.Rd., Kol-34.	AGM	Friday	10.00 a.m.
27/09/2002	Sarat Sadan, Manton Super Market, D.H.Rd., Kol-34.	AGM	Friday	10.00 a.m.

All Special resolutions were passed unanimously on a show of hands by the shareholders present at the meeting.

None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

### DISCLOSURES

#### Related Party Transactions

Related party transactions are defined as the transactions of the Company of a material nature, with its promoters, Directors or the management, or their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.

# HIMADRI CHEMICALS & INDUSTRIES LIMITED

Among the related party transactions are, contracts or arrangements, made by the Company from time to time with Companies in which the Directors are interested. All these contracts or arrangements are entered into a Register of Contracts Under Section 301 of the Companies Act, 1956 and the Register is placed before relevant Board Meetings.

All transactions covered under the relevant party transactions are regularly ratified and/or approved by the Board. There were no material transactions during the year 2002-2003 that are prejudicial to the interest of the Company.

Statutory Compliances, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchange(s)/SEBI and Statutory Authorities on all matters related to Capital markets during the last three years. There are no penalties or strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authorities relating to the above.

## MEANS OF COMMUNICATION

The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges immediately after they are taken on record by the Board. Further, the Quarterly results are published in The Financial Express and Khabar Kagaj.

Management discussion and analysis forms a part of the Directors' Report.

## GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting	
DATE & TIME	24/09/2003 AT 10.00 A.M.
VENUE	Sarat Sadan, Manton Super Market, Diamond Harbour Road, Kolkata-34
Financial Calendar	Year ending - March 31.
Date of Book Closure	16th September 2003 to 24th September 2003 (both days inclusive)
Listing on Stock Exchanges	The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata-700 001  The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001  The Stock Exchange, Ahmedabad Kamdhenu Complex, Opp. Sahajanand, College, Panjarapole, Ahmedabad 380 015

The company is generally regular in payment of Annual Listing Fees to each of the above stock exchanges.

Stock Code : The Calcutta Stock Exchange Association Ltd. : 18036

The Stock Exchange, Mumbai : 500184

The Stock Exchange, Ahmedabad : 24020

Demat ISIN in NSDL and CDSL for Equity Shares : INE019C01018