

32nd

ANNUAL REPORT

2010

SHIVALIK RASAYAN LIMITED

SHIVALIK RASAYAN LIMITED

| | | |
|--|---|--|
| Shri Rahul Bishnoi | : | Chairman |
| Shri S. K. Singh | : | Managing Director |
| Shri Anirudh Bishnoi | : | Director |
| Shri Tejasvi Bishnoi | : | Director |
| Shri Ashwani Sharma | : | Director |
| Shri Puneet Chandra | : | Director |
| Shri Harish Pande | : | Director |
| 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 |
| CORPORATE OFFICE | : | 1506, Chiranjiv Tower, 43, Nehru Place, New Delhi - 110 019 Tel No. (011) 26221811, 26418182 E-mail: srl@vsnl.com, srl@airtelmail.in Website: www.shivalikrasayan.in |
| SHARE REGISTRAR | : | M/s Beetal Financial & Computer Services Pvt. Limited BEETAL House, 3 rd Floor, 99, Madangir, Behind Local Shopping Complex, New Delhi - 110 062 Tel No. (011) 29961281, 29961282 E-mail: beetal@beetalfinancial.com |

NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of Shivalik Rasayan Limited will be held on Wednesday the 29th September, 2010 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 2010, Profit & Loss Account for the period from 1st April 2009 to 31st March 2010 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anirudh Bishnoi, 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 an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded for re-appointment of M/s Ramkrishna & Company, Chartered Accountants, as auditors of the Company to hold office from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting of the company on such remuneration as may be fixed by the Board of Directors plus Services Tax, reimbursement of actual traveling 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 : 1st June, 2010

Sd/-
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 require 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.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 32nd Annual Report together with an audited statement of account for the year ended on 31st March 2010 and Auditors' Report thereon.

WORKING RESULTS

The Sales of your company have increased by 7.38% and net profit increased by 169.56% during the year when compared to last year's performance.

| Financial Data (Rs. in Lac) | Current Year | Previous Year |
|---------------------------------|--------------|---------------|
| Sales | 2164.63 | 2015.80 |
| Other Income | 13.36 | 4.93 |
| Profit before Depreciation | 69.92 | 31.47 |
| Depreciation | 9.73 | 9.03 |
| Profit for the year before Tax | 60.19 | 22.44 |
| Provision for taxation | 19.40 | 5.85 |
| Deferred Tax Assets/(Liability) | 0.48 | (1.28) |
| NET PROFIT FOR APPROPRIATION | 41.27 | 15.31 |

DIVIDEND

The company has recovered accumulated losses and financial positions of the company does not allow this year to recommend any dividend.

CURRENT OUTLOOK

The net profit before depreciation is Rs.69.92 lacs. Protection under safeguards is still continuing till 2011.

FINANCE

The Company has issued bonus shares to the existing share holder of the company in the ratio of 1:1 during the year.

CORPORATE GOVERNANCE

Your Company has fully complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance.

A report of Corporate Governance Practices and Management Discussion and Analysis are given as annexure to this report.

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 them consistently and made judgments 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;

DIRECTORS' REPORT

- 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

Shri Anirudh Bishnoi retires by rotation and is eligible for re-appointment.

SECRETARIAL COMPLIANCE CERTIFICATE

A Secretarial Compliance Certificate pursuant to Section 383A of the Companies Act, 1956, is attached herewith.

QUALIFICATION IN THE AUDITORS' REPORT

The qualifications in the Auditors' Report have been well explained in the Notes to Financial Statements and are self-explanatory. Further, the Directors would like to clarify as under:-

The company has been making a provision towards the payment of gratuity liability in its books of account as per the provisions of the Payment of Gratuity Act, 1972. Similarly, liability towards leave encashment is being provided for encashable leave due to the employees on the basis of last salary drawn. Accounting Standard (AS) - 15 "Accounting for Retirement Benefits in the Financial Statements of Employers" issued by the Institute of Chartered Accountants of India, states that the liability towards retirement benefits should be ascertained and provided for on the basis of actuarial valuation. Further, it requires that the company should make contribution to a trust fund or insurer for this purpose. The circumstances of the company so far do not permit it to bear expenses for an Actuarial Valuation and contribute to a trust fund from the already scarce sources of funds. However, your Directors are hopeful that with the improving position of the company, steps will be taken to comply with the relevant provisions in the future.

LISTING FEES

The Annual Listing Fee for the year 2009-10 had been paid to Delhi Stock Exchange where the company's shares are listed.

AUDITORS

M/s Ramkrishna & Company, Chartered Accountants, New Delhi retires 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.

DIRECTORS' REPORT

CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION/RESEARCH AND DEVELOPMENT

1. Disclosure of Particulars with respect to Conservation of Energy

Power and Fuel consumption

Electricity

| | Current Year | Previous Year |
|-------------------|--------------|---------------|
| Unites (Kwh) | 776574 | 769197 |
| Total Cost (Rs.) | 4103485 | 2587072 |
| Rate / unit (Rs.) | 5.28 | 3.36 |

Coal (used in boiler)

| | | |
|--------------------|---------|---------|
| Quantity (kg.) | 1060220 | 831540 |
| Total Cost (Rs.) | 7235452 | 5635498 |
| Average Rate (Rs.) | 6.82 | 6.78 |

The company is taking measures to achieve more efficiency in power and fuel consumption. The quality of coal used is being monitored to bring down consumption levels.

2. Technology Absorption

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

3. Foreign exchange earnings and outgo: Rs. 1.93 Crore

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.

ACKNOWLEDGEMENT

The Board takes this opportunity to sincerely thank all its stakeholders namely, shareholders, customers, suppliers/contractors, employees, government agencies, local authorities for their continued trust and support to the company.

for and on behalf of the Board of Directors

Place : New Delhi
Dated : 1st June, 2010

Sd/-
RAHUL BISHNOI
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Product

SHIVALIK RASAYAN LIMITED is one of the leading manufactures of Dimethoate Technical and Malathion Technical in India. Both the products are old generic products.

Dimethoate Technical

Sales of Dimethoate Technical have been increased from 860.370 MT to 929.105 MT. Cheaper Import of Dimethoate Technical from China has been restricted due to levy of Safe Guard Duty by the Government of India on Dimethoate Technical.

Malathion Technical

Malathion Technical has registered a sale of Rs.199.61 lacs during FY 2009-10.

Opportunities & challenges

Dimethoate Technical import has been the major threat from China because of low price offering. But Government of India levied a Safeguard Duty of 28% w.e.f., 23.03.2009 on Dimethoate Technical which will help your company to optimize the production of Dimethoate Technical and shall be in a position to give competition to international players.

Financial Review

During the year 2009-10 your company expects an increase in demand of Dimethoate Technical due to enlarged area of crop cultivation and farmers shifting from traditional crop to cash crops which will increase consumption of pesticides.

During the year under review your company has issued bonus shares in the ratio of 1:1 share to the existing share holders.

During the year under review, the gross fixed assets of your company have increased to Rs.479.35 lacs 2009-10 from Rs.470.45 lacs in the year 2008-09.

Company has been regular in meeting its obligations towards payment to regulatories and other statutory payment.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

Good corporate practices ensure that a Company meets its obligations to optimize shareholders value. Corporate governance has assumed great significance in India in the recent past in the form of amendment in the Companies Act, 1956 and Listing Agreement with Stock Exchanges. Most of the provisions of the Corporate Governance code prescribed by the Companies Act and the Listing Agreement have been complied with and balance will be complied within the prescribed period.

Board of Director

a) Composition of the Board

As on 31st March, 2010 the Board of Directors comprised of Seven Directors out of which four are Non-Executive Directors, One Chairman, One Managing Director and one Executive Director. Out of the Seven Directors Company has Four Independent Directors.

b) Number of Board Meetings

During the year ended 31st March, 2010,

c) Directors' attendance record and Directorship in other public Limited Companies:

| Name of the Director | Position | Board Meetings held during the year | Board Meetings attended during the year | Whether attended last AGM | Directorship in other public Limited Companies* |
|----------------------|----------------------|-------------------------------------|---|---------------------------|---|
| Shri Rahul Bishnoi | Chairman | 7 | 7 | Yes | No |
| Shri S. K. Singh | Managing Director | 7 | 7 | Yes | No |
| Shri Ashwani Sharma | Executive Director | 7 | 7 | Yes | No |
| Shri Harish Pande | Independent Director | 7 | 7 | Yes | No |
| Shri Anirudh Bishnoi | Independent Director | 7 | 6 | Yes | No |
| Shri Tejasvi Bishnoi | Independent Director | 7 | 4 | Yes | No |
| Shri Puneet Chandra | Independent Director | 7 | 4 | No | No |

* Excludes Directorship in Private Limited Companies

d) Disclosures

- The details of related party transaction with the Company as required by Accounting Standard (AS-18) on Related Party Transactions have been given in Schedule 13 of the Notes of Accounts. Besides this, Company has no materially significant transaction with the related parties viz. Promoters, Directors or the management or relatives and their subsidiaries, etc. that may have a potential conflict with the interest of the Company at large.
- No Non-executive director is holding any equity shares of the company.

e) Remuneration of Directors, sitting fees etc. for the year 2009-10

Shri S. K. Singh, Managing Director and Shri Ashwani Sharma was paid salary and perquisites of Rs.10,54,138. Besides this Managing Director and Director was entitled to Company's contribution to provident fund and gratuity fund.

REPORT ON CORPORATE GOVERNANCE

No commission and Sitting fees paid to non-executive directors for the year ended on 31st March 2010.

Committees of the Board

a) Audit Committee

(i) Terms of Reference

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Audit Committee reviews report of the internal auditors, meets statutory auditors as and when required and discusses their findings, suggestions, internal control system, scope of audit, observations of auditors and other related matters. It also reviews major accounting policies followed by the company.

(ii) Composition

As on 31st March, 2010, the Committee consists of three non-executive and independent Directors, namely Shri Harish Pande, Shri Anirudh Bishnoi and Shri Tejasvi Bishnoi.

(iii) Attendance record of the Audit Committee

The Committee met four times during the year. The attendance record of the members at the meetings is as follows:-

| Name of the member | Status | No. of meetings attended |
|----------------------|----------|--------------------------|
| Shri S.K. Singh | Chairman | 4 |
| Shri Harish Pande | Member | 4 |
| Shri Anirudh Bishnoi | Member | 4 |

b) Investors' Grievance Committee

(i) Terms of Reference

The Committee has been constituted to look into the redressal of shareholders and investor complaints, non-receipt of Balance Sheet and any other matter relating to shareholders/investors grievance.

(ii) Composition

As on 31st March, 2010, the committee comprises of three non-executive Directors.

(iii) Attendance record of the Investors Grievance Committee

The committee met four times during the year. The attendance record of the members at the meetings is as follows:

| Name of the member | Status | No. of meetings attended |
|----------------------|----------|--------------------------|
| Shri Harish Pande | Chairman | 4 |
| Shri Anirudh Bishnoi | Member | 4 |
| Shri Tejasvi Bishnoi | Member | 4 |

(iv) Investors' complaints received and resolved during the year

During the year under review, Company has not received any complaint from the investors.