

23rd ANNUAL REPORT 2001



SHIVALIK RASAYAN LIMITED

SHIVALIK RASAYAN LIMITED

BOARD OF DIRECTORS

Shri P.C. Sharma	: Chairman
Shri S.K. Singh	: Managing Director
Shri V.M. Krishnatray	: Director
Shri R.N. Dixit	: Director
Shri R.C. Bhat	: Director
Shri Shanti Mitra Sharma	: Director
Smt. Kuldeep Kaur	: Director - IFCI Nominee
Shri K.S. Sainger	: Director - UPSIDC Nominee
Brig. L.N. Kapoor (Retd.)	: Director - BIFR Nominee

BANKERS

: Punjab National Bank

AUDITORS

: M/s Ramkrishna & Company,
Chartered Accountants,
D-63, Panchsheel Enclave,
New Delhi - 110 017.

REGISTERED OFFICE AND FACTORY

: Village Kolhupani,
P.O. Chandanwari,
Dehradun - 248 007.

ADMINISTRATIVE AND SALES OFFICE

: 1506, Chiranjiv Tower,
43, Nehru Place,
New Delhi - 110 019.

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of Shivalik Rasayan Limited will be held on Friday the 28th September, 2001 at 3.00 P.M. at the Registered Office of the Company at Village Kolhupani, Dehradun to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as on 31st March 2001, Profit & Loss Account for the period from 1st April 2000 to 31st March 2001 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri V.M. Krishnatray, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :-

"Resolved that M/s Ramkrishna & Company, Chartered Accountants, be and are hereby re-appointed auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be fixed by the Board of Directors plus Service Tax, reimbursement of actual travelling and out-of-pocket expenses incurred by them for the purpose of audit."

By Order of the Board
for **Shivalik Rasayan Ltd.**

Place : New Delhi
Dated : 11th August, 2001

S.K. Singh
Managing Director



NOTES

1. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. A Proxy Form is sent herewith. The Proxy Form duly completed should reach the Registered Office of the company not later than 48 hours before the start of the meeting.
3. If any more information is required by any shareholder, he is requested to convey the same to the Registered Office of the company so as to reach us at least one week before the date of the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 3

As per Section 224-A of the Companies Act, 1956, if 25% or more of the subscribed capital of the Company is held by State or Central Government, Public Financial Institutions or Nationalised Banks or General Insurance Companies, then the appointment or re-appointment of the Auditors at each Annual General Meeting shall be made by passing a Special Resolution. The shareholdings of the institutions falling under its category exceed 25% of the subscribed capital of the Company and hence a Special Resolution is required for appointment of Auditors.

None of the Directors is interested or concerned in the above Resolution.

By Order of the Board
for **Shivalik Rasayan Ltd.**

Place : New Delhi
Dated : 11th August, 2001

S.K. Singh
Managing Director

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 23rd Annual Report together with an audited statement of accounts for the year ended 31st March, 2001 and Auditors' Report thereon.

WORKING RESULTS

The Sales of your company increased by 54.28% during the year when compared to last year's performance. However, the selling price and the working margins remained very low and showed slight improvement towards the end of the year.

Financial Data (Rs. in lac)	Current Year	Previous Year
Sales	943.66	611.65
Other Income	2.35	14.75
Loss before Depreciation`	(-)32.14	(-)11.70
Depreciation	15.91	15.82
Prior period Adjustment (net)	0.68	Nil
NET PROFIT/(LOSS) FOR APPROPRIATION	(-) 47.37	27.53

The interest on term loans from financial institutions and cash credit from Bank has not been provided for and reflected in the financial data given above. A settlement of the dues with the financial institutions and the bank has been reached and is awaiting final approval by the BIFR.

DIVIDEND

In view of accumulated losses of the company, the Directors regret their inability to recommend payment of any dividend.

PRESENT STATUS BEFORE BIFR, AAIFR AND DELHI HIGH COURT

The Hon'ble High Court of Delhi had granted an interim stay against the order of AAIFR, in which the AAIFR had directed the IFCI (Operating Agency) to advertise for inviting fresh bids for take over and rehabilitation of the company. A settlement of the dues with the financial institutions and the bank has been reached. In view of this, the hon'ble Delhi High Court in its hearing held on 15.02.2001 directed the BIFR to consider the matter afresh and pass appropriate orders.

In the hearing held on 22.03.2001, the BIFR considered the Draft Rehabilitation Scheme (DRS) prepared by IFCI (OA) and directed it to make some minor changes in the DRS, hold a joint meeting of all the concerned parties and submit its report. Accordingly, the OA has submitted its revised report to the BIFR. The matter now awaits final approval of the BIFR for the Rehabilitation Scheme.

In the meanwhile, in view of the order dated 15.02.2001 passed the hon'ble Delhi High Court, the AAIFR has disposed-off the appeal.

DIRECTORS' REPORT

CURRENT OUTLOOK

The company has made a loss of Rs. 32.14 lac before depreciation. The company was able to export 327 te Malathion Technical through third parties, which is likely to continue and improve further. Now with the likely approval of the rehabilitation package by the BIFR shortly, the company proposes to enter the export market directly to achieve better margins.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your directors confirm as under :-

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the directors have prepared the annual accounts on a going concern basis.

DIRECTORS

During the year, IFCI withdrew Shri Ashok Kumar as its nominee and nominated Smt. Kuldeep Kaur, DGM as its Nominee Director on the Board of Directors of the company.

The Directors place on record their appreciation for the contribution made by Shri Ashok Kumar during his tenure as Director of the company.

Mr. V.M. Krishnatray retires by rotation and is eligible for re-appointment.

AUDITORS

M/s Ramkrishna & Company, Chartered Accountants, New Delhi retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. A letter has been received from them stating that the re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / RESEARCH AND DEVELOPMENT

1. Due to paucity of funds, no steps could be taken to additionally conserve energy. No additional investments were made for reduction in consumption of energy. (C) and (D) are not applicable.

DIRECTORS' REPORT

2. Technology Absorption.

The company could not under take any technology absorption measures due to constraint of funds.

3. Foreign exchange earnings and outgo : Nil

PARTICULARS OF EMPLOYEES

There were no employees as per the requirements of Section 217(2A) of the Companies Act, 1956.

PERSONNEL

The company continued to maintain harmonious and cordial relations with its workers. The Directors wish to place on record their appreciation for the services and untiring efforts of the employees at all levels.

BY ORDER OF THE BOARD
for **SHIVALIK RASAYAN LTD.**

Place : New Delhi
Dated : 11th August, 2001

S.K. SINGH
Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF
MESSERS SHIVALIK RASAYAN LTD.

We have audited the annexed Balance Sheet of M/s Shivalik Rasayan Ltd. as on 31st March, 2001 and also the annexed Profit and Loss account of the company for the year ended as on that date. We report as follows:-

1. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
3. The Balance Sheet and Profit and Loss A/c dealt with by this report are in agreement with the books of account.
4. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2001 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion, the Balance Sheet and the Profit and Loss A/c dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, except as reported in Para 6(a) hereunder.
6. a) As indicated in Note No. 1(vi) of Schedule 14, the company has made charge to the Profit and Loss A/c on account of Gratuity Liability on management's estimate. This charge is not supported by any actuarial valuation and hence is not verifiable. Further, no provision for liability towards leave encashment has been made and it is being accounted for on payment basis. This is not in compliance with Accounting Standard (AS) – 15 "Accounting for Retirement Benefits in the Financial Statements of Employers" issued by the Institute of Chartered Accountants of India. In the absence of any actuarial valuation in respect of the above, the amount of unprovided liability towards these could not be quantified and ascertained reasonably.
- b) The company has not provided interest on term loans from Financial Institutions and on Cash Credit A/c. As per Note No. 12(v) of Schedule 14, the company has reached a settlement of dues with the Financial Institutions and bank. However, the same is subject to final approval of the BIFR and is further subject to the fulfillment of the conditions of the settlement regarding payment of the settled amount as per agreed schedule. The amount of waiver/reduction of liability by the Financial Institutions and Bank shall be provided in the books of accounts in the year when the final approval of the BIFR for the rehabilitation scheme is accorded.

AUDITORS' REPORT

- c) As indicated in Note No. 22 of Schedule 14, the company has not made any provision for the payment of Rs. 77,062/- towards the listing fees due to the Delhi Stock Exchange for listing its shares. The loss for the year is understated to this extent.
- d) Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss A/c read together with the Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:-
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2001, and;
 - ii) in the case of Profit and Loss A/c, of the LOSS for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:-

1. The company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the company have been physically verified by the management during the year and no serious discrepancies between the book records and physical inventory have been noticed.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the terms and conditions on which loans have been obtained from companies, firms and other parties listed in the register maintained under Section 301 and 370 (1C) of the Companies Act, 1956, in which Directors are interested are prima facie not prejudicial in the interest of the company.
8. The company has not granted any loan, secured or unsecured to any parties listed in the register maintained under section 301 and 370 (1C) of the Companies Act, 1956.

AUDITORS' REPORT

9. The parties and employees to whom the loans or advances in the nature of loans have been given with or without interest are repaying the principal and/or interest as per mutual understanding.
10. In our opinion and according to the information and explanations given to us, the internal control procedures are commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant & machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods and materials and sales of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained u/s 301 and aggregating during the period to Rs. 50,000/- or more.
12. As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the losses arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public.
14. In our opinion, the company has an internal audit system commensurate with the size and nature of its business. It was conducted by the internal management of the company. However, no detailed reports were submitted to us.
15. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scraps and that there are no by-products.
16. The Central Government has advised the company to maintain cost records u/s 209(1)(d) of the Companies Act, 1956, and to have them audited vide its letter No. 52/271/CAR-95 dtd. 08.01.98. The company is in the process of preparing the Cost Records for the year 2000-01 and as such we were unable to take up a review of these records.
17. The company has generally been regular in depositing Provident Fund regularly. As regards Employees State Insurance, the company neither deducted nor contributed any amount towards ESI during the period as the same is not applicable to the company, as per the certificate given by the management.