

MD	✓		BKC	✓
CS	NA		DZY	NA
RO	✓		DIV	NA
TR	✓		AC	✓
AC	✓	✓	SH	✓
YE	✓	✓		✓

27TH ANNUAL REPORT 1996-97

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SERENE INDUSTRIES LIMITED



SERENE INDUSTRIES LIMITED

27th Annual Report 1996-97

BOARD OF DIRECTORS :

Shri Rajesh J. Sarvaiya
Shri Samir D. Sarvaiya
Dr. Jaykumar D. Mehta

– Chairman & Managing Director
– Jt. Managing Director
– (Nominee of ICICI)

BANKERS :

State Bank Of India
Dena Bank
Bank of Baroda
Oriental Bank of Commerce

SOLICITORS :

M/s. Manilal Kher Ambalal & Co.
Advocates, Solicitors and Notary.

AUDITORS :

M/s. Bharat Shroff & Co.
Chartered Accountants.

REGISTERED OFFICE :

Plot Nos. B-1/2 & B-1/3/1,
M.I.D.C.,
Lote Parshuram,
Tal. Khed, Near Chiplun,
Dist. Ratnagiri, Maharashtra

CORPORATE OFFICE :

Vinaya Bhavya Complex,
159-A, C.S.T. Road,
(Ashok Steel Mfg. Compound),
Kalina, Santacruz (E),
Mumbai - 400 098

REGISTRARS & TRANSFER AGENTS:

M/s. Consolidated Share Services Private Limited
Shanti Nagar, Cross Road A,
Near M.I.D.C., Bus Depot,
Andheri (East),
Mumbai - 400 093

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Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting, as the practice of distributing copies of the Report at the Meeting has been discontinued.

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NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of SERENE INDUSTRIES LIMITED will be held on Friday, the 15th May, 1998 at 12.30 P.M. at Plot No. B-1/2 & B-1/3/1, M.I.D.C., Lote Parshuram, Tal.Khed, Near Chiplun, Dist.Ratnagiri, Maharashtra to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 1997 and Profit and Loss Account of the Company for the period ended on that day and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Samir D. Sarvaiya who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

Mumbai

Dated 15th April, 1998

REGD. OFFICE :

Plot No.B-1/2 & B -1/3/1,
M.I.D.C., Lote Parshuram,
Tal.Khed, Near Chiplun,
Dist.Ratnagiri,
Maharashtra.

By Order of the Board
for SERENE INDUSTRIES LIMITED

Report Junction.com
RAJESH J. SARVAIYA
Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY(IES) NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxies, in order to be effective, should be lodged with the Company at least 48 hours (forty eight hours) before the Commencement of the Meeting.
3. To facilitate prompt response to your communications please ensure the following :
 - Mention your folio number in all your correspondence with the Company.
 - Intimate any change in your address including PINCODE, quoting the correct folio numbers.
4. It will be in your interest :
 - to hold the shares in joint name instead of single name.
 - to consolidate your folios, if you are holding shares in more than one folio.



SERENE INDUSTRIES LIMITED

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting their 27th Annual Report on the business and operations of the Company and the Audited Statement of Accounts for the period ended 31st December, 1997.

FINANCIAL RESULTS

	For the period ended 31st December, 1997 (Rs. in lacs)	For the period ended 30th June, 1996 (Rs. in lacs)
Profit / (Loss) before Depreciation & Preliminary Expenses	(1105.99)	863.81
Less: Depreciation & Preliminary Expenses written off	-	557.93
Profit / (Loss) for the period	(1105.99)	305.88
Profit available for appropriation	-	305.88
Transfer to General Reserve	(1105.99)	30.59
Balance c/f to Balance Sheet	-	275.29

REVIEW OF OPERATIONS

During the period under report the operations of the Company were severely affected as margins of the Company were under severe pressure on account of increase in the cost of various inputs and particularly the high interest burden. Due to tight liquidity position, the Company's working capital was also under pressure thereby affecting the profitability of the operations to a great extent.

The Company's plants at Vapi for manufacturing of Reactive Dyes and intermediates had to be closed since November, 1996 and November, 1997. The Company had shifted part of its production to its plant at Lote Parshuram and now a scheme of restructuring cum expansion is under consideration with Financial Institutions.

DIVIDEND

The Directors are unable to recommend payment of any dividend in view of the Net Loss incurred by the Company during the period.

INSURANCE

The properties and assets of the Company continue to be adequately insured.

DIRECTORS

Mr. Samir D. Sarvaiya retires by rotation and being eligible offers himself for reappointment.

Mr. Dineshchandra D. Sarvaiya, Dr. Baboobhai V. Bhoota, Mr. Ramdas M. Gandhi, Mr. Kanu H. Doshi, Mr. Mahehdra A. Patel and Mr. Ketan D. Sarvaiya have resigned from the Directorship of the Company.

Mr. K. Sivaprakasam, nominee of I.D.B.I. and Mr. V. R. Shahane, nominee of SICOM Ltd. ceased to be Directors of the Company on their withdrawing of nomination by the respective Institutions.

The Board would like to place on record their appreciation for the services rendered by them to the Company during the tenure of their Directorship.

AUDITORS REPORT

The notes to the Accounts referred to in the Auditors' Report are self - explanatory and therefore, do not call for any further explanation under section 217(3) of the Companies Act, 1956.

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AUDITORS

The Auditors of the Company, M/s. Bharat Shroff & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment. They have furnished a certificate to the effect that this re-appointment, if made will be in accordance with Section 224A of the Companies Act, 1956.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of section 233B of the Companies Act, 1956, qualified Cost Accountant, Mr. Kirit B. Mehta has been appointed as cost auditor of the Company to conduct the cost audit relating to the Company's Dyestuff manufacturing activities for the period ended 31st December, 1997 and cost Audit Report will be submitted to concerned authorities.

PARTICULARS OF CONSERVATION OF ENERGY, ETC.

The statement of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to the provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as an Annexure which forms part of this Report.

PARTICULARS OF EMPLOYEES

The statement of particulars pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 is annexed hereto as an Annexure which forms part of this Report.

SUBSIDIARY COMPANY

As required by the provisions of Section 212(1) of the Companies Act, 1956, documents of its Subsidiary Company, M/s. Seribright Colours Ltd., U. K. are annexed to the Balance Sheet.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their warm appreciation of the valuable contribution, unstinted efforts and spirit of dedication by the employees and officers at all levels in the progress of the Company during the period under review. The Directors also express their deep gratitude for the assistance, co-operation and support extended to your Company by the Financial Institutions, Banks, Central and State Government as well as Customers and look forward to their continued support.

For and on behalf of the Board

Mumbai
Dated : 14th April, 1998

RAJESH J. SARVAIYA
Chairman - Managing Director



SERENE INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st December 1997.

A) CONSERVATION OF ENERGY

The Company continues to lay emphasis on conservation of energy. Plant level committees have been set up for monitoring of consumption, maintaining systems etc. is being adhered to:

Form A

a. Power & Fuel Consumption		1996-97	1995-96
1) Electricity			
i) Purchased Units (KWH)		7190.13	7565.08
(IN THOUSANDS)			
Total Amounts Rs.in lacs		218.93	212.95
[incl. minimum demand (M.D.) charges]			
ii) Rate/Unit Rs./KW (Average)		3.04	2.81
2) Furnace Oil (incl. L.D.O.)			
Quantity Ltrs.		1717772	2439765
Total Cost (Rs. in lacs)		131.13	147.70
Average rate (Rs./ltr.)		7.63	6.05
b. Consumption per unit of production per M.T. of Dyestuff & Intermediates			
1. Electricity (KWH)		2423.64	2128.98
2. Furnace Oil (incl.L.D.O.) (ltrs.)		579.04	686.60

B) TECHNOLOGY ABSORPTION

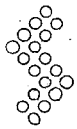
1. Research & Development

The Management is pleased to inform that the Company has set-up a full fledged Research & Development facility at its unit at Lote Parshuram, Maharashtra. The emphasis on R. & D. is on :

- Technological improvements
- Process equipment modernisation
- Cost reduction procedures
- Optimisation of the reaction conditions to result higher output
- Optimisation of batch process to reduce fixed cost and improve productivity
- Introduction of new products to replace existing outdated products
- Introduction of high value products to yield higher margin of profit.

The Company's main objective in the future is to continue its Research & Development work on innovation and to bring out new breed of dyes to help the process industry to reduce their operational cost and make them eco friendly.

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2. TECHNOLOGY ABSORPTION:

The Company has indigenous knowhow and therefore this clause does not apply.

C) FOREIGN EXCHANGE EARNINGS/OUTGO:

The Company's foreign exchange earnings on account of exports (FOB Value) is **Rs. 654.55 lacs** (Previous period Rs.1407.23 lacs). The Company has imported certain raw materials and has spent foreign exchange on the visits abroad of its Directors and employees in connection with the development of the Company's export market. The details of the expenses are as given below :

(Rs.in lacs)

i) Raw material imported (CIF value)	346.62 (641.94)
ii) Expenditure on Travelling	11.82 (23.24)

D) STATEMENT UNDER SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 ATTACHED TO THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST DECEMBER, 1997.

Sr. No.	Name/Age	Qualification	Experience Years	Date of Joining/ Appointment	Designation Nature of Duties	Gross Remuneration Per Annum
1.	Mr. R. J. Sarvaiya (40)	B.Com.	21	July, 1976	Chairman-Mg. Director	13.03 lacs
2.	Mr. S. D. Sarvaiya (38)	B.Com.	18	Sept., 1988	Jt. Mg. Director	10.43 lacs
3.	Mr. P. B. Avari (32)	B.Com. ACA.	7	Jan., 1997	DGM-Finance & Accounts	0.68 lacs

- Notes: 1. Remuneration as above includes salary, taxable allowances, value of perquisites as per Income-Tax Rules, 1962 and Company's contribution to Provident Fund.
2. The appointment of Mr. R. J. Sarvaiya and Mr. S. D. Sarvaiya are contractual and they are related to each other.

For and on behalf of the Board

Mumbai
Dated : 14th April, 1998

RAJESH J. SARVAIYA
Chairman - Managing Director



SERENE INDUSTRIES LIMITED

AUDITORS' REPORT

To

The Members,

We have audited the attached Balance Sheet of SERENE INDUSTRIES LIMITED as at 31st December, 1997 and the Profit & Loss Account for the period ended on that date annexed thereto. We report as follows :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we annex hereto statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph (1) above,
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examinations of such books.
 - iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - iv) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon and Subject to Note No. 3 regarding non-provision of Depreciation, Note No. 4 regarding conversion of fixed asset into stock in trade, Note No. 5 regarding Preliminary expenses, Note No. 6 regarding capitalisation of interest and Note No. 7 regarding non-accounting of fluctuation in foreign exchange rates, give information required by the Companies Act, 1956 in the manner so required and give true & fair view :
 - a. in the case of Balance Sheet of the state of affairs of the Company as at 31st December, 1997 and
 - b. in the case of Profit & Loss Account for the Loss of the Company for the period ended 31st December, 1997.

For Bharat Shroff & Company
Chartered Accountants

Mumbai
Dated : 14th April, 1998

B. B. Shroff
Proprietor

Annexure referred to in paragraph (1) of the Auditors' Report to the Members of Serene Industries Limited on the accounts for the period ended 31st December, 1997.

1. The Company has not maintained proper records showing full particulars including quantitative details and situation of all fixed assets except furniture and fixture. As explained to us the fixed assets have been physically verified by the management according to a phased programme designed to cover all the items of the fixed assets. Accordingly most of the assets have been physically verified by the management during the period in accordance with the programme of verification. In our opinion, the frequency of verification of fixed assets by the management is at reasonable intervals, having regard to the size of the Company and the nature of the assets. No material discrepancies between the book records and the inventory have been noted in respect of the assets physically verified.
2. None of the fixed assets have been revalued during the period.
3. In our opinion and according to the explanations given to us, the physical verification of the finished goods, stores, spare parts and raw materials was conducted by the management wherever practicable, during the period. In our opinion, the frequency of verification is reasonable.

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4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management were found reasonable and adequate in relation to the size of the Company and nature of its business. Stocks in possession and stocks in transit as on 31st December, 1997 have been verified by the management.
5. The discrepancies noticed on such verification as compared to book records, which were not significant have been properly dealt with in the books of account.
6. In our opinion the valuation of the above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the previous period.
7. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under sections 301 and 307 (1-C) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 or to Companies under the same management within the meaning of section 370(1-B) of the Companies Act, 1956.
9. In respect of Loans and Advances in the nature of loans given by the Company to its employees and others, they are repaying the amounts regularly as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for sale of goods.
11. According to the information and explanation given to us the transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangement falling under section 301 of the Companies Act, 1956 and aggregating to Rs. 50,000/- or more, during the period in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services at the prices at which transactions for similar goods or materials or services have been made with other parties.
12. As explained to us, Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials and finished goods and the necessary adjustments for the loss have been made in the accounts.
13. The Company has received deposits from the public during the period and have complied with the directives issued by the Reserve Bank of India and the provisions of section 58-A of the Companies Act, 1956 and the rules framed thereunder from time to time, but have not filed Return for the year ended 31st March, 1997.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scraps. As explained to us, the Company's operations do not generate any significant realisable by-products & scraps.
15. In our opinion, the Company has an adequate system of internal audit which is commensurate with the size and nature of its business.
16. The Central Government under section 209(1)(d) of the Companies Act, 1956 has prescribed the cost audit of cost records of Dyes. The cost audit has been completed for the period ended 30st June, 1996.
17. The Company has generally deposited during the period Provident Fund and Employee's State Insurance dues with appropriate authorities, except for last two months.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty which have remained outstanding as at 31st December, 1997 except Sale Tax of Rs. 4.05 Lacs, for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and the record of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
20. The Company is not a sick industrial company with the meaning of clause (o) of sub-section(1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. Shares and other Securities held by the Company as investments are held in its own name.
22. In respect of Trading Activities of the Company, there are no stocks of damaged goods.

For Bharat Shroff & Company
Chartered Accountants

Mumbai
Dated : 14th April, 1998

B. B. Shroff
Proprietor

SERENE INDUSTRIES LIMITED**BALANCE SHEET AS AT 31ST DECEMBER, 1997**

	SCHEDULE	1996-97 (01.07.96 To 31.12.97) (Rs. in Lacs)	1995-96 (01.04.95 To 30.06.96) (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS :			
Share Capital	(1)	2,680.75	2,680.75
Promoters advance against warrants		170.00	170.00
Reserves & Surplus	(2)	1,856.50	2,962.49
		<u>4,707.25</u>	<u>5,813.24</u>
LOAN FUNDS :			
Secured Funds	(3)	10,428.69	10,331.68
Unsecured Funds	(4)	580.81	624.03
		<u>11,009.50</u>	<u>10,955.71</u>
		<u>15,716.75</u>	<u>16,768.95</u>
APPLICATION OF FUNDS			
FIXED ASSETS :			
	(5)		
Gross Block		7,638.03	8,857.68
Less : Depreciation		1,220.08	1,228.33
Net Block		6,417.95	7,629.35
Capital Work In Progress		2,581.08	1,777.87
Incidental Expenditure to be capitalised		2,872.73	867.44
		<u>11,871.76</u>	<u>10,274.66</u>
INVESTMENTS :	(6)	527.06	547.06
CURRENT ASSETS, LOANS & ADVANCES :			
	(7)		
Current Assets		6,885.38	7,618.26
Loans & Advances		1,634.53	1,541.10
		<u>8,519.91</u>	<u>9,159.36</u>
Less : CURRENT LIABILITIES & PROVISIONS :	(8)		
Current Liabilities		5,438.93	3,416.85
		<u>3,080.98</u>	<u>5,742.51</u>
MISCELLANEOUS EXPENDITURE :			
(To the extent not written off/adjusted)	(9)	236.95	204.72
		<u>15,716.75</u>	<u>16,768.95</u>

Notes to the Accounts

(15)

As per our report of even date

for **Bharat Shroff & Company**

Chartered Accountants

B. B. Shroff

Proprietor

For and on behalf of the Board

R. J. Sarvaiya Chairman - Managing Director**S. D. Sarvaiya** Joint Managing Director

Mumbai

Dated : 14th April, 1998