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Sadhana Nitro Chem Limited
36th Annual Report 2008-09

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SADHANANITRO CHEM LIMITED



BOARD OF DIRECTORS

Shri Asit D. Javeri
Shri Arvind R. Doshi
Shri Arvind L. Apte
Shri Ramesh A. Shroff
Shri Priyam S. Jhaveri
Shri Dharendra M. Shah
Shri Abhishek A. Javeri
Shri Nitin R. Jani

Chairman & Managing Director
Director
Director
Director
Director
Director
Director
Director & Company Secretary

BANKERS

STATE BANK OF INDIA, Mumbai & Roha
AXIS BANK LTD., Mumbai
STATE BANK OF PATIALA, Mumbai
EXIM BANK OF INDIA, Mumbai

ADVOCATES & SOLICITORS

MULLA & MULLA CRAIGIE BLUNT & CAROE
Mulla House,
51, Mahatma Gandhi Road,
Mumbai - 400 023.

AUDITORS

V. SANKARAIYAR & CO.
Chartered Accountants
2-C, Court Chambers, 35, New Marine Lines,
Mumbai - 400 020.

REGISTERED OFFICE

207, Kakad Chambers, 2nd Floor,
132, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.
Phone : 6660 4881 - 5 (5 Lines) Fax : (91)22-6660 4147.
Email : sadhananitra@sncl.com

FACTORY

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

REGISTRAR AND TRANSFER AGENT (RTA)

LINK INTIME INDIA PRIVATE LIMITED
{Formerly known as Intime Spectrum Registry Limited}
C-13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West), Mumbai - 400 078.
Phones : 022-25946970 Fax : 022-2594 6969.
Email : rnt.helpdesk@linkintime.co.in



NOTICE TO THE MEMBERS

NOTICE is hereby given that the **THIRTYSIXTH ANNUAL GENERAL MEETING** of the Company will be held at, "PRINCE HALL", The National Sports Club of India, Lala Lajpatrai Marg, (Nr. Vallabhbai Patel stadium) Worli, Mumbai-400018 on Wednesday the 9th September, 2009 at 4.15 P.M. to transact the following business :-

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, 2009 together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri R.A. Shroff who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri A.R. Doshi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions if any, of The Companies Act 1956 and subject to further approval of the Central Government if required, the consent of the Company be and is hereby accorded to the reappointment of Shri A.D. Javeri as Chairman & Managing Director of the Company for period of 3 (Three) Years with effect from 1st September, 2009 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri A.D. Javeri, a draft whereof is placed before this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement subject to same not exceeding the limits specified in the Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri A.D. Javeri."

"RESOLVED FURTHER THAT subject to further approval of the Central Government if required, in the event of loss or inadequacy of profits, in any financial year, aforesaid remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII shall be payable to Shri A.D. Javeri, Chairman & Managing Director, as minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions if any, of the Companies Act 1956 and subject to further approval of the Central Government if required, the consent of the Company be and is hereby accorded to the reappointment of Shri N.R. Jani, Director & Company Secretary of the Company for period of 3 (Three) Years with effect from 1st September, 2009 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri N.R. Jani, a draft whereof is placed before this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement subject to same not exceeding the limits specified in the Schedule XIII of The Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri N.R. Jani."



"RESOLVED FURTHER THAT subject to further approval of the Central Government if required, in the event of loss or inadequacy of profits, in any financial year, aforesaid remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII shall be payable to Shri N.R. Jani, Director & Company Secretary, as minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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: 26th June, 2009.

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. 5 to 6 is annexed hereto.
3. The Company has appointed M/s. Link Intime India Private Limited, (RTA) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 as Registrars and Share Transfer Agents for Physical Shares. The said (RTA) is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 022-25946970 E-mail address : rnt.helpdesk@linkintime.co.in, Fax No. 022-25946969.
However, keeping in view the convenience of Shareholders, documents relating to shares will continue to be received by the Company at its Registered Office. Telephone No. 6660 4881-5, E-mail address : sadhananitra@sncl.com.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from Thursday, the 3rd September, 2009 to Wednesday, the 9th September, 2009 (both days inclusive) for the purpose of Annual General Meeting.
5. All documents referred to in the accompanying notice and the explanatory statements 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. up to the date of the Annual General Meeting.
6. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and Link Intime India Private Limited (RTA), or to the Company at its Registered Office in respect of their physical shares.
7. Entrance Pass and Proxy Form is annexed. Members are requested to affix their signature at the space provided in the entrance pass and hand over the same at the entrance to the place of meeting.
8. Members who hold shares in Dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Members desiring any information are requested to write to the Company 10 days in advance.

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: 26th June, 2009.

ANNEXURE TO THE NOTICE



DIRECTOR'S INFORMATION PURSUENT TO CLAUSE 49 VI(A) OF THE LISTING AGREEMENT

Profile of Directors being re-appointed at the ensuing Annual General Meeting:

Name Age	Educational Qualification	Experience
Mr. Ramesh A. Shroff (83 Yrs.)	Law Graduate	He has an experience of 50 years as Advocate & Solicitors. He joined the company as a Director on 22 nd January, 1985.
Mr. Arvind R. Doshi (70 Yrs.)	Civil & Sanitary Engineer, Diploma in Business Management	He joined the company as a Director on 17 th September, 1974. He has wide experience in industries like Engineering & Automobiles since 1965. He has received Prestigious Dadabhai Naroji International award for Excellence & Achievement in 1999. Also, he has been awarded Samaj Ratna by Mahamastaka Abhishek Committee 2006. Presently he is acting as Chairman & Managing Director of PAE Limited.

Name of the Companies in which Directors to be re-appointed by Shareholders holds directorship and the membership of Committees of the board :

Name of the Director	Name of the Companies in which he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
Mr. Ramesh A. Shroff	1. CIPLA Limited 2. Simonds Marshall Ltd.	- Audit Committee
Mr. Arvind R. Doshi	1. PAE Limited. 2. Shurjo Energy Pvt. Ltd.	- Investors' Grievance

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

1. Item No. 5 & 6

On the recommendation of the Remuneration Committee and subject to approval of the Members and the approval of Central Government if required, the Board of Directors of the company at its meeting held on 26th June, 2009 have reappointed (a) Shri A.D. Javeri, as the Chairman & Managing Director and (b) Shri N.R. Jani, as Director & Company Secretary of the Company with effect from 1st September, 2009 for a further period of 3 years. The present agreement between the Company and the said Managerial personnel is upto 31st August, 2009.

The directors have, on recommendation of Remuneration Committee and keeping in mind the qualification, experience, expertise of and in particular the contribution made by Shri A.D. Javeri and Shri N.R. Jani in the overall development of the Company and having regard to the provisions in respect of managerial remuneration of the Companies Act 1956, thought it justified to reappoint them at the existing level of the remuneration payable to them, within the overall limits specified in the Schedule XIII of the said Act.

It is proposed to pay, subject to approval of the members and the approval of Central Government if required, the following remuneration to them which is commensurate with their responsibilities of heading a company of this size, and experience and performance of individual managerial personnel and external environment.

i) Basic Salary and Annual Increment :

- a) Shri A.D. Javeri : Basic Salary of Rs. 1,30,000/- per month with effect from 1st September, 2009. Annual increment of Rs. 15,000/- will be given on following 1st September every year during the tenure of agreement.



- b) Shri N.R. Jani : Basic Salary of Rs. 85,000/- per month with effect from 1st September, 2009. Annual increment of Rs. 10,000/- will be given on following 1st September every year during the tenure of agreement.
- ii) Perquisites :
- A) In addition to the above Salary they will be entitled to the perquisites and allowances like house rent allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, education allowance, medical reimbursement, club fees and such other perquisites and allowances in accordance with the rules of the company or as may be agreed by the Board of Directors on recommendation of remuneration committee and the Managerial Personnel. However, such perquisites and allowances will be subject to a maximum ceiling as under :-
- a) Shri A.D. Javeri : 70% of his annual basic salary.
- b) Shri N.R. Jani : 30% of his annual basic salary.
- In addition to above Shri A.D. Javeri and Shri N.R. Jani will, as per rules of the Company, be entitled to, leave travel allowance for self and family, mediclaim and personal accident policy cover which shall not be considered for above ceiling on perquisites and allowances.
- B) Shri A.D. Javeri and Shri N.R. Jani shall in addition to the above salary and perquisites and allowance be entitled to remuneration by way of such annual performance allowance not exceeding 35% of annual basic salary as may be decided by the Board on recommendation of remuneration committee.
- C) For the purpose of calculating the above ceiling, on the perquisites and allowances, the perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.
- D) Family for the above purpose means spouse, dependent children and dependent parents of the managerial personnel.
- E) In addition to above perquisites they shall also be entitled to following benefits which will not be included in computation of ceiling on perquisites.
- a) Company's contribution to Provident Fund, Family Pension Fund and superannuation or annuity fund to the extent these either singly or together are not taxable under the Income Tax Act.
- b) Gratuity payable as per the Rules of the Company.
- c) Encashment of leave accumulated but not availed of during the tenure.
- d) Provision of Company's car for official duties with driver.
- e) Free telecommunication facility at the residence.
- iii) The Managerial Personnel will be permitted to encash leave while in service as in case of other employees of the company.
- iv) In the event of loss or inadequacy of profits during the aforesaid period, aforesaid remuneration not exceeding the limits specified in Schedule XIII shall be payable to them as a minimum remuneration.
- v) The terms and conditions of the said reappointment and/or remuneration and/or agreement may be altered and varied from time to time by the Board as it may, in its, discretion, deem fit provided the remuneration payable to them not to exceed the limits specified in Schedule XIII to the Companies Act 1956, as amended from time to time.



The agreement may be terminated by either party by giving the other party six month's notice or by any shorter notice as may be mutually agreed to between the parties.

They shall not, so long as they function as such, become interested or otherwise concerned directly or through their wife and / or minor children in any selling agency of the Company in future without prior approval of the Central Government.

They, so long as they function as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.

In compliance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, the terms of remuneration specified above are now being placed before the members in the General Meeting for their approval.

The draft Agreement between the Company and Shri A.D. Javeri as well as between the Company and Shri N.R. Jani, are available for inspection by the members of the Company at its Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

Shri A.D. Javeri and Shri N.R. Jani are respectively concerned or interested in their respective reappointment and the remuneration payable to them respectively. Shri Abhishek A. Javeri is concerned or interested in the resolution as he is related to Shri A.D. Javeri. No other Directors are interested in these resolutions.

This may be treated as an abstract of the terms of reappointment of Shri A.D. Javeri and Shri N.R. Jani and the memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the Special Resolutions at Item No. 5 & 6 of the notice for your approval.

Additional information for the shareholders, as required under Schedule XIII to the Companies Act, 1956, and to the extent applicable to the Company / Appointees is given below:

I. General information :

- i) Nature of Industry: The Company is engaged in the Manufacturing of various chemical intermediates.
- ii) Date or expected date of commencement of commercial production : The Company was incorporated on 21st July, 1973 and Certificate for Commencement of Business was issued on 10th September, 1973.
- iii) Financial performance based on given indicators: as per published audited financial results for the year ended 31st March, 2009:

Particulars	Rs. in Lacs
Sales and Other Income	7822
Profit/(Loss) before tax	(1068)
Provision for tax & Deferred Tax	162
Profit/(Loss) after tax	(906)
Profit /(Loss) as computed under Section 309(5) read with Section 198	(891)

- iv) Export performance and foreign exchange earned for the financial year ended 31st March, 2009: FOB value of exports Rs. 6,676 Lacs.
- v) Foreign Investment or Collaborators : This is not applicable.



II. INFORMATION ABOUT THE APPOINTEES :

i) Background details :

Shri A.D. Javeri, aged 53 years, and having Graduation in Science, joined the company in January, 1985 as Managing Director. Prior to joining the company Shri A.D. Javeri had experience of 9 years of running chemical industry. He has been associated with the company for about 25 years.

Shri N.R. Jani, aged 50 years, and having Graduation in Commerce as well as is a member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He joined the company in December, 1984. Prior to joining the company he had an experience of 2 years. He has been associated with the company for about 25 years.

ii) Past remuneration drawn :

Year	Mr. A.D. Javeri	Mr. N.R. Jani
2006-07	24,23,706	10,67,700
2007-08	29,41,936	14,13,700
2008-09	30,01,736	14,64,900

iii) Job profile and suitability :

Over the years, Shri A.D. Javeri has been entrusted with the overall responsibility of the Company. He has immensely contributed in the overall development of the Company specifically in attaining higher exports and commercialisation of several high value added chemical intermediates. Shri A.D. Javeri has taken several initiatives to restructure the business operations.

Over the years, Shri N.R. Jani has been entrusted with the responsibility to look after finance, legal, accounts and administrative control. He has successfully carried out several specific assignments. He has introduced productivity linked wage and salary in the settlements with the union. He has taken several initiatives for controlling costs at each level. He has effectively contributed towards development of the company in several ways.

iv) Remuneration proposed : The remuneration package is given in detail in the explanatory statement. However, the same is summarized hereunder :

Sr. No.		Shri A.D. Javeri	Shri N.R. Jani
a)	Salary	Rs. 1,30,000/- P.M.	Rs. 85,000/- P.M.
b)	Perquisites & Allowances	Maximum 70% of salary	Maximum 30% of salary
c)	Performance Allowance	Not exceeding 35% of annual salary as may be decided by the Board	Not exceeding 35% of annual salary as may be decided by the Board
d)	Minimum Remuneration in case of inadequacy of profits during any financial year	Remuneration as above will be minimum remuneration	Remuneration as above will be minimum remuneration

v) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :

Taking into consideration the size of the Company, the profile of Shri A.D. Javeri and Shri N.R. Jani, the responsibilities shouldered by them and the industry benchmarks, the aforesaid remuneration is commensurate with the remuneration package paid to similar senior level positions in other companies.



- vi) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel :

Besides the remuneration proposed Shri A.D. Javeri and Shri N.R. Jani do not have any other pecuniary relationship with the Company and its managerial personnel except that Shri A.D. Javeri has given personal guarantee for the borrowings of the company and kept deposits with the company.

III. OTHER INFORMATIONS :

- i) Reasons for loss or inadequate profits : Decline in profitability has been due to several uncontrollable extraneous factors like unprecedented increase in raw material prices, crude oil prices during first half of the 2008-09, global slow down and forex loss due to cancellation of forward contracts consequent to deferment / cancellation of export orders and provision of mark to market on unexpired forward contract in the second half of the 2008-09.
- ii) Steps taken by the Company to improve performance : The loss for the year was mainly on account of cancellation of forward forex booking consequent to slowdown / cancellation / deferment of exports. All efforts are to control the overheads, certain process improvement for becoming cost efficient, conversion of one of the boiler from Furnese oil to Bagasse etc. coupled with aggressive marketing will improve the sales and expected to result in better operating performance.
- iii) Expected increase in productivity and profits in measurable terms :

In addition to steps proposed to be taken for improvement as detailed hereinabove, key focus areas would be profit maximization, conservation of cash, operational efficiencies, cost and working capital containment. The Company is continuing its endeavour to increase the revenues to improve profitability.

IV. DISCLOSURES :

The details of the remuneration package of Shri A.D. Javeri and Shri N.R. Jani are given in the explanatory statement hereinabove and the same is contained in the respective draft agreements with them which are open for inspection as mentioned hereinabove. Other Directors are paid no remuneration except sitting fees for the meeting of the Board and Committee thereof. All the components of the remuneration are fixed except performance allowance which will be decided by the Board on the periodical performance of the concerned Managerial Personnel. Both the appointments are contractual and provides for Six months notice period. No stock option has been given to them.

Your Directors commend these Resolutions for your approval.

None of the Directors except Shri A.D. Javeri, Shri Abishek A. Javeri as his relative and Shri N.R. Jani, are concerned or interested in the Resolution.

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: 26th June, 2009.