



Sadhana Nitro Chem Limited
43rd Annual Report 2015-16

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SADHANA NITRO CHEM LIMITED



BOARD OF DIRECTORS

Shri Asit D. Javeri	Chairman & Managing Director
Shri Arvind R. Doshi	Director
Shri Priyam S. Jhaveri	Director
Shri Dharendra M. Shah	Director
Shri Pradeep N. Desai	Director
Shri Abhishek A. Javeri	Director & CFO (w.e.f. 10.02.2016)
Smt Seema A. Javeri	Executive Director - Administration

KEY MANAGERIAL PERSONNEL

Shri Nitin R. Jani	Company Secretary
Shri Sanjeev P. Shah	CFO - (upto 14.08.2015)

BANKERS

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

AUDITORS

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

REGISTERED OFFICE

HIRABAUG,
1st Floor, Kasturba Chowk (C.P. Tank),
Mumbai- 400 004.
Phone : 022-23822524 Fax : 022-23887235.
E-mail : sadhananitro@sncl.com Website : www.sncl.com

CIN NO

L24110MH1973PLC016698

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 : 022-25963838 Fax : 022-2594 6969
E-mail : rnt.helpdesk@linkintime.co.in

NOTICE TO THE MEMBERS



NOTICE IS HEREBY GIVEN THAT THE FORTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT SHETH HIRACHAND GUMANJI TRUST HALL, HIRA BAUG, 1ST FLOOR, KASTURBA CHOWK (C.P. TANK) MUMBAI- 400004 ON FRIDAY, THE 12TH AUGUST, 2016 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Standalone and Consolidated Balance Sheet & Profit and Loss Account with Notes thereon and Cash Flow Statement for the Financial Year ended 31st March, 2016 together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Abhishek A. Javeri (DIN : 00273030) who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT M/s. V. Sankar Aiyar & Co., Chartered Accountants (Registration No.109208W), be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company.”

Registered Office :

Hira Baug, 1st Floor,
Kasturba Chowk, (C.P. Tank),
Mumbai 400 004.
CIN : L24110MH1973PLC016698
E-mail : sadhananitra@sncl.com
Date : 27th May, 2016.

By Order of the Board

N.R. Jani
Company Secretary

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.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
Corporate members intending to send their Authorised Representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf.
In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
2. 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. 022-25963838, E-mail address: mt.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. 022-23822524, E-mail address: sadhananitro@sncl.com.

3. The Company has transferred the unpaid or unclaimed dividends upto the financial years 2007-08 from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.
5. The Register of Members and the Share Transfer Book of the Company will remain closed from Monday, the 1st August, 2016 to Friday, the 12th August, 2016 (both days inclusive) for the purpose of Annual General Meeting.
6. 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.
7. 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.
8. The Register of Contracts or Arrangements in which Directors are interested, maintained under section 301 of the Companies Act, 1956 and Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
9. Entrance Pass and Proxy Form is annexed. Members are requested to bring their duly filled in attendance slip with copy of Annual Report to the place of meeting.
10. Members who hold shares in Dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
11. Members desiring any information are requested to write to the Company 10 days in advance.
12. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual reports, Notices, Circulars, etc. from the Company electronically.
13. **Voting through electronic means**
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.



- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 9th August, 2016 (9:00 am) and ends on 11th August, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 5th August, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Depository Participants(s)]:

- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder-Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" (E-voting Event Number) of Sadhana Nitro Chem Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional & Corporate Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sadhananitra@sncl.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (E Voting Event Number)	USER ID	USER ID PASSWORD/PIN
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- (ii) Please follow all steps from SL No.(ii) to SL No.(xii) above, to cast vote.

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com or call on toll free no.:1800-222-990.



- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. **The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 5th August, 2016.**
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 5th August, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.:1800-222-990.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mrs. Kumudini Paranjape, Partner of M/s Makarand M Joshi & Co., Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.sncl.com and on the website of NSDL. The results shall simultaneously be communicated to the Stock Exchange Limited(BSE), Mumbai.

Registered Office :

Hira Baug, 1st Floor,
Kasturba Chowk, (C.P. Tank),
Mumbai 400 004.
CIN : L24110MH1973PLC016698
E-mail : sadhananitra@sncl.com
Date : 27th May, 2016.

By Order of the Board

N. R. Jani
Company Secretary



To the Members of

SADHANA NITRO CHEM LIMITED

Your Directors take pleasure in presenting the 43rd Annual Report together with Audited Financial Statements for the Financial Year ended 31st March, 2016. The Management Discussion and Analysis has also been incorporated into this report.

1. FINANCIAL RESULTS

(In Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2015-16	2014-15	2015-16	2014-15
Revenue from operations (Net) & Other Income	3,524	4,845	3,603	4,854
Profit before Finance Cost, Depreciation, Exceptional item and Tax (EBIDTA)	223	(286)	215	(323)
Finance Cost	(507)	(495)	(509)	(519)
Depreciation	(200)	(207)	(200)	(207)
Profit/(Loss) before exceptional item and taxation	(484)	(988)	(494)	(1050)
Exceptional Items	-	1305	-	1343
Tax Expense	-	102	-	102
Profit/(Loss) after tax	(484)	419	(494)	395

2. DIVIDEND

In view of the loss, your Directors do not recommend any dividend for the FY 2015-16. During the year the unclaimed dividend pertaining to the financial year 2007-08 was transferred to the Investor Education & Protection Fund (IEPF).

3. REVIEW OF OPERATIONS

The total revenue of your company for the financial year ending 31st March, 2016 has been ₹ 3524 Lakhs (PY ₹ 4845 Lakhs).

The Company continued to face liquidity crunch which adversely affected its operational level. This increased cost of production though operating efficiency was in full check. Prices of raw materials were higher in the first eight months. This affected margins despite improved operating efficiency and keeping overheads under check.

The Company could not achieve higher operating limits due to paucity of working Capital Funds. The Company is taking rigorous steps to stream line the production for achieving the optimum operating level. As a result, the EBIDTA from normal operation for 2015-16 was ₹ 223 lakhs (PY loss of ₹ 286 lakhs) and for last quarter of 2015-16 profit from normal operation was of ₹ 93 lakhs (Last quarter of PY loss of ₹ 270 lakhs)

There was loss of ₹ 484 Lakhs (PY loss of ₹ 989 Lakhs) from normal operation despite lower turnover during the year. You will appreciate that the loss from normal operation activities has declined by about over 50%.

3.1 As per Rule 8(1) of Chapter IX- Companies (Accounts) Rules, 2014 - Report on the performance and financial position of its wholly owned subsidiary- Anuchem B.V.B.A is presented here under.

**FINANCIAL HIGHLIGHT OF WHOLLY OWNED SUBSIDIARY COMPANY - ANUCHEM B.V.B.A.**

Particulars	2015 (in Euro)	2014 (in Euro)
Turnover	778913.43	475977.21
Profit before Finance Cost, Depreciation and Tax	(8886.63)	(34.098,02)
Financial Expenses	2862.35	1.285,61
Depreciation	0,00	0,00
Profit/(Loss) before tax expense	(11748.98)	(35.383,63)
Tax Expense	0,00	0,00
Profit/(Loss) after tax	(11748.98)	(35.383,63)

4. EXPORTS

Despite recessionary trend and unfair severe price competition from China, the Exports of your company during the year were ₹ 2342 Lakhs (PY ₹ 2,714 Lakhs).

Exports constituted about over 66% of the overall revenue from operation including other income. Company's Exports are well diversified in terms of product range as well as the Countries of Export.

4.1 Export Oriented Unit (EOU)

Your Company had one of its plants Registered as an EOU with the Development Commissioner, SEEPZ which was valid upto 31.03.2015 and the Company has applied for its extension till 31.05.2015. Thereafter the Company de-registered its said plant from EOU status to DTA status.

5. FINANCE**5.1 Deposits**

The Company has not accepted deposits from the public falling within the ambit of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.

5.2 Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given below :-

Sr. No.	Particulars	Balance as on 31 st March 2016	Balance as on 31 st March 2015
A.	Loans given by the Company	-	-
B.	Guarantees given by the Company	-	-
C.	Investments in foreign Subsidiary and other bodies corporate made by the Company	7,71,550	8,79,969

6. CHEMICAL INDUSTRY AND OPPORTUNITIES & THREATS

Your company is engaged in manufacture of chemical intermediates, heavy organic chemicals and performance chemicals. India emerged as one of the major source for chemical intermediates.

Your company has been known for maintaining the highest standard of quality of its products. With the lowering of crude prices, improving energy efficiency and other factors have allowed your company in recent times to be competitive with the Chinese competition and leverage the advantage of a better quality product.



Your company is in the industry since last over 43 years. It has a very high degree of operating synergy, economies of scale and high quality standards. The products of your company have diverse uses and applications in several industries ranging from paper, pharmaceutical, agro chemicals, thermal dyes, light stabilizer, aerospace, dyes and hair dyes etc. Your company has a good clientele base, which is well diversified over the World. Besides, the domestic market has shown growth.

The major threat faced by the company are escalating raw material prices, crude oil prices, increasing interest rate and volatile foreign exchange market.

7. MARKET AND OUTLOOK

Your company has healthy order book position. Despite continued slowdown in the Global economies, the demand of your company's end products have increased globally and are expected to do so significantly over the coming years.

A better product mix, operational efficiency and stringent control on the cost have contributed towards increasing productivity, production and operating margins. These factors witnessed over the fourth quarter are expected to continue going forward.

The Company continued to focus on cost control at every level to improve the operational efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin. Continuous efforts are being made for efficient energy and raw material consumption. The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company, barring unforeseen circumstances, expects to further improve the turnover and performance.

B. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environmental protection and conservation of natural resources to the extent possible. Your Company has made arrangement for rain water harvesting and re-cycling water.

9. RESEARCH AND DEVELOPMENT

Your company has continuously attached high priority to the R & D Department which is engaged in developing new processes and further improving the existing processes as an ongoing activity to enable your company to keep pace with technological advancement and improve operating efficiency.

10. HUMAN RESOURCE/INDUSTRIAL RELATIONS

Human Resource programs and initiatives in SNCL are aligned to meet the business needs. Your company believes in investing in people to develop and expand their capability. The Company has been able to create a favourable work environment that motivates performance, customer focus and innovation. SNCL's strategies are based, inter alia, on processes of continuous learning and improvement.

11. RISKS AND CONCERNS

Macro-economic factors like the slow down, sluggish demand conditions, monetary policy & fiscal policy, unforeseen political and social upheavals, natural calamities may affect the business of your Company as also the industry at large.

With competition intensifying in all segments of the industry, increasing the market shares and the consumer base is a continuing challenge.

Since raw materials form an important component of your company's value chain, cost and availability of some of the key raw materials like benzene, nitric acid, caustic potash, sulphur based chemicals, iron powder are an area of concern.