

**13 TH
ANNUAL
REPORT
2001 - 2002**

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**SHREYAS
INTERMEDIATES
LTD.**

13 TH ANNUAL REPORT 2001 - 2002**BOARD OF DIRECTORS**

| | |
|---------------------------|-------------------|
| Shri Dinesh Sharma | Managing Director |
| Shri S.L. Sharma | Director |
| Shri G.K.Sharma | Director |

REGISTERED OFFICE

122-125 Solaris II, Opp. L&T Gate no. 6,
Sakivihar Road, Powai, Andheri (E),
Mumbai - 400 072.

BANKERS

Bank of Baroda

STATUTORY AUDITORS

M/s. Sodha Chandak & Associates
Chartered Accountants

FACTORY

D-22, M.I.D.C.
Lote Parshuram, Taluka Khed,
Dist. - Ratnagiri,
Maharashtra.

R&T AGENTS

M/s. Adroit Corporate Services Pvt. Ltd.
19, Jafar Bhoy Indl. Estate.
Makwana Road,
Marol Naka, Andheri (E)
Mumbai - 400 050.

REGISTRARS & SHARE TRANSFER AGENTS

M/s. System Support Services
209, Shivali Indl. Estate,
Near Parke Devis,
Andheri Kurla Road,
Sakinaka, Mumbai - 400 072.

13 th ANNUAL GENERAL MEETING

Date : 31st March, 2003
Day : Monday
Time : 10,30 a.m.
Place : 122-125, Solaris-II Opp. L & T Gate
No. 6, Sakivihar Road, Powai,
Andheri (E), Mumbai-400 072.

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SHREYAS INTERMEDIATES LTD.**NOTICE**

Notice is hereby given that the 13th Annual General Meeting of the members of SHREYAS INTERMEDIATES LIMITED will be held at Solaris II, Flat No. 122, Universal Industrial Estate, Saki Vihar Road (Opp. L & T Gate No. 6) Andheri (East), Mumbai 400 072 on Monday, 31st March, 2003 at 10.30 A.M. to transact the following Business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Director's report, the Auditor's Report and the audited Balance Sheet as at 30.09.2002 and the Profit and Loss Account for the year ended on that date.
2. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED that pursuant to the provisions of Sec. 269,309,198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Dinesh Sharma, as Managing Director of the Company for a period of 5 years with effect from 1st April 2003 and to his receiving remuneration, benefits and amenities and upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Dinesh Sharma, a draft whereof is placed before the meeting and for purposes of identification, is initialed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to Board of Directors to alter and vary the terms and conditions of the said appointment and / or remuneration and /or agreement as may be agreed to between the Board of Directors and Mr. Dinesh Sharma provided however that the remuneration payable to Mr. Dinesh Sharma shall not exceed the maximum limits for payment of managerial remuneration in accordance with laws, policies, rules, regulation or guidelines in force from time to time."
 "RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary steps for the aforesaid purpose and matters incidental thereto."
3. To appoint Director in place of Shri S. L. Sharma who retires by rotation and being eligible offer himself for re- appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
 " RESOLVED THAT Mr. G.K. Sharma be and hereby appointed as a Director of the Company, liable to retire by rotation.

By order of the Board
 For **SHREYAS INTERMEDIATES LTD.**

Dinesh Sharma
MANAGING DIRECTOR

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NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE MEMBER
- (b) The Register of Members and the Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Thursday, 27th March 2003 to Monday 31st March, 2003(both days inclusive).
- (c) Members are requested to intimate the change of address If any, immediately to the Company's Register and Transfer Agents, M/s System Support Service, 209 Shivai Industrial state, Near Parke Davis, 89 Andheri Kurla Road, Sakinaka, Mumbai - 400 072.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)

Item no.2

The Managing Director Mr. Dinesh Sharma was re-appointed for 5 years on the terms and conditions and remuneration as approved by members. The term of the said Managing Director had expired. The Board has decided to re-appoint the said Managing Director for a further period of 5 years with effect from 1st April 2003 . The terms and conditions of the appointment are as follows:

1. **Period** : 5 years from 1st April 2003.
2. **Nature of Duties** : The Managing Director shall devote whole time and attention to the business of the Company. He shall have control of and full executive responsibility for general conduct and management of the business and affairs of the Company. He shall exercise all such powers as may be granted and entrusted to or required by him for the proper discharge of his duties. The Managing Director shall at all times be subject to the superintendence, control and direction of the Board of Directors.
3. **Remuneration** : The Managing Director shall be entitled to the following emoluments, benefits and perquisites during the period of his employment subject to the ceiling limits laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956.
 1. **Salary** : Rs. 25,000/- per month
 2. **Commission** : Commission will be allowed in addition to salary and perquisites, the amount of which based on the net profit of the Company in a particular year, shall be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956. The amount of commission for each financial year or part thereof will be decided by the Board of Directors from time to time in its absolute discretion but shall not exceed an amount equal to the salary for the relevant period. Commission may be payable pro-rata on a monthly basis at the discretion of the Board of Directors.

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- 3. Perquisites:** Perquisites will be allowed in addition to salary and commission restricted to an amount equal to the annual salary.

Unless the context otherwise requires, the perquisites are classified as follows:

- i) Housing : The Company shall provide rent free furnished residential accommodation to the Director or House Rent Allowance of 60% of salary in lieu thereof.
- ii) Medical Reimbursement : Membership of and subscription paid to any hospital and/or doctors' schemes and/or schemes of an insurance company in India and all hospital and medical expenses incurred for self and family.
- iii) Leave Travel Concession : For self and family incurred in accordance with the rules specified by the Company.
- iv) Personal Accident insurance : In accordance with the rules specified by the Company. For the above purpose "family" means the spouse, dependent children and dependent parents of the Director.

Company's contribution to Provident Fund and the Superannuation or annuity Pension Fund as per the Company's Rules provided that the Company's contribution to the Provident Fund and the Pension Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per the Company's rules and will not be included in the computation of the ceiling on perquisites. Encashment of leaves at the end of the tenure will be permitted in accordance with the Rules of the Company and will not be included in the computation of the ceiling on perquisites.

The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of a car for use on the Company's business and telephone at residence will not be considered as perquisites, Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Managing Director.

4. Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Part II of Schedule XIII to the Companies Act, 1956 as may be amended from time to time.
5. Other Terms:
 - i) The Managing Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
 - ii) He shall be entitled to reimbursement of all actual expenses including on entertainment and traveling incurred in the course of the Company's business.
 - iii) He shall be entitled to 30 days fully paid leave for every eleven months completed service.

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- iv) The appointment may be terminated by the Company or by the Managing Director by giving not less than three months prior notice in writing.
- v) The agreement also sets out the mutual rights and obligation of the Company and the Managing Director.

In compliance with the applicable provisions of the Companies Act, 1956, ordinary resolution in terms as set out in item 2 of the accompanying notice is now being placed before the members in the General Meeting for their approval. Except Mr. Dinesh Sharma and Mr. S.L. Sharma who is related to Mr. Dinesh Sharma, no other Director of the Company is concerned or interested in the said ordinary Resolution.

The Explanatory Statement is and should be treated as an abstract under Section 302 of the Companies Act, 1956 of the agreement to be entered into between the Company and Mr. Dinesh Sharma.

Item No. 5

Mr. G. K. Sharma was appointed as an Additional Director of the Company by the Board of Directors in its Meeting held on 20th September 2002, and pursuant to section 260 of the Companies Act 1956, he holds office till ensuing Annual General Meeting. The Company has received a notice from a shareholder under section 257 of the Companies Act, 1956, proposing the candidature of Mr. G.K. Sharma as a Director of the Company and has deposited requisite amount with the company. Your Directors recommend that the appointment is in the interest of the Company.

Save and except Mr. G.K. Sharma no other Director of the company is concerned or interest in the proposed resolution

For and on behalf of the Board

DINESH SHARMA

MANAGING DIRECTOR

Place: Mumbai

Date: 1st March, 2003

SHREYAS INTERMEDIATES LTD.**DIRECTORS' REPORT**

To,
The Shareholders,

Your Directors are pleased to present the 13th Annual Report together with the Accounts of the Company for the year ended on 30th September 2002.

FINANCIAL RESULTS

| | Year ended 30.09.2002 (Rs. in Lacs) | Year ended 30.09.2001 (Rs. in Lacs) |
|---------------------------------------|--|--|
| Gross Income | 1638.92 | 1543.11 |
| Profit before interest | | |
| And depreciation | 152.89 | 125.52 |
| Less: interest | 53.93 | 62.41 |
| Profit before Depreciation | 98.96 | 63.11 |
| Less Depreciation | 58.35 | 55.85 |
| Less: Provision for tax | 3.40 | 0.61 |
| Profit for the year | 37.21 | 6.65 |
| Balance brought forward | 324.55 | 317.90 |
| Profit available for Appropriation | 361.75 | 324.55 |

DIVIDEND

The industry is passing through recession and due to paucity of earnings the Directors express their inability to declare any dividend.

PRODUCTION AND PERFORMANCE

The plant for the manufacture of H-Acid has started producing CPC crude after conversion. The production quality has also stabilized and the plant was running at decent capacity utilization looking to the overall depression in the market.

MARKET

The market for pigment has picked up from the last

year. The prices, which dipped due to heavy recessionary tendencies in the market were more than compensated by the enhanced production and better quality of offering from the Company. The Company sees a good future in the pigments and the pigments and the Company sees enhanced profitability in the coming year.

EXPORTS

The total exports were Rs. 444.50 Lacs. The exports have gradually picked up and will continue to do so in future.

RESEARCH AND DEVELOPMENT

The Company had developed two products during the last year. However only one product was accepted in sustained way in the market. However, the quality of pigment took a quantum leap and translated in terms of higher export growth in the pigment field.

FUTURE OUT LOOK

The export market looks more encouraging to the Company than the local market. The products of the Company are very well accepted throughout the World and we foresee a decent growth in future.

LISTING

The Company's Equity Capital continued to be listed on the Mumbai stock Exchanges. The company has paid annual listing fees.

The Company's Shares have been demated and allotted the ISIN: INE FO 1017 with the National Security Depositors Ltd. and with Central Depository Services (India) Ltd. and appointed M/s Adroit Corporate Services Pvt. Ltd. RTA for Electronic Connectivity.

STATUTORY STATEMENTS

No employees is drawing salary as specified in the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975 as amended up to date.

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DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) which was introduced by the Companies (Amendment) Act, 2000 your Directors' confirm that:

- a) In the preparation of the annual account, the applicable accounting standards had been followed.
- b) The Directors had selected such accounting policies and applied them consistently and made judgement and estimated that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company as on 30th September 2002, and of the profit of the Company for the said year ended 30th September 2002.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the annual accounts on the going concern basis.

DIRECTORS

Shri S. L. Sharma retire by rotation at the Annual General Meeting and being eligible offer himself for reappointment.

Mr. Amitabh Hirawat resigned from the Board of Directors with effect from 20.09.2002 due to personal reason.

Mr. Rajesh Sharma resigned from the Board of Directors with effects from 13.11.2002 Due to personal reason.

Mr. R. S. Chikkara resigned from the Board of Directors with effect from 20.09.2002 due to personal reasons.

Mr. G.K. Sharma was appointed as an additional Director on 20.09.2002 to hold office up to the ensuing Annual General Meeting. Notice has been received from the member as required under section 257 of the Companies Act 1956, proposing the appointment of Mr. G. K. Sharma as Director. He possesses vast experience of business. The Directors are of the view that appointment would be of benefit to the Company and recommends the appointment.

CORPORATED GOVERNANCE

In terms of implementation of Clause 49 of the Listing agreement on Corporate Governance, your company has to comply with the same within financial year 2002-03 but not later than March 31, 2003. The Company has been complying with the requirement of the said clause to the extent and in the manner stated in annexure 'B'.

DIRECTORS

Shri S. L. Sharma retire by rotation at the Annual General Meeting and being eligible offer himself for reappointment.

Mr. Amitabh Irawat resigned from the Board of Directors with effect from 20.09.2002 due to personal reason.

Mr. Rajesh Sharma resigned from the Board of Directors with effects from 13.11.2002 Due to personal reason.

Mr. R. S. Chikkara resigned from the Board of Directors with effect from 20.09.2002 due to personal reasons.

Mr. G.K. Sharma was appointed as an auditorial Director on 20.09.2002 to hold office up to the ensuing notice has been received from the members as required under section 257 of the Companies Act 1956, proposing the appointment of Mr. G. K. Sharma as Director. He possesses vast experience of business. The Directors are of the view that appointment would be of benefit to the Company and recommends the appointment