



SHIN HO PETROCHEMICAL (INDIA) LIMITED

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**Thirteenth Annual Report
2001-2002**

BOARD OF DIRECTORS

Chairman	: Mr. S.K. Lee
Managing Director	: Mr. Y.S. Kim
Executive Director	: Mr.C.S. Chang
Director (TIDCO Nominee)	: Mr. N. Bhagavathy
Director	: Mr. G.E. Hwang
Director	: Mr. Dal Seon Oh
Company Secretary	: Mr.P.Krishnasamy
Auditors	: M/s. Fraser & Ross
Bankers	: Bank of India Chennai Corporate Banking Branch, Chennai - 600 002.
Registered Office & Works	: Ammullavoyil Village Andarkuppam Post Manali New Town Chennai - 600 103.
Depository Registrar & Share Transfer Agents	: M/s. CAMEO CORPORATE SERVICES LTD "Subramanian Building", No.1, Club House Road, Chennai - 600 002.

ANNUAL GENERAL MEETING

Time	: 10.00 A.M.
Date	: 16th December 2002
Venue	: Registered Office Ammullavoyil Village Andarkuppam Post Manali New Town Chennai - 600 103.

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SHRI HOUSTEL CHEMICALS (INDIA) LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that **Thirteenth Annual General Meeting** of the company will be held at the registered office of the company at **Ammullavoyil village, Andarkuppam P.O. Manali New Town, Chennai 600 103** on **Monday, the 16th day of December 2002, at 10.00 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts for the financial year ended 30th June 2002 and to consider the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.K. Lee, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Dal Seon Oh, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

AS ORDINARY RESOLUTION

To consider and if thought fit, to pass with or without modifications, the following resolution, as ordinary resolution :-

5. RESOLVED THAT Mr. Y.S. Kim, who was appointed as Director of the Company on 29.10.2002 and who holds office upto the date of this Annual General Meeting and being eligible for appointment, as a Director of the Company, be and is hereby appointed as a Director of the Company.
6. RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act 1956, and subject to the approval of Central Government and such other approvals or consents, as may be necessary, Mr. Y.S. Kim be and is hereby appointed as Managing Director of the Company for a period of three years with effect from 01.11.2002, on the following terms & conditions :
 - 1) **Salary** : Rs. 60000/- per month (Rupees Sixty thousand only)
 - 2) **Perquisites** : Perquisites will be in addition to salary and will be subject to the condition that the monetary value of those under Part A shall be restricted to an amount equal to the Annual Salary.

PART 'A'

1. **Housing I** : The expenditure by the Company on hiring unfurnished accommodation will be subject to the ceiling of 60% of the salary.
Housing II : In case accommodation is owned by the company, 10% of the salary of the Managing Director shall be deducted by the Company.
Housing III : In case no accommodation is provided by the company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.
2. **Medical Reimbursement** : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months salary over a period of 3 years.
3. **Leave Travel Concession** : For self and family once in a year subject to one month's salary per annum.
4. **Personal Accident Insurance** : Premium not to exceed Rs. 6000/- per annum.

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PART B :

Contributions to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act 1961.

PART C :

Provision of a Car with driver and telephone at residence. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

The remuneration aforesaid including the perquisites be paid and allowed as minimum remuneration for any year in the event of loss or inadequacy of profits, though it exceeds the ceiling limit prescribed in Sections 198 and 309 of the Companies Act, 1956.

The Managing Director is not liable to retire by rotation.

7. RESOLVED THAT Mr C S Chang whose tenure of office as Managing Director for the period from 01.01.2002 to 29.10.2002 at the remuneration of Rs. 40,000/- per month with perquisites be and is hereby ratified and approved, under the applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, and subject to the approval of Central Government and such other approvals or consents as may be necessary, Mr C S Chang be and is hereby appointed as Executive Director of the Company for a period of Three years with effect from 01.11.2002 on the following terms & conditions :-

1. **Salary** : Rs. 40000 per month (Rupees Forty thousand only)
2. **Perquisites** : Perquisites will be in addition to salary and will be subject to the condition that the monetary value of those under Part A shall be restricted to an amount equal to the Annual Salary.

PART A :

5. **Housing I** : The expenditure by the Company on hiring unfurnished accommodation will be subject to the ceiling of 60% of the salary.

Housing II : In case accommodation is owned by the company, 10% of the salary of the Executive Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the company, the Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

6. **Medical Reimbursement** : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months salary over a period of 3 years.
7. **Leave Travel Concession** : For self and family once in a year subject to one month's salary per annum.
8. **Personal Accident Insurance** : Premium not to exceed Rs. 4000/- per annum.

PART B :

Contributions to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on the perquisites to the extent these either singly or put together are not taxable under the Income Tax Act 1961.

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SHIN HO PETROCHEMICAL CO. (INDIA) LIMITED

PART C :

Provision of a Car with driver and telephone at residence. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Executive Director.

The remuneration aforesaid including the perquisites be paid and allowed as minimum remuneration for any year in the event of loss or inadequacy of profits, though it exceeds the ceiling limit prescribed in Sections 198 and 309 of the Companies Act, 1956.

BY ORDER OF THE BOARD

**Place : Chennai
Date : 29.10.2002**

**P. KRISHNASAMY
SECRETARY**

Notes :

1. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business set out in item Nos 5,6 & 7 are annexed hereto.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and such proxy or proxies need not be a member of the Company. The proxy is entitled to vote only on poll. The proxy form, duly signed, must be deposited at the registered office of the company not less than 48 hours before the time of holding the meeting.
3. A Proxy can be in any of the forms set out in Schedule IX of the Companies Act 1956.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 07.12.2002 to 16.12.2002 (both days inclusive).
5. Members are requested to intimate change, if any, in their addresses immediately.
6. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO 5 & 6

Mr. Y.S. Kim, representing the Co-Promoter, Shin Ho Petrochemical Co Ltd, Korea, was co opted as Additional Director on 29.10.2002 and was appointed as Managing Director with effect from 01.11.2002, for a period of 3 years subject to the approval of the Shareholders at the AGM and the Central Government.

Mr. Y.S. Kim, is a graduate in Business Management and has been with the Korean Company for more than a decade. He has wide experience in Overseas Export market of EPS. His experience in EPS and other related plastics will be of immense use to the Company. Your Directors, therefore, commend this resolution for your approval. The above may be treated as an abstract under Sec 302 of the Companies Act, 1956. None of the Directors, except Mr. Y.S. Kim is interested in the resolution.

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ITEM NO 7 :

Mr.C.S. Chang, was the Joint Managing Director with effect from 01.11.1999. Subsequently, he was appointed as Managing Director of the Company, with effect from 01.01.2002 at the Board Meeting held on 23.12.2001, consequent to the resignation of Shri V. Ramesh, Managing Director, Members' approval is sought for the appointment and remuneration of Mr.C.S. Chang as the Managing Director, for the period from 01.01.2002 to 29.10.2002 and the Central Government will be intimated accordingly.

At the Board Meeting held on 29.10.2002, he resigned from the post of Managing Director and was appointed as the Executive Director, at the remuneration indicated herein above.

Mr.C.S. Chang is a graduate in international trading business and has been working with the Korean Company for more than 7 years. He has necessary experience in General Management and Marketing EPS abroad. Your Directors, therefore, commend this resolution for your approval. The above may be treated as an abstract under Sec 302 of the Companies Act 1956. None of the Directors, except Mr.C.S. Chang, are interested in the above resolution.

BY ORDER OF THE BOARD

**Place : Chennai
Date : 29.10.2002**

**P. KRISHNASAMY
SECRETARY**



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SHIN HO PETROCHEMICAL CO., LTD. (INDIA) LIMITED

DIRECTORS' REPORT

Your Directors present the Thirteenth Annual Report together with the Audited Accounts for the year ended 30th June 2002.

FINANCIAL RESULTS :

Rs.in lakhs

Sales	3504.94
Other Income	8.66
Profit before interest & depreciation	179.88
Interest Charges	48.98
Profit before depreciation	130.90
Depreciation	78.46
Operating Profit	52.44
Exchange Loss	127.12
Loss for the year	74.68

FUTURE PROSPECTS :

During the year customs duty on imported finished goods has been reduced to 30%. Since imports have been freed, your company had to compete with cheap imports (all imports are subsidised), as a result of which the margins have been squeezed. Your Directors are happy to report that inspite of stiff competition your company has sold record quantity of material and also have achieved operating profit for the year.

The country is still reeling under recessionary trends but your Directors feel that there may be a slight improvement in market conditions in the coming year. One of our major clients for Cutting Oil, Hyundai Motors is increasing one more line. So your company can expect better sale of oil in the coming year.

Since diversification and additional sale is an ongoing feature of your company, the Company hopes to expand in the new field of building technology using EPS panels. Also your parent company, Shin Ho Petrochemical Co Ltd, Korea is developing new technologies and processes which your company hopes to benefit from, in the future.

DIRECTORS :

During the year under review Mr.V. Ramesh, Managing Director, resigned from the Board, due to expiry of contract, at the Board Meeting held on 23.12.2001. Mr.C.S. Chang, Joint Managing Director was appointed as Managing Director at the Board Meeting held on 23.12.2001. Mr.S.H. Shin, Director resigned from the Board during the year under review. At the Board Meeting held on 29.10.2002, Mr.C.S. Chang resigned from the Board as the Managing Director, but he was appointed as Executive Director, for a period of 3 years, with effect from 1/11/2002.

Mr. Y.S. Kim was co-opted as Director during the year and he was appointed as Managing Director at the Board Meeting held on 29.10.2002, for a period of 3 years, with effect from 01.11.2002.

Mr. S.K. Lee and Mr. Dal Seon Oh, Directors retire by rotation and being eligible, offer themselves for reappointment.

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THIRTEENTH ANNUAL REPORT

AUDITORS :

M/s Fraser & Ross, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The observations of the Auditors contained in the Auditors' Report, read with the Notes on Accounts are self-explanatory and require no further clarification.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As required under sec.217(1) (e) of the Companies Act 1956, read with rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption etc are appended to this Report.

PARTICULARS OF EMPLOYEES :

The statement required under Sec 217(2A) of the Companies Act, 1956, has not been appended to this Report as there are no employees to be covered under the statement.

FIXED DEPOSITS :

The Company has not accepted any deposits from the public.

CORPORATE GOVERNANCE :

In pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Management discussion and Analysis Report are given elsewhere and form part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under the Companies Act 1956, your Directors wish to state :

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as 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 or loss of the Company for the year under review.
- c) that they have taken proper and sufficient care for the 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 and
- d) that they have prepared the accounts for the year ended 30th June 2002 on a "going concern" basis.

ACKNOWLEDGEMENT :

Yours Directors gratefully acknowledge the continued support received from Bank of India, Shin Ho Petrochemical Co Ltd, Korea, Suppliers, Customers and Employees.

BY ORDER OF THE BOARD

Place : Chennai
Date : 29.10.2002

C.S. Chang
Managing Director

G.E. Hwang
Director

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SHIN HO PETROCHEMICALS LTD. LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Sec.217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Report of Board of Directors) Rules 1988, and forming part of the Directors' Report for the period ended 30th June 2002:

FORM - A

	Year ended 30.06.2002	Year ended 30.06.2001
A. CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY :		
a. Purchased power (Kwh)	16.66480	1520576
Total amount (Rs in lakhs)	81.74	71.92
Rate/KWH (Rs)	4.90	4.73
b. Own generation (Kwh) (Diesel generator)	89994	63757
Kwh per litre of diesel oil	2.69	2.45
Cost/Kwh (Rs)	6.18	5.14
2. FURNACE OIL		
Qty (Litre)	404668	340548
Amount (Rs in lakhs)	40.45	35.41
Rate (Rs/litre)	9.99	10.39
B. CONSUMPTION PER UNIT OF PRODUCTION		
Expandable Polystyrene Resin (Production in MT)	5209	4345
Electricity (Kwh/Tonne)	337	365
C. TECHNOLOGY ABSORPTION : The Company has a continuing technical collaboration with Shin Ho Petrochemical Co Ltd, Korea for EPS Resin and with Buhmwoo Chemical Industries Co Ltd Korea for Metal Working Lubricant.		
D. FOREIGN EXCHANGE EARNINGS (Rs in lakhs)	-	25.36
E. FOREIGN EXCHANGE OUTGO (Rs in lakhs)	1364.19	1590.47

BY ORDER OF THE BOARD

Place : Chennai
Date : 29.10.2002

C.S. Chang
Managing Director

G.E. Hwang
Director

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SHIN HO PETROCHEMICAL (INDIA) LIMITED

**REGD. OFFICE: Ammullavoyil Village, Andarkuppam Post,
Manali New Town, Chennai - 600 103.**

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance to the Meeting Hall.

I hereby record my presence at the **13th ANNUAL GENERAL MEETING** of the said Company to be held at the **Registered Office of the Company at Ammullavoyil Village, Andarkuppam Post, Manali New Town, Chennai - 600 103 on Monday, the 16th December 2002 at 10.00 a.m.**

Full Name of the Share Holder
(in Block Capitals)

Signature
(Member / Proxy)

Ledger Folio No:

----- Tear Here -----

PROXY FORM

Ledger Folio No:

I/We
of

..... Being a Member(s) of the above - named
company hereby appoint.....

of or
failing him of
.....

as my/our proxy and to vote for me/us on my/our behalf at the **13th ANNUAL GENERAL MEETING of the Registered Office of the Company at Ammullavoyil Village, Andarkuppam Post, Manali New Town, Chennai - 600 103 on Monday, the 16th December 2002 at 10.00 a.m. and at any adjournment thereof.**

Signed this..... day of 2001

Signed this.....

Affix
Re. 1.00
Revenue
Stamp