

SHENTRACON CHEMICALS LIMITED

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ANNUAL REPORT & ACCOUNTS 1996-97



SHENTRACON CHEMICALS LIMITED

BOARD OF DIRECTORS

B. R. TANEJA

J. P. SUREKA

R. GOEL

R. K. SUREKA

S. SUREKA

COMPANY SECRETARY

R. S. MAUR

AUDITORS

K. P. JHAWAR & CO.

Chartered Accountants

FINANCIAL INSTITUTION

INDUSTRIAL DEVELOPMENT BANK OF INDIA

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BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

6A, Kiran Shankar Roy Road,
3rd Floor, Calcutta - 700 001

WORKS

Bamunary (Opp. Jora Hotel)
Dankuni, Hooghly, W.B.

SHENTRACON CHEMICALS LIMITED**NOTICE**

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NOTICE is hereby given that the Fourth Annual General Meeting of the members of M/s Shentracon Chemicals Limited will be held at HM Plaza Business Centre, 8 A.J.C. Bose Road, Calcutta - 700 017 on Monday, the 27th October, 1997 at 11 A.M. to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Sureka, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajiv Goel, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. M/s K.P. Jhawar & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :-

"RESOLVED" that the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money from time to time notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from Temporary Loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs.1200 Lakhs "(Rupees Twelve Hundred Lakhs only) in the aggregate."

Registered Office :

6A, Kiran Shankar Roy Road,
3rd Floor, Calcutta : 700 001
The 29th Day of September, 1997

For and on behalf of the
Board of Directors
R.K. Sureka
Executive Director

SHENTRACON CHEMICALS LIMITED**NOTES :**

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1. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.5 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. The proxy form should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 16th October, 1997 to Monday, 27th October, 1997 (both days inclusive).
26/10/97 to 30/10/97
4. Members are requested to notify immediately change of address, if any, quoting Folio No. to the Registered office of the Company.
5. Members are requested to note that copies of Annual Report will not be disbursed at the meeting, as a measure of economy.

EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956 attached to the NOTICE convening Fourth Annual General Meeting to be held on Monday, the 27th October, 1997.

Item No. 5

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The Company has approached Industrial Development Bank of India (hereinafter referred to as IDBI) for sanction of Term Loan of Rs.5.20 Crores to part Finance the proposed Modification Cum Modernisation project and Overrun of the original project cost. To obtain this loan it is required to pass a Shareholders' resolution u/s 293(1)(d) of the Companies Act, 1956 since the money to be borrowed will exceed together with the money already borrowed by the Company (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) the Paid-up Share Capital of the Company and its' Free Reserves. Therefore, the proposed Resolution is intended to be passed empowering the Board of Directors to borrow any sum or sums of money from time to time (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of Paid-up Capital of the Company and its' Free Reserves, that is to say, Reserves not set apart for any specific purposes but not exceeding Rs.1200 Lakhs (Rupees Twelve Hundred Lakhs) in the aggregate. The Board comments acceptance of the resolution.

None of the Directors is concerned or interested in this resolution.

Registered Office :

6A, Kiran Shankar Roy Road,
3rd Floor, Calcutta : 700 001
The 29th Day of September, 1997

For and on behalf of the
Board of Directors
R.K.Sureka
Executive Director

SHENTRACON CHEMICALS LIMITED**DIRECTORS' REPORT**

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Ladies and Gentlemen

Yours Directors take pleasure in presenting the Fourth Annual Report of the Company together with the audited Balance Sheet and Profit & Loss Account for the year 1996-97.

1. FINANCIAL RESULTS :

(Rs. in Lakhs)

	1996-97	1995-96
Total Income	258.54	269.78
Profit before interest and Depreciation	(101.49)	37.35
Less: Interest	123.17	96.97
Profit before Depreciation	(224.66)	(59.62)
Less: Depreciation	—	35.04
Net Profit	(224.66)	(94.66)

2. OPERATIONS :

The operations at the Company's manufacturing plant at Dunkuni, Dist: Hooghly were badly affected due to labour unrest and followed by Suspension of the manufacturing operations since 18th September, 1996. In view of that, the Company could not achieve the targeted production during the year and had to incur considerable amount of loss.

3. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. Sanjay Sureka and Mr. Rajiv Goel are liable to retire by rotation and they offer themselves for re-appointment.

4. AUDITORS :

M/s K.P. Jhavar & Co., Chartered Accountants, statutory auditors of the Company holds office till the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

SHENTRACON CHEMICALS LIMITED**5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

A statement containing necessary information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and marked as Annexure 'A' to the Report.

6. PARTICULARS REQUIRED AS PER LISTING AGREEMENTS WITH STOCK EXCHANGES :

A statement containing necessary information as required under Clause 43 of the Listing Agreement with the Stock Exchange is annexed hereto and marked as Annexure : B.

7. PARTICULARS OF EMPLOYEES :

Particulars as required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Company's (Particulars of Employees) Rules, 1975 as amended, are not given as the same is not attracted in the case of any person employed by the Company.

8. INDUSTRIAL RELATIONS :

Yours Directors are hopeful that the Industrial Relations strained during the past years will improve during the years to come. Efforts are being made to reach a long term agreement with the labour union to ensure un-interrupted production once the factory reopens.

9. FUTURE PLANS :

A comprehensive plan has been drawn to ensure proper utilisation of the Installed Capacity as well as make the plant more cost competitive once the factory reopens. The proposed Modification cum Modernisation project will involve complete modification of the Furnaces along with some of the Down-stream facilities and more mechanisation of the Material Handling activities. This will also help the Company in rationalisation and optimum utilisation of the Labour force.

A detailed Financial restructuring plan is also being chalked out for the same with the help of Industrial Development Bank of India.

10. ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their grateful appreciation for the excellent support and cooperation received from the various departments of the Government, Banks, Financial Institutions, Customers, and Employees.

Your Directors also sincerely thank the Shareholders for the confidence reposed by them in the Company and expect to have continued support and cooperation in future too.

Registered Office :

6A, Kiran Shankar Roy Road,
3rd Floor, Calcutta : 700 001
The 29th Day of September, 1997

For and on behalf of the
Board of Directors
R.K.Sureka
Executive Director

SHENTRACON CHEMICALS LIMITED**ANNEXURE - A**

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**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,
FOREIGN EXCHANGE EARNINGS AND OUTGO****a) Energy conservation measures taken :-**

- i) Installation of Waste Heat Recovery Boiler for recovering heat from the flue gas of furnaces and utilising it in Evaporators.
- ii) Installation of High Efficiency Oil Burner.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :-

The company proposes to undertake the following energy conservation measures :

- i) Installation of Recuperation system in the Furnaces.
- ii) Installation of Driers for drying moist residue before feeding the material in the Furnaces.
- iii) Installation of Double Effect Vacuum Evaporators.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :-

The Company feels that the energy conservation measures already taken together with the same proposed to be taken as mentioned above will have considerable impact on the reduction of energy consumption and in turn on the cost of production of the goods.

d) Energy Consumption particulars :-**Form - A**

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	<u>1996-97</u>	<u>1995-96</u>
A. Power & Fuel Consumption :-		
1. Electricity :		
a) Purchased Units	3,48,130	4,30,095
Total Amount (Rs.)	9,70,020	12,28,001
Rate per units (Rs.)	2.79	2.56

SHENTRA CON CHEMICALS LIMITED

	1996-97	1995-96
b) Own Generation :		
i) Through Diesel Generator Units (KWH)	38,902	35,520
Unit Per Liter of fuel	3.74	7.25
Cost/Units (Rs.)	2.78	3.18
ii) Through Stream Turbine Units	-	-
Unit Per Liter of fuel	-	-
Cost/Units (Rs.)	-	-
2. Coal (Stream Coal used in Reduction Furnace)		
Quantity (Tonnes)	47,045	-
Total Cost (Rs.)	1,01,144	-
Average Rate (Rs.)	2,150	-
3. Furnace Oil :		
Quantity (K.Ltrs)	1225,347	1123,383
Total Cost (Rs.)	70,06,314	60,21,333
Average Rate (Rs.)	5,718	5,360
4. Other/Internal Generation (Please give details)		
Quantity	-	-
Total Cost (Rs.)	-	-
Rate/Unit	-	-

CONSUMPTION PER TONNE OF PRODUCTION - PRODUCT : SODIUM DICHROMATE

	Standards (if any)	1996-97	1995-96
Electricity (Unit)		644	591
Furnace Oil		2.27	1.54
Coal		0.09	-
Others		-	-

B. Particulars of Technology Absorption :-**Form - B**

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Research & Development (R & D) :-

- Specific areas in which R & D is carried out by the Company:
Since the Company produces standard products, no R & D is necessary.