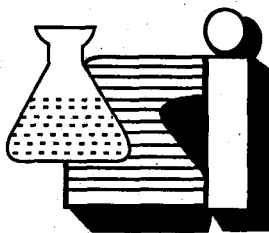


**19TH
ANNUAL REPORT
2007 - 2008**

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SHREYAS INTERMEDIATES LTD.



19th Annual Report 2007 - 2008

BOARD OF DIRECTORS

| | |
|-----------------------------------|--|
| Shri Dinesh Sharma | Chairman |
| Shri Bramhanand Dabbas | Director |
| Shri N. M. S. Sayyad | Wholetime Director (Up to 30.09.08) |
| Prof. (Smt.) Neelam Arora | Director |
| Shri Om Prakash Bali | Director (From 29.11.08) |
| Shri Govind Krishna Sharma | Wholetime Director (From 01.01.09) |

REGISTERED OFFICE

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

BANKERS

Bank of Baroda
State Bank of India

STATUTORY AUDITORS

Sayeed Khan & Associates
Chartered Accountants

FACTORY

D-21, D-22, D-23, M.I.D.C.,
Lote Parshuram, Taluka Khed,
Dist. : Ratnagiri - 415 722.
Maharashtra.

REGISTRARS & SHARE TRANSFER AGENTS

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

19th ANNUAL GENERAL MEETING

Date : 31st March, 2009
Day : Tuesday
Time : 11.30 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 Nineteenth Annual General Meeting of Shreyas Intermediates Limited will be held at 11.30 A.M. on Tuesday, 31st March, 2009 at the registered office of the Company at 122- 125, 1st Floor, 'Solaris - II', Opposite L&T Gate No. 6, Saki-Vihar Road, Powai, Andheri (East), Mumbai - 400 072 to transact the following business:

A) ORDINARY BUSINESS :

- 1) To receive and adopt the Directors' Report and the audited Balance Sheet as at 30th September 2008 and the audited Profit and Loss Account for the period ended on that date.
- 2) To appoint a Director in place of Prof. (Mrs.) Neelam Arora who retires by rotation and being eligible offers herself for re-appointment.
- 3) To appoint the Statutory Auditors and to fix their remuneration.

B) SPECIAL BUSINESS :

To consider and if thought fit, to pass, with or without modification, the following resolutions :-

4) AS AN ORDINARY RESOLUTION :-

"RESOLVED THAT Mr. Om Prakash Bali be and is hereby appointed as a Director of the Company, pursuant to Section 256 of the Companies Act, 1956 read with the Company's Articles of Association."

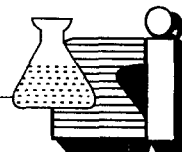
5) AS AN ORDINARY RESOLUTION:-

"RESOLVED THAT Mr. Govind Krishna Sharma be and is hereby appointed as a Director of the Company, pursuant to Section 256 of the Companies Act, 1956 read with the Company's Articles of Association."

6) AS A SPECIAL RESOLUTION :-

"RESOLVED THAT pursuant to Sections 198, 269 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII to the Act, Mr. Govind Krishna Sharma be and is hereby appointed as the Whole-time Director of the Company for a period of 5 years with effect from 01.01.2009 to 31.12.2013, in accordance with the Company's Articles of Association, and that the following remuneration consisting of monthly salary and perquisites be paid to him for a period of 3 years effective from 01.01.2009 to 31.12.2011, in the manner following :-

- a) Salary (including Dearness Allowance) of Rs.10,000/- per month in the scale of Rs. 6,000/- - 2,500/- - 16,000/-, with annual increments of Rs. 2,500/- per year, the first of such increments falling due on 1.10.2010;
- b) House Rent Allowance at the rate not exceeding 60% of the salary per month;
- c) Other Allowances not exceeding Rs. 4,000/- per month;



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- d) Reimbursement of medical expenses at the rate of Rs. 2,500/- per month, the annual amount being limited to Rs. 30,000/- per annum;
- e) Company's contributions to Provident Fund and Superannuation Fund not exceeding 25% of his salary, as per the Company's Rules framed in this regard;
- f) Gratuity @ 15 days' salary for every completed year of service; and
- g) Leave of 30 days for every 12 months of service and encashment of unavailed leave at the end of the tenure.

RESOLVED FURTHER THAT the remuneration payable to Mr. G.K. Sharma shall be limited to Rs. 2,40,000/- per annum or Rs. 20,000/- per month and that the said remuneration shall be the minimum remuneration payable to Mr. Sharma in the event of the Company having inadequate profits or loss in any year."

By Order of the Board
For SHREYAS INTERMEDIATES LTD.

Mumabi
Date : 20th February, 2009

DINESH SHARMA
CHAIRMAN

NOTES :

1. 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. The proxy form to be effective, must be duly executed and signed and must be lodged at the company's registered office at least 48 hours before the time of the meeting.
2. The Register of Members and the Share Transfer Books of the Company would remain closed from Tuesday, 17th March, 2009 to Tuesday, 31st March, 2009 (both days inclusive).
3. All matters in connection with the Shares of the Company may be addressed to the Company's Registrars & Transfer Agents viz. M/s. System Support Services, 209, Shivai Industrial Estate, Near Parke Davis, Andheri - Kurla Road, Andheri (East), Mumbai 400 072. Members are requested to quote their respective folio numbers / D.P / I.D. numbers and also notify the change of address, if any, to the Company's Registrars & Transfer Agents.
4. Shareholders desiring information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.
5. **ADDITIONAL INFORMATION AS REQUIRED UNDER CLAUSE 49F THE LISTING AGREEMENT :**
 - A. Prof. (Mrs.) Neelam Arora , aged 49 years, is an M. Com, M. Phil. and has more than 22 years varied experience in the teaching and research faculties and has been associated with a number of companies for advising them on the management aspects of their business. Mrs. Arora is not a Director of any other Company and is not a Partner of any firm.
 - B. The details of Mr. Om Prakash Bali and Mr. G.K. Sharma who were appointed Additional Directors of the Company on 29th November, 2008 are given in the Explanatory Statement annexed hereto.



SHREYAS INTERMEDIATES LTD.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS

ITEM NO. 4

Mr. Om Prakash Bali aged about 65 years, is a retired IPS Officer with a vast and varied experience of over 45 years in all aspects of Police Administration in the Central and State Governments. He was appointed as an Additional Director of the Company on 29th November, 2008 and he holds that office up to the date of the ensuing Annual General Meeting. The Company has received a Notice, along with the requisite deposit of Rs. 500/-, pursuant to Section 257 of the Companies Act, 1956, from a member of the Company of his intention to move a resolution for the appointment of Mr. O.P Bali as a Director of the Company. Mr. Bali is an independent Director of the Company, not connected to the Promoter Group and did not have any pecuniary interests or connections, as set out in the Rules, Regulations and Guidelines of the Securities and Exchange Board of India, prior to his appointment as a Director.

ITEM NO. 5

Mr. Govind Krishna Sharma aged about 68 years, is B.Sc., B.E, M.B.A., and an expert in industrial Technology and has wide and varied experience of over 45 years in all aspects and departments of the Industry. He was appointed as an Additional Director of the Company on 29th November, 2008 and he holds that office up to the date of the ensuing Annual General Meeting. The Company has received a Notice, along with the requisite deposit of Rs. 500/-, pursuant to Section 257 of the Companies Act, 1956, from a member of the Company of his intention to move a resolution for the appointment of Mr. G.K. Sharma as a Director of the Company.

ITEM NO. 6

The following additional information, given in accordance with the amended Schedule XIII to the Companies Act, 1956, enables the Shareholders to consider the resolution on merits and decide accordingly at the Annual General Meeting –

1. GENERAL INFORMATION:

The Company is in the business of manufacture, sale, marketing, distribution and export of pigmentary chemicals such as CPC Green, CPC Blue and CPC crude. The Company is in the process of finalizing joint ventures with local corporates / parties overseas for setting up manufacturing facilities and negotiations / discussions are in an advanced stage. The Company's debt is within the acceptable and permissible limits and the utilization of financial and manpower resources are optimum and production / productive oriented resulting in favorable asset utilization.

2. INFORMATION ABOUT MR. GOVIND KRISHNA SHARMA:

Mr. Govind Krishna Sharma has been appointed as the Whole-time Director of the Company by the Remuneration Committee of the Board on 31st December, 2008, for a period of 5 years with effect from 1st January, 2009, up to 31st December, 2013. The said Remuneration Committee has approved his



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remuneration and perquisites as set out in the Special Resolution, for a period of 3 years from 1st January, 2009 to 31st December, 2011; the Board in its meeting held on 31st December, 2008, confirmed the appointment and remuneration of Mr. G.K. Sharma. Mr. Sharma's experience, etc., have already been mentioned in Item No. 5 above. He has been and continues to oversee and manage all the activities in the Company's factories at Lote Parshuram.

3. OTHER INFORMATION : The Company continues to make profits and has been increasing its domestic as well as export turnover. The Company is actively negotiating with Corporates in other countries for taking over existing factories / setting up new facilities in its sphere of operation and influence.
4. DISCLOSURES : None of the Directors except Mr. G.K. Sharma is concerned or interested in the resolution.
5. AGREEMENT : The Company would enter in an Agreement with Mr. G.K. Sharma, after obtaining the Shareholders approval as per the draft, a copy of which is available for any member desirous of inspecting the same, on any day, during 11.00 a.m. to 2.00 p.m. except Sundays and Public Holidays.
6. The above resolution and explanatory statement may be deemed to the memorandum and the extract of the terms of appointment of, and payment of remuneration to, Mr. G.K. Sharma, as and by way of a contract, pursuant to Section 302 of the Companies Act, 1956.

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By Order of the Board
for SHREYAS INTERMEDIATES LIMITED

MUMBAI
20th FEBRUARY, 2009

DINESH SHARMA
CHAIRMAN & DIRECTOR



SHREYAS INTERMEDIATES LTD.

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting their 19th Annual Report and the audited accounts for the financial year ended on 30th September 2008.

FINANCIAL RESULTS

| | 2007-2008 (Rs. In Lacs) | 2006-2007 (Rs. In Lacs) |
|---|----------------------------|----------------------------|
| Gross Income | 13,061.01 | 9,107.35 |
| Profit before Interest And Depreciation | 1,215.07 | 1,303.09 |
| Less: Interest | 699.58 | 234.08 |
| Profit before Depreciation | 515.49 | 1,069.01 |
| Less Depreciation | 348.69 | 236.05 |
| Profit Before Tax | 166.80 | 832.96 |
| Less: Provision for tax | 2.13 | 83.68 |
| Profit After Tax for the year | 164.68 | 749.28 |
| Balance brought forward | 2,172.63 | 1,490.67 |
| Profit available for Appropriation | 2,336.76 | 2,239.95 |

DIVIDEND

Your Directors propose to retain the profits of the Company for the internal use and therefore do not recommend payment of Dividend during the year

REVIEW OF OPERATIONS

The year under review was a year highlighted by the world economic and financial crises, which impacted the export of the Company's products in 2008. Your Company's exports suffered due to cancellation of export orders and a very distinct downturn in the prices affecting the operations of the Company. Gross Income was higher by about 43 % as compared to the previous year and the profit after tax for the year was lower by about 78%. The sluggish demand for the Company's products resulted in decreased sales both in terms of volumes and value. The implementation of the strategic cost management initiatives has, however, resulted in improving productivity significantly.

PRODUCTION AND PERFORMANCE

The Company has produced CPC to match international quality. The production achieved during the year was 8,686 tons of CPC Crude and Pigments. The Capacity utilization in this product was 24 %. However in the Pigment capacity utilization was low on account of adverse market conditions. The Company hopes to achieve full capacity utilization in the coming years.



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MARKET

The Company's products were in continual demand due to the financial tsunami that has hit the developed economies and this trend is likely to continue for some time.

EXPORTS

The Company's exports to countries in Europe, Latin America and the Asian Far East were of the value of Rs. 1132.34 Lacs.

RESEARCH AND DEVELOPMENT

The Company is making continuous efforts to develop new products of international quality, which would cater to the industry specific demands of its buyers and has earmarked a substantial financial outlay for the purpose in the current year.

ISSUE AND ALLOTMENT OF PREFERENCE SHARES

The Company's application for Listing of 1,20,00,000 – 10% Cumulative Redeemable Preference Shares of Rs. 10/- each, at a premium of Rs. 5/- per Share, for cash, redeemable after a period of 10 years from the date of allotment, to the Promoter Group (of seven Promoters) is pending with BSE.

LISTING

The Company's Equity Shares continue to be listed on the Bombay Stock Exchange Limited, Mumbai (BSE). The Company has paid the requisite Annual Listing Fees for the years 2006-07 and 2007-08, to the above Exchange. The Company's Shares are regularly traded on the exchange on a daily basis.

COMPULSORY DEMATERIALISATION OF COMPANY'S SHARES

The Company's Equity Shares were compulsorily dematerialized and as such the Company's Shares continue to be traded in the electronic form as per the relevant SEBI guidelines.

DIRECTORS

Mr. N.M. Sayyad resigned as the Whole-time Director of the Company with effect from 29th November, 2008. The Directors place on record their appreciation of the valuable contribution of Mr. Sayyad to the Company during his tenure.

Mr. O.P. Bali and Mr. G.K. Sharma were appointed as additional Directors of the Company with effect from 29th November, 2008 and hold office up to the date of the ensuing Annual General Meeting. Mr. G.K. Sharma was appointed as the Whole-time Director of the Company for a period of 5 years with effect from 1st January, 2009, by the Remuneration Committee of the Board on 31st December, 2008, on a remuneration for a period of 3 years, determined in accordance with Sections 198 / 269 / 309 / 310 read with Schedule XIII to the Companies Act, 1956; the Board confirmed the said appointment and payment of the said remuneration, in its meeting held on 31st December, 2008

Prof. (Mrs.) Neelam Arora retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers herself for re-appointment.



SHREYAS INTERMEDIATES LTD.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- b) that the Directors have selected such accounting policies and applied 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 as on 30th September 2008, and of the profit of the Company for the said twelve month period ended 30th September 2008.
- c) that 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) that the Directors have prepared the annual accounts on the going concern basis.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance, as applicable to the Company, during the period under report, as per the amended Listing Agreement with the Bombay Stock Exchange. The Report on Corporate Governance together with the Auditor's Report thereon, is annexed hereto in accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange.

AUDITORS

M/s. Sayeed Khan & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, retire at ensuing Annual General Meeting and are eligible for re-appointment.

EMPLOYEES

Relations between the management and its employees have been cordial. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels. Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure 'B' to the Report.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is appended hereto as Annexure 'A' and forms Part of this Report.

AUDITORS REPORT

The observation made by the auditors in their report do not require any comment as the same are either self-explanatory or have been fully explained in the notes attached to the accounts.



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ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the support received from the Company's Bankers and Shareholders and look forward to their continued support and goodwill.

ANNEXURE "A" - EMPLOYEES' REMUNERATION

Additional Information on given as required under the companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988.

Information as per section 217(2A) (B)(II) Read with Companies (Particulars of Employees), Rules 1975, and forming part of the Directors Report for the year ended 30th September 2008.

| Sr. No | Name | Age | Designation | Remuneration | Qualification | Experience | Date of Commencement of Employment | Last Employment |
|--------|--------------|-----|--------------------|---------------|---------------|------------|------------------------------------|-----------------|
| 1 | N. M. Sayyed | 43 | Wholetime Director | Rs. 1.89 Lacs | B.Sc. | 20 years | 30-09-2003 | Factory Manager |

By Order of the Board
for SHREYAS INTERMEDIATES LTD

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Mumbai
Date : 31st December, 2008

DINESH SHARMA
CHAIRMAN