

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓



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## Sadhana Nitro Chem Limited

24th Annual Report 1996-97

Report  junction.com



**SADHANA NITRO CHEM LIMITED**

**BOARD OF DIRECTORS**

**Shri Dhankumar T. Javeri**  
*Chairman*

**Shri Arvind R. Doshi**  
**Shri Sadanand S. Borkar**  
**Shri Arvind L. Apte**  
**Shri Ramesh A. Shroff**  
**Shri Sitaram S. Jakhete**  
**Shri P. S. Jhaveri**

**Shri Asit D. Javeri**  
*Managing Director*

**Shri. N. R. Jani**  
*Director & Company Secretary*

**BANKERS**

STATE BANK OF INDIA, Mumbai & Roha

**ADVOCATES & SOLICITORS**

MULLA & MULLA CRAIGIE BLUNT & CAROE  
Jehangir Wadia Building,  
51 Mahatma Gandhi Road,  
Mumbai - 400 023.

**AUDITORS**

V. SANKAR AIYAR & CO.  
Chartered Accountants  
2-C, Court Chambers,  
35 New Marine Lines,  
Mumbai - 400 023.

**INTERNAL AUDITORS**

U. S. SHAH & ASSOCIATES  
Chartered Accountants,  
Bombay Mutual Chambers, 5th Floor,  
21, Hamam Street, Fort,  
Mumbai - 400 023.

**REGISTERED OFFICE**

207, Kakad Chambers, 2nd Floor,  
132, Dr. Annie Besant Road,  
Worli, Mumbai - 400 018.

**FACTORY**

47, M.I.D.C. Industrial Area,  
Roha, Dist. Raigad,  
Maharashtra - 402 116

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## NOTICE TO THE MEMBERS



NOTICE is hereby given that the TWENTYFOURTH ANNUAL GENERAL MEETING of the Company will be held at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, 12 Rampart Row, Fort, Mumbai 400 023 on Thursday the 18th September, 1997 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account for the Financial Year ended 31st March, 1997 together with the Reports of the Directors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Arvind L. Apte who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Ramesh A. Shroff who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### 6. SPECIAL BUSINESS:

To consider and if thought fit to pass with or without any modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED that pursuant to Section 372 and other applicable provision, if any, of the Companies Act, 1956 or other law for the time being in force and subject to approval of Central Government and the other appropriate Authorities wherever necessary the Board of Directors of the Company (The Board) be and is hereby authorised to acquire 100% shares in the share capital of M/s. Anuchem B.V.B.A, Antwerp Belgium, notwithstanding that such investment together with the existing investments of the Company in all other body corporate whether under the same management or not, may be in excess of any or all limits prescribed or may be prescribed hereafter from time to time under the provisions of applicable statutes."

"RESOLVED FURTHER that the Board be and is hereby authorised to make requisite application(s) and get the necessary sanctions of appropriate authorities in respect of above investments."

"RESOLVED FURTHER that the Board be and is hereby authorised to determine and settle the Terms and Conditions and decide all matters arising out of and incidental to the proposed investment and do all such acts, deeds, matters and things as or otherwise in their absolute discretion they may deemed desirable, expedient or necessary to give effect to this resolution."

REGISTERED OFFICE :  
207, Kakad Chambers, 2nd Floor,  
132 Dr. Annie Besant Road,  
Worli, Mumbai 400 018.

Mumbai  
Dated : 16th July, 1997

By Order of the Board  
N. R. JANI  
Director & Company Secretary



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**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative explanatory statement pursuant to Section 173 of the Companies Act 1956 in respect of the business on the item No.6 set out above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 10th September, 1997 to 18th September, 1997 (both days inclusive).
4. The dividend upon its declaration at the Annual General Meeting will be paid to those members, whose name appears is on the register of the Company as on 18th September, 1997.
5. The members are requested to :
  - (a) intimate to the Company changes, if any, in their registered address at an early date.
  - (b) Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends for the Financial Year 1992-93 have been transferred on 17.12.1996 to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said year are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.
  - (c) Attendance slip and proxy form is annexed. Members are requested to affix their signature at the space provided in the attendance slip and handover the same at the entrance to the place of meeting.
  - (d) Members desiring any information are requested to write to the Company atleast 10 days in advance.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS AT ITEM NO. 6 OF THE NOTICE CONVENING THE TWENTYFOURTH ANNUAL GENERAL MEETING.

**ITEM NO. 6**

The Company has in its 22nd Annual General Meeting, pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956 or other law for the time being in force and subject to the requisite approval of appropriate authority, if any, passed an enabling Ordinary Resolution authorising the Board of Directors of the Company (The Board) to invest from time to time by way of acquiring, purchasing, subscribing or otherwise, shares in other bodies corporate whether in India or outside India or whether Joint Venture Company or not, notwithstanding that such investment or investments together with the existing investments of the Company in all other bodies corporate whether under the same management or not and whether or not such investments may be in excess of any or all of the limits prescribed or may be prescribed from time to time under the provisions of applicable statute.

The Company in order to cater to the European Market more efficiently intended to have a Joint Venture Company in Europe by participation to the tune of 40% of the Equity Share of M/s. Anuchem B.V.B.A, Antwerp, Belgium. The share capital of the said company is 7,50,000 Belgium Francs. Your Company has been represented by having its two Directors on the Board of the said Company.

The said Company is rendering various services like Warehousing, repacking and supply in small lots, of the shelf despatch, providing better rapport with the customer, quick feed back on the market conditions etc.

Encouraged with the benefits of the above services, now your company proposed to acquire 100% of the existing shares in the share capital of M/s. Anuchem B.V.B.A rendering it as a wholly owned foreign subsidiary of your company.

The above investment though in excess of the limit prescribed under Section 372 of the Companies Act, is within the authority given to the Board vide the enabling Resolution passed in the 22nd Annual General Meeting.

Your Company will apply to the appropriate authorities for permission for above investment in Anuchem B.V.B.A. Till date no amount is invested in Anuchem B.V.B.A.

Except Shri D.T. Javeri and Shri A.D. Javeri, who are on the Board of Anuchem B.V.B.A. none of the other directors are interested in the resolution.

The Directors of your Company recommended adoption of the said Ordinary Resolution.

**REGISTERED OFFICE :**

207, Kakad Chambers, 2nd Floor,  
132 Dr. Annie Besant Road,  
Worli, Mumbai 400 018.

Mumbai

Dated : 16th July, 1997

By Order of the Board

N. R. JANI

Director & Company Secretary



## DIRECTORS' REPORT

To the Members of SADHANA NITRO CHEM LIMITED

Your Directors have pleasure in presenting to you the 24th Annual Report together with Audited Accounts for the year ended 31st March, 1997.

### 1. FINANCIAL RESULTS

	1996-97 Rs.	1995-96 Rs.
Sales & Other Income	<u>33,86,60,428</u>	<u>30,15,85,320</u>
Profit before Depreciation and Taxation	3,83,82,593	4,02,74,354
Less: Depreciation	2,81,40,325	2,80,82,732
Profit before Tax	1,02,42,268	1,21,91,622
Less: Provision for Tax	10,00,000	4,00,000
Profit after tax	92,42,268	1,17,91,622
Balance brought forward from previous year	3,10,97,647	2,39,97,581
Amount available for appropriation	<u>4,03,39,915</u>	<u>3,57,89,203</u>
<b>APPROPRIATION</b>		
(i) Transfer to General Reserve	25,00,000	25,00,000
(ii) Proposed dividend on Equity Shares	29,22,074	21,91,556
(iii) Tax on proposed dividend	2,92,207	—
(iv) Balance Carried Forward to Balance Sheet	3,46,25,634	3,10,97,647
	<u>4,03,39,915</u>	<u>3,57,89,203</u>

### 2. DIVIDEND

Your Directors are pleased to recommend a Dividend of Rs. 2.00 (Previous year Rs.2.00 subject to tax) per Equity Share of Rs.10/- each for the financial year 1996-97 on expanded capital consequent to the Bonus Issue in the ratio of 1 bonus share for 2 existing shares in 1995-96. The proposed dividend along with Corporate Dividend tax payable thereon will entail an out go of Rs.32,14,281/- as against Rs. 21,91,556/- in the Previous Year.

### 3. REVIEW OF OPERATIONS

The year under report was a difficult year accompanied with several adversities which came in way to maintain the performance up trend.

The industry has been suffering from acute demand recession. Your Company adopted aggressive marketing strategy to face competitive buyers market conditions. With the relentless intensive marketing efforts in maintaining its clientele through improved performance in terms of quality, service and reliability, your company could achieve higher turnover in stagnant market condition and improved plant utilisation despite the cut throat competition prevalent in the industry.



The overall turnover of your Company for the Year under report was Rs.3386.60 Lakhs as against Rs. 3015.85 Lakhs in the previous year registering an increase of over 12%.

The inflationary pressure kept on mounting resulting in increase in the raw materials and other inputs cost. The cost of living index escalated causing the additional burden in the form of increased wage bills and other fringe benefits. The increase in the rates of Electricity and Water charges by the concerned authority during the last year has its full effect in the year under report.

Sluggish demand resulted in over supply position leading to price competition which constrained your Company in loading cost escalation on its products which concluded in eroding the margins. The profit before depreciation & taxation for the year was marginally lower at Rs. 383.83 Lakhs as against Rs. 402.74 Lakhs in the Previous Year.

With the introduction of Minimum Alternate Tax (MAT) the tax incentive on exports hereinbefore available to the Exporters was curtailed and the effect on your company, being mainly in exports, was severe. The provision for taxation for the year was higher at Rs. 10 Lakhs despite lower profits.

The advantages of increased turnover, improved sales mix and various cost control measures taken were more than neutralised under the inflationary pressure and the price war prevalent during the year. The profit after tax for the year was at Rs.92.42 Lakhs as against Rs. 117.92 Lakhs in the Previous Year registering decline of about 22%.

Pursuant to the guidelines issued by SEBI and the listing agreement, a comparative statement of actual vis-a-vis projections in respect of specified items given in the Letter of Offer dated 15th July, 1993 in connection with the Right Issue made by your company is given in the Annexure-I appended hereto.

#### 4. PROJECTS

The expansion of dye intermediate plant for creating an additional capacity of 600 TPA was successfully commissioned during the year. The marginal time and cost overrun could not be averted despite all the efforts of the project team. The overrun was due to fund constraints arising from general financial stringency and prolonged delay in obtaining various approvals for foreign currency loan of USD 1.0 Million.

The expanded plant has already achieved its rated capacity and has contributed in further improving the quality and operating efficiency besides providing facilities to manufacture other dye intermediate imbuing greater flexibility in manufacturing operation as well as enlarging the product range for marketing.

Your Company is engaged in exploring other projects having export potential which could be in synergy with its existing operations. The process of screening and negotiation for these projects are at various stage of evaluation.

#### 5. EXPORTS

Aggressive marketing strategy, widened product range and adherence to International Quality standards for the products and packing has resulted in appreciable increase of exports despite slackness in the international market coupled with stiff competition prevailed during the year under report.

Exports during the year escalated to Rs.2178.39 Lakhs compared to Rs. 1992.82 Lakhs in the Previous Year attaining an increase of 9.31%.

Exports constituted more than 81.59% of the overall sales (excluding Self-consumption and other income). Company's Exports are well diversified in terms of product range as well as the Countries of Export. Exports are to the hard currency areas.

#### 6. PROSPECTS

Intensive marketing efforts, enlargement of product range, completion of expansion project coupled with halting of recessionary trend in the products of your company has resulted in improvement in off take in the Current Year. Hopefully this favourable trend barring unforeseen circumstances, is expected to continue and the benefits of higher level of operation is expected to accrue in the current year.

#### 7. EFFLUENT TREATMENT

Your company is conscious about its social responsibility and is committed towards preservation and conservation of environment.

Tertiary effluent treatment plant has been installed and is under trial run besides your company have further





upgraded and expanded its existing secondary treatment facilities. An incinerator is being installed for incinerating segregated liquid effluent which will enhance the capacity and cost effectiveness of secondary and tertiary treatment plant in meeting requisite effluent norms. The above improvements and additions to the existing effluent treatment plant will be entailing a substantial capital expenditure. Over and above during the year your company has incurred Rs. 121.94 Lakhs (Previous year Rs. 63.74 Lakhs) towards recurring treatment cost.

The operation of upgraded effluent treatment process has been satisfactory in line with your Company's policy to operate environmental friendly.

#### **8. RESEARCH AND DEVELOPMENT**

To spearhead the thrust of keeping pace with fast technological advancement the facilities at R&D are upgraded and expanded. The process for several intermediates are developed and successfully commercialised. There are continuous efforts for upgradation of process to achieve goal of improved quality, efficiency and operating flexibility.

#### **9. INSURANCE**

All the assets of your Company are adequately insured. Your Company has also taken out suitable cover for Public Liability.

#### **10. FIXED DEPOSITS**

The total Deposits accepted by your Company as on 31st March 1997 is Rs. 41.25 lakhs. There is no Deposit or Interest on the same which has matured and remained unpaid.

#### **11. DIRECTORS**

In accordance with the Articles of Association of the Company, Shri. Arvind L. Apte and Shri Ramesh A. Shroff retire by rotation and being eligible offer themselves for re-appointment.

#### **12. AUDITORS**

Messrs V.Sankar Aiyar & Company, Chartered Accountants, Auditors of your Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

#### **13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO.**

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are given in Annexure-II appended hereto and forms part of this Report.

#### **14. EMPLOYEES**

The industrial relations during the year were cordial.

The statement containing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, is given in the Annexure-III appended hereto and forms part of this Report.

#### **15. ACKNOWLEDGEMENTS**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Bankers State Bank of India, Mumbai and Roha, State Bank of India, Nassau and State Bank of India, Bahrain. They also wish to place on record their appreciation for the co-operation and contribution of the staff and workmen in the achievements of your Company during the year under report.

For and On Behalf of the Board of Directors

Mumbai  
Dated : 16th July, 1997

**D.T. JAVERI**  
Chairman

**ANNEXURES TO THE DIRECTORS' REPORT****ANNEXURE - I**

Pursuant to the Guideline issued by SEBI and the Listing Agreement, a comparative statement of actuals vis-a-vis projections in respect of specified items given in the Letter of Offer dated 15th July, 1993 in connection with the Right Issue is given hereunder.

(Rs. in lacs)

**(A) UTILISATION OF FUND FOR MAP PROJECT :**

Means of finance	Actual	Projections
i) Share Capital (including Premium)	203	209
ii) Term Loan	691	675
iii) Internal accruals	81	71
iv) Capital Subsidy from SICOM (Govt. of Maharashtra).	—	20
(The company has not yet received over due capital subsidy from SICOM and the shortfall thereof has been financed by other sources mentioned above).		
<b>TOTAL</b>	<b>975</b>	<b>975</b>

**(B) PERFORMANCE FOR 1996-97**

	Actual	Projected
i) Turnover	3386	2502
ii) Profit before Interest, Depreciation & Taxation	524	357
iii) Depreciation	281	95
iv) Profit after Taxation.	92	125

**C) COMMENCEMENT**

The MAP Project became operative in 1994-95 as against the projected commencement in year 1995-96.

**ANNEXURE-II**

**INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENERGY**

Several measures are undertaken to conserve and optimise the use of energy which will be continued.

The Company is not covered in the list of the industries specified in the Schedule to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. Hence the Company is not required to furnish information in Form-A of the said Rules.