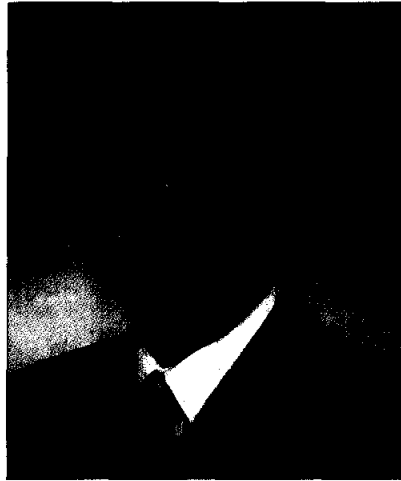




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Sadhana Nitro Chem Limited
29th Annual Report 2001-2002

TRIBUTE



14.09.1929 - 27-06-2002

The passing away of Shri Dhankumar Thakordas Javeri on 27th June 2002 has left a deep void in our lives at Sadhana Nitro Chem Limited. His loss is enormous and immeasurable.

Shri Javeri's life was eventful and full of achievements. A graduate in Chemistry, B.Sc. (Hons) he had his interest in chemical and engineering industries. Through strenuous efforts and perseverance he rose to the position of a prominent industrialist.

His industrial contribution is exemplary for young entrepreneurs.

He established Indo Berolina Industries (P) Limited in 1957 which was engaged in setting up chemical plants on turn-key basis besides offering engineering services for designing as well as manufacturing of equipments especially in the fields of nuclear, space and fertilizer. He was instrumental in setting up several companies having diverse objectives encompassing engineering, consultancy, investment, drug intermediates, dye intermediates, etc.

Sadhana Nitro Chem Limited was set up in 1973 of which he was founder Chairman. IBI Engineering & Services (P) Limited, established in the year 1983 of which he was Chairman and Managing Director.

Under Shri Javeri's able Chairmanship for over 29 years, Sadhana achieved several milestones like winning several Export Awards from CHEMEXIL, status of GOLDEN EXPORT HOUSE, ISO 9002 Certification, etc. It was his vision and emphasis on technological development which led to establishment of well equipped in-house Government recognized R&D as well as full fledged Pilot Plant facilities.

His firm belief in and consistent application of principle of financial discipline, cautious approach and conservatism has placed the company on strong financial foundation to successfully tide over the challenges of ups and downs. His implementation of good business practices coupled with high quality standards has earned good will for the company internationally.

He was a great motivating and guiding force behind various achievements of the company. Quality of applying human touch even while dealing with varied commercial transactions made him lovable and respectable by all who came across.

Throughout his life, Shri Javeri displayed a deep love and commitment for his community. His vigorous dedication to serve the community and ability to run charitable affairs of various Trusts with his peculiar ardent passion is matchless. He was a great personality engaged in various noble and philanthropic activities. The history of Jain community of the last century with respect to religious and educational progress can not be written without accounting for his valuable contribution.

Shri Javeri will always be remembered for his human qualities, devotion to duty and discipline. His values, guiding principles and sense of responsibility towards his employees, shareholders, customers and suppliers of his company, are a proud legacy which we have inherited. As our Tribute to our beloved Chairman, we all at Sadhana are committed to make every effort to preserve his legacy.

Asit D. Javeri

SADHANA NITRO CHEM LIMITED



BOARD OF DIRECTORS

Shri Dhankumar T. Javeri

Chairman upto 27-06-2002

Shri Asit D. Javeri

Chairman & Managing Director

Shri Arvind R. Doshi

Shri Sadanand S. Borkar

Shri Arvind L. Apte

Shri Ramesh A. Shroff

Shri Priyam S. Jhaveri

Shri Dharendra M. Shah Additional Director

w.e.f. 29-07-2002

Shri Nitin R. Jani

Director & Company Secretary

BANKERS

STATE BANK OF INDIA, Mumbai & Roha

ADVOCATES & SOLICITORS

MULLA & MULLA CRAIGIE BLUNT & CAROE

Mulla House

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.



NOTICE TO THE MEMBERS

NOTICE is hereby given that the TWENTYNINETH 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 Wednesday, the 18th September, 2002 at 3.00 p.m.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account for the Financial Year ended 31st March, 2002 together with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares for the year 2001-02.
3. To appoint a Director in place of Shri. S. S. Borkar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri. A. L. Apte who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri D.M. Shah, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from some members proposing him for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without any modification(s), the following resolutions as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to the recommendation of the Board of Directors (the Board) and Article 13 and 201 of the Articles of Association of the Company and Subject to the other statutory approvals, if any, and further subject to any condition imposed by the Securities & Exchange Board of India (SEBI) an amount of Rs. 58,44,140/- out of the amount standing to the credit of the Share Premium Account be capitalised and that in respect of the amount so capitalised the Board be and is hereby authorised to issue out of the Authorised Share Capital of the Company 584414 Equity Shares as Bonus Equity Shares of face value of Rs. 10/- each credited as fully paid up and the same be allotted and distributed as fully paid Bonus Shares to such Members holding Equity Shares as per the Register of Equity shareholders at date to be determined by the Board hereafter (the Record Date) who are the holders as on the Record Date of the existing 1461037 Equity shares of the Company fully paid in proportion of 2 (Two) bonus share for every 5 (Five) existing fully paid Equity Shares held by such Member as on the Record Date upon the footing that they become entitled to such new Equity Shares as capital and not as income, on the following terms and conditions.

- 1) The Bonus Shares to be issued as fully paid Equity Shares are subject to the Memorandum and Articles of Association of the Company and shall rank pari passu to the existing Equity Shares provided however, that such new Equity Shares shall be entitled for dividend from the date of allotment on pro rata basis.
- 2) No Letter of Allotment shall be issued in relation to the Bonus Shares and the Certificate(s) in respect of new Bonus Share as aforesaid shall be completed and be ready for delivery within three months, or such extended time as may be allowed by the appropriate authority, of the allotment.



- 3) In case of Member holding existing Equity Shares which are less than 5 (Five) or not an exact multiple of 5 (Five), and results in such Member becoming entitled to a fraction of Bonus Equity Share to be allotted, the Company shall not issue any Certificate or Coupon in respect of such fractional Share but all such fractions shall be consolidated into full Equity Shares and shall be allotted by the Board to the nominee(s) selected by the Board who on behalf of the shareholders entitled to such fractions shall have the right to be allotted such number of Bonus Equity Shares representing such fraction on the express agreement that the nominee(s) to whom such shares be allotted shall sell the same in one or more lots at such time or times and at such price or prices and to such purchaser or purchasers as may be approved by such nominee(s), including sale on the Stock Exchange at Mumbai and pay to the Company the net sale proceeds thereof, provided nevertheless that the Board may, without making such allotment of all or some of such new Bonus Equity Shares, direct the sale of any or all of such new Bonus Equity Shares at such price or prices as may be approved by it, including sale on the Stock Exchange at Mumbai, and upon receipt of the sale proceeds in respect of such sale or sales, allot the new Bonus Equity Share or Shares to the name(s) of the approved purchaser(s), and the Company shall hold the aggregate net sale proceeds for and on behalf of the shareholders who will become entitled to receive the proportionate amounts in lieu of fractions. Furthermore, the aggregate sale proceeds of such shares, left over after defraying therefrom all costs, charges and expenses of the sale or sales, shall be distributed and divided pro rata amongst such Members who are holding shares which are less than 5 (Five) or not an exact multiple of 5 (Five).
- 4) The allotment of Bonus Equity Shares and/or payment in lieu of fractional entitlement, if any, to non-resident shareholders shall be subject to approval of the Reserve Bank of India under the Foreign Exchange Management Act (FEMA), 1999 as may be applicable."

"RESOLVED FURTHER that for the purpose of giving effect to the above resolution and for removal of any doubts or difficulties, the Board be and is hereby authorised to :

- (i) do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto.
- (ii) accept on behalf of the Company any conditions or modifications relating to the issue of Bonus Shares including consequential changes in the quantum of capitalisation and proportion as regards the issue of the Bonus Shares as may be prescribed by the Reserve Bank of India or any other appropriate authority and which the Board in its discretion thinks proper.
- (iii) otherwise reconsider the matter with the changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be binding on all the members and other interested persons."

"RESOLVED FURTHER that the present intention of the Board to recommend, barring unforeseen circumstances and subject to the provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975, dividend to the members of the Company on the expanded Equity Capital of the Company in the year in which the allotment of Bonus Share is made at a rate not less than 10% be and is hereby recorded."

Registered Office:

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

By Order of the Board

N. R. Jani
Director & Company Secretary

Date: 29th July 2002

**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 special business under Item No. 6 & 7 are annexed hereto.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from Thursday 12th September, 2002 to Wednesday 18th September, 2002 (both days inclusive) for the purpose of Annual General Meeting.
4. Dividend, if declared, will be paid to those Members whose name appears on the Company's Register of Members on 18th September, 2002. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners as on 18th September, 2002 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited. The company will dispatch dividend warrants on or before 17th October, 2002.
5. 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.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
7. Members are requested to notify immediately any change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company at its Registered Office in respect of their physical shares.
8. Pursuant to Section 205A of the Companies Act 1956, all unclaimed dividends for and upto the financial year 1993-94 have been transferred 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.
9. Members are requested to claim from the company their Unclaimed Dividend(s), if any, in respect of Financial Years 1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000 and 2000-01 at the earliest by submitting their dividend warrant for revalidation or by applying for issuance of duplicate dividend warrant(s) if they have lost or misplaced the original dividend warrant(s). Consequent upon introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
10. Entrance Pass and Proxy Form is annexed. Members are requested to affix their signature at the space provided for in the entrance pass and hand over the same at the entrance to the place of meeting.



11. Members who hold shares in Dematerialised form are requested to bring their clients ID and DP ID numbers for easy identification of attendance at the meeting.
12. Members desiring any information are requested to write to the Company 10 days in advance.
13. Shares are listed on BSE and fees have been paid. (Clause 43A).
14. Members are requested to note that as per the Budget 2002 provisions, dividend income is taxable in the hands of the recipient. Please note that no tax at source will be deducted if the dividend payable to a resident individual shareholder does not exceed Rs. 1000/-. Other resident individual share holders who are entitled to receive by way of dividend in the aggregate not exceeding Rs. 50,000/- during the financial year 2002-03 and who desire to get their dividend without deduction of tax from the Company are requested to file a declaration in Form 15G, in duplicate, so as to reach the Company on or before 12th September, 2002.

ANNEXURE TO THE NOTICE

Explanatory Statement Under Section 173 of the Companies Act, 1956.

1. Item No. 6

Mr. D. M. Shah has rich experience in taxation. Considering it beneficial for the Company, the Board appointed him as an additional director of the Company with effect from 29th July, 2002. In terms of the provisions of the Section 260 of the Companies Act, 1956 and Article 121 of Articles of Association of the Company, he will hold office only upto the date of ensuing Annual General Meeting. However he is eligible for re-appointment. As required by Section 257 of the Act, a notice has been received alongwith the requisite deposit from members signifying their intention to propose his candidature for the office of the director. The board recommends the resolution.

None of the directors except Mr. D. M. Shah is concerned or interested in the resolution.

2. Item No. 7

The paid up capital of the Company as on 31st March, 2002 is Rs. 146.10 lacs and the Free Reserve that can be capitalised as on the same date stood at Rs. 1,347.84 lacs. Considering all the relevant factors including the Company's present performance and future prospects, the Directors of your Company recommend Capitalisation of an amount of Rs. 58,44,140/- lacs from the Share Premium Account and issue of 584414 Equity Shares as Bonus Shares of Rs. 10/- each as fully paid up in the proportion of 2 (Two) Equity Shares for every 5 (Five) existing Equity Shares held by Member on the Record Date on the terms and conditions set out in the Resolution.

The Resolution relating to the issue of Bonus Shares as aforesaid will not be effective until the Company receives the approval of the Reserve Bank of India, Financial Institutions and any other authority prescribed under any law, as and to the extent required.

In view of Article 13 and 201 of the Articles of Association of the Company, the Resolution under Item No. 7 of the Notice to the Shareholders is proposed for their consideration.

Copy of Memorandum and Articles of Association of the Company will be available for inspection at the Registered Office of the Company between 10.00 A.M. to 5.00 P.M. on all working days.



The Board has been advised that the Company satisfies all the Guidelines of the Securities and Exchange Board of India with regard to the proposed issue of Bonus Shares.

The aforesaid Guidelines provide that in the Resolution proposed to be passed by the Members at the General Meeting a clear indication of the intention of the Board regarding the rate of Dividend to be declared in the year immediately after the Bonus issue should be given. Accordingly, the Resolution states that barring unforeseen circumstances it is the intention of the Directors to recommend declaration and payment of Dividend at the rate of not less than 10% (Ten percent) on the Share Capital of the Company as increased by the issue of the aforesaid Bonus Equity Shares in respect of the financial year in which the allotment of the new Bonus equity shares is made.

This Special Resolution is accordingly being proposed for consideration of the Members. The Directors recommend the said Special Resolution for acceptance by the Members.

The Directors of the Company may be deemed to be interested or concerned in the Resolution to the extent of the Equity Shares held by them and they will be entitled to receive the Bonus Shares, like any other shareholder, in proportion to their holdings on such date as may be decided by the Board of Directors as aforesaid.

Registered Office:

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

By Order of the Board

N. R. Jani
Director & Company Secretary

Date: 29th July, 2002



DIRECTORS' REPORT

To the Members of SADHANA NITRO CHEM LIMITED

Your Directors have pleasure in presenting to you the 29th Annual Report together with Audited Accounts for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

	2001-2002 Rs.	2000-2001 Rs.
Sales & Other Income	31,46,01,866	37,72,51,421
Profit before Depreciation and Taxation	4,05,14,512	4,62,53,544
Less: Depreciation	2,71,48,687	3,09,06,595
Profit before Tax	1,33,65,825	1,53,46,949
Less: provision for taxation	15,00,000	18,00,000
Profit after tax	1,18,65,825	1,35,46,949
Balance brought forward from previous year	4,21,13,166	3,59,81,312
Amount available for appropriation	5,39,78,991	4,95,28,261
APPROPRIATION		
(i) Transfer to General Reserve	10,00,000	50,00,000
(ii) Proposed dividend on Equity Shares	21,91,556	21,91,556
(iii) Tax on proposed dividend	—	2,23,539
(iv) Balance Carried Forward to Balance Sheet	5,07,87,435	4,21,13,166
	5,39,78,991	4,95,28,261

2. REVIEW OF OPERATIONS

Market conditions during the year under report continued to be sluggish except for the last quarter witnessing turnaround. Adverse market environment coupled with intensified competition were major constraint. With the shrinkage in global demand, the decline in the turnover could not be averted. The adverse impact was mitigated by adopting aggressive marketing strategy and shifting focus from low value products to high value products. Your Company attained turnover of Rs. 3146.02 lacs (P.Y. Rs. 3772.51 lacs).

Margins were under tremendous pressure due to intensified competition and price volatility in several key raw materials on one hand and on other, lower off take of some of the products of your Company. Cost control measures were implemented and continuously monitored across all levels and operations of your Company. This has resulted in controlling non-productive overhead costs and improvement in operating and effluent treatment efficiency. The capacity utilisation of various plants was on need based requirement and were scheduled to optimise the utility cost. These initiatives have beneficial effects on the profitability.

The profit before depreciation has been at Rs. 405.14 lacs (P. Y. Rs. 462.53 lacs) registering a decline of 12.41%. The profit after tax has been at Rs. 118.66 lacs (P. Y. Rs. 135.47 lacs) registering a decline of 12.41%.