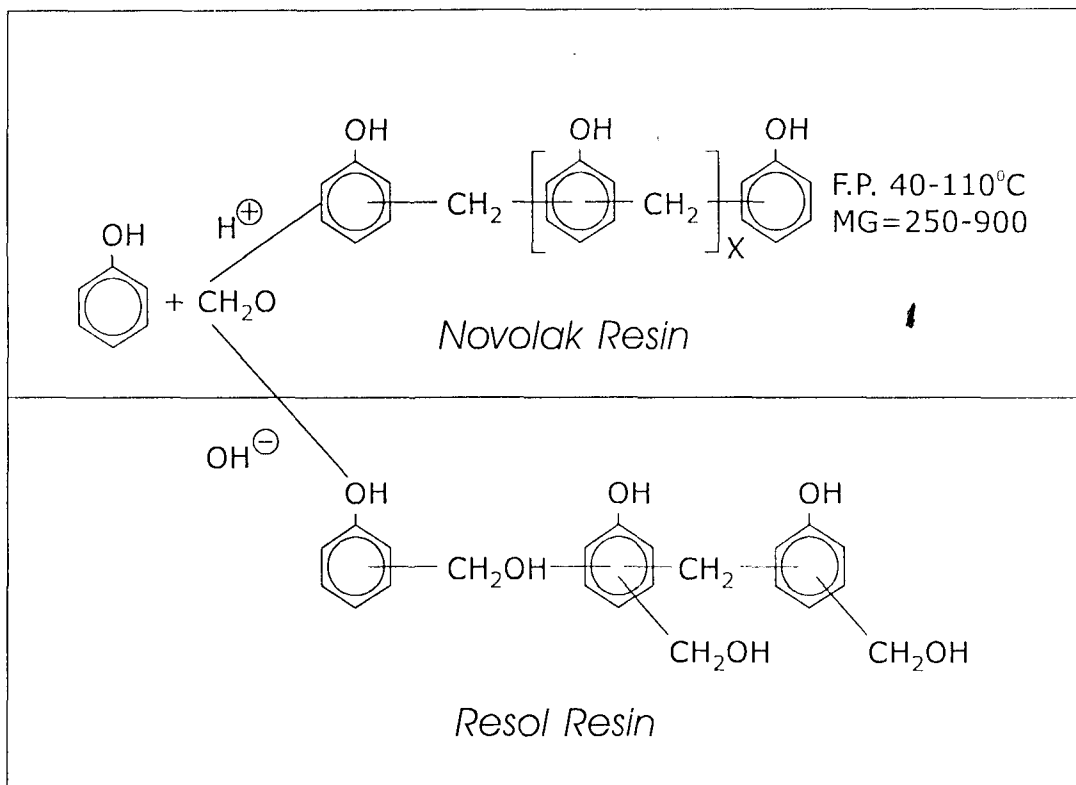


Annual Report 2010-2011



SREECHEM RESINS LIMITED



Sreechem Resins Limited

BOARD OF DIRECTORS :

Mr. S. N. Kabra – *Managing Director*
Mr. Binod Sharma – *Joint Managing Director*
Mr. B. M. Banerjee – *Technical Director*
Mr. Y. K. Dalmia – *Non Exe. Independent Director*
Mr. Vikram Kabra – *Director*
Mr. S. K. Joshi – *Non Exe. Independent Director*
Mr. Sanjay Bansal – *Non Exe. Independent Director*
Mr. Uttam Jhawar – *Non Exe. Independent Director*

AUDITORS :

R. C Jhawer & Co.
Chartered Accountants

BANKERS :

Allahabad Bank
Red Cross Place Branch
Kolkata-700 001.

SHARE TRANSFER AGENTS :

MCS Ltd.
77/2A, Hazra Road,
Kolkata-700 029

REGISTERED OFFICE :

Vill. : Jhagarpur
Post : Rajgangpur-770 017
(Orissa)

WORKS :

Unit-I Vill. : Jhagarpur
Post : Rajgangpur
Orissa
Unit-II Vill. : Durramura
Dist : Raigarh
(C.G.)

CORPORATE OFFICE :

23A, Netaji Subhash Road
11th Floor, Room No. - 11
Kolkata-700 001
West Bengal

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Sreechem Resins Limited

NOTICE

NOTICE IS HEREBY GIVEN that the twenty third Annual General Meeting of the members of the company will be held at the **Registered Office of the Company at 10-100 A.M.** on Wednesday the 28th of September, 2011 to transact the following business :

ORDINARY BUSINESS :

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2011, the Audited Balance Sheet as on that date the Reports of the Directors and Auditors thereon."
- 2) "To appoint a Director in place of Mr. Vikram Kabra who retires by rotation and being eligible, offers himself for reappointment".
- 3) "To appoint Auditors and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS :

To pass the following resolutions with or without modification as special Resolution.

- 4) "Resolved that Mr. Sanjay Bansal, be and is hereby appointed as a Director of the Company"
- 5) "Resolved that Mr. Uttam Jhawar, be and is hereby appointed as a Director of the Company"

NOTES :

1. Explanatory Statement as required u/s 173(2) of the Company's Act 1956, in respect of Item Nos. 4 & 5 is enclosed.
2. A member entitled to attend and vote is entitled to appoint proxy to attend and vote in his / her stead and a proxy need not be a member of the company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to the Annual Report.
3. The register of Members and Share Transfer Books of the Company shall remain closed from Friday, 23rd September, 2011 to Wednesday, 28th September 2011 (both days inclusive).
4. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their shares certificates to enable the company to consolidate their holding in one folio.
5. Members holding shares in the Physical form only are requested to inform the change of address and send Bank mandates if any to the Company's Register and Share Transfer Agents, M/S MCS LIMITED, 22/2A, Hazra Road, Kolkata - 700 029.

By order of the Board

Registered Office

Vill : Jhagarpur,

Post : Rajgangpur-77017

ORISSA

Dated : the 1st day of August 2011

S. N. KABRA
Managing Director

EXPLANATORY STATEMENT (Pursuant to Section 173(2) of the Company's Act 1956) :

- 4) Mr. Sanjay Bansal was appointed as an Additional Director in the Boards Meeting held on 20.12.2010. As per provisions of Section 260 of the Company's Act 1956, he holds Office up to the date of ensuing Annual General Meeting. A Notice has been received from a Shareholder signifying his intention to propose Mr. Sanjay Bansal as Director.
Except Mr. Sanjay Bansal no other Director is interested or concerned in the resolution.
- 5) Mr. Uttam Jhawar was appointed as an Additional Director in the Boards Meeting held on 20.12.2010. As per provisions of Section 260 of the Company's Act 1956, he holds Office up to the date of ensuing Annual General Meeting. A Notice has been received from a Shareholder signifying his intention to propose Mr. Uttam Jhawar as Director.
Except Mr. Uttam Jhawar no other Director is interested or concerned in the resolution.



DIRECTORS' REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting the TWENTY THIRD Annual Report together with the Audited Accounts for the year ended 31st March 2011.

Financial Results :

	(Figures in Rs. '000)	
	Year ended 31.03.2011	Year ended 31.03.2010
Net Sales and other income	303660	181289
Profit Before Depreciation, Interest & Tax	10201	8361
Interest	4347	2857
Depreciation	4179	4114
Profit/Loss before Tax	1675	1390
Provision for Taxation	1130	1220
Deferred Tax	(775)	(581)
Profit/Loss after Tax	1320	751
Balance Brought forward from Previous year	9276	8525
Leaving a balance to be carried forward	10596	9276

OPERATIONS :

Your Directors have to report that the net sales for the year is Rs. 30.37 crores against last years Rs. 18.13 crores exclusive of Inter Unit Transfers of Rs. 6.06 crores against Rs.3.55 crores last year. The profit before taxes is Rs. 16.75 lacs against Rs. 13.90 lacs in Previous year. After provision for current Taxes amounting to Rs. 11.30 lacs and write back of deferred Tax Liabilities of Rs.7.75 lacs, Net Profit amounts to Rs. 13.20 lacs, against Rs.7.51 lacs last year. Adding the brought forward profit of Rs. 92.76 lacs, the balance of Rs. 105.96 lacs is carried over to the next year.

During the year production increased marginally and sales increased due to partly increased production and specially due to passing on the increase in prices of raw materials to customers compared to last year. The directors expect the production and sales to be maintained in the current year. However as reported last year your directors are of the opinion that due to planned huge investments both green field as well as brown field by main steel producers, your Directors expect the demand to improve in coming years and your company's future looks better in longer term.

DIVIDEND :

Your Directors do not recommend any dividend for the year due to inadequate profit during the year.

PERSONNEL :

The Company does not have any employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSITS :

The Company has not accepted any deposit from the public during the year.

DIRECTORS RESPONSIBILITY STATEMENT – SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- that in the preparation of the annual accounts, for the financial year ended 31st March 2011, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review;

- iii) that the directors had 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; and
- iv) that the directors had prepared the annual accounts for the financial year ended 31st March 2011, on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A report on management discussion & analysis is enclosed as part "C" of the Directors Report as per requirement of the listing agreement with the Stock Exchanges.

DIRECTORS :

Mr. Vikram Kabra, Director retires by rotation as required under the provisions of the Companies Act 1956 at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

During the year company appointed Mr. Uttam Jhawar and Mr. Sanjay Bansal as additional Directors, who retires at the ensuing annual general meeting and being eligible offers themselves for re-appointment.

AUDITORS REPORT :

The Auditors in their report have referred to the notes forming part of the accounts. The said notes are self explanatory and do not require further elucidation.

AUDITORS :

M/s. R.C. Jhawar & Co, Chartered Accountants, auditors, retire at the ensuing Annual General Meeting and are eligible for reappointment, offers themselves for re-appointment and the Board recommends their reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

Details regarding the present energy consumption including captive generation, technology absorption, foreign exchange earning and outgo are furnished in Annexure-'A' as per the requirements of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

ACKNOWLEDGEMENTS :

The Board wish to place on record their sincere thanks to the Employees of the Company for their sincere and hard work. The Board also wish to place on record their sincere thanks to the Company's Bankers the ALLAHABAD BANK and convey their gratitude and thanks to the Company's esteemed shareholders, customers and other business associates for their support.

For and by Order of Board

Place : Kolkata
Dated : The 1st day of August, 2011

S.N. Kabra
Managing Director

Binod Sharma
Jt. Managing Director



ANNEXURE 'A' TO DIRECTOR'S REPORT

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors Report for the year ended 31st March 2011.

1. CONSERVATION OF ENERGY :

Company has taken various steps for conservation of energy and has installed energy efficient equipments and thereby able to minimise the energy consumption.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM-A OF THE ANNEXURE TO THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THERETO.

A. POWER & FUEL CONSUMPTION		2010-2011	2009-2010
1. Electricity			
Purchased Unit	KWH	578476	528617
Total Amount	Rs.	2782153	2382570
Rate	Rs./KWH	4.81	4.51
2. Own Generation Through Diesel Generator			
Units	KWH	2387	69766
Unit per Litre of Diesel	KWH/Ltr.	2.96	2.90
Cost per Unit	Rs./KWH	11.37	10.45
B. Consumption per Unit Production (Electricity)	KWH/MT	136	137

2. TECHNOLOGY ABSORPTION :

A. Research & Development (R & D)

- a. Specific areas in which R & D carried out by the Company :
— New Product development
- b. Benefits derived as a result of above R & D :
— Addition to the existing range of products.
— Cost reduction
- c. Further plan of action :
— The Company will continue to further develop the Research & Development in the above areas and identify new areas of applications.
- d. Expenditure on R & D :
— The expenditure on R & D was incurred in developing and commercialising products and as such specific expenditure under this head cannot be classified.

B. Technology Absorption, Adoption and Innovation :

There is no technical collaboration agreement. The Company is manufacturing with the help of in-house developed technology. The entire range of product is manufactured through know-how developed by the Company in-house.

C. Foreign Exchange earnings and Outgo :

Earnings —	Rs. 7037295.00 (P/Y Rs. 2685038.00)
Outgo —	Rs. 190268.00 (P/Y Rs. NIL)

For and by Order of Board

Place: Kolkata
Dated : The 1st day of August, 2011

S.N. Kabra
Managing Director

Binod Sharma
Jt. Managing Director



ANNEXURE 'B' TO DIRECTOR'S REPORT CORPORATE GOVERNANCE REPORT

(a) **Company's philosophy**

The Company Firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

(b) **Board of Directors**

The present strength of board is 6. The Board of Directors comprises a Managing Director, a joint Managing Director, two Executive Directors, and two Non-executive directors. During the year, 10 Board Meetings were held on 06.04.2010, 30.04.2010, 24.05.2010, 30.07.2010, 05.08.2010, 11.10.2010, 29.10.2010, 12.11.2010, 20.12.2010 and 11.02.2011.

The composition of Board of Directors and their attendance at the meeting during the year and at the last Annual General Meeting and other requisite particulars are given below:

Name of Director	Category of Directorship	No. of Board Meeting attended	Attendance at last AGM	No. of other Directorship
Mr. S.N. Kabra Executive Director	Managing Director	10	Yes	5
Mr. B. Sharma Executive Director	Joint Managing Director	10	Yes	12
Mr. B.M. Banerjee Executive Director	Technical Director	8	Yes	None
Mr. Y.K. Dalmia Non Exe. Independent Director	Director	6	Yes	4
Mr. V. Kabra Executive Director	Director	10	Yes	2
Mr. S.K. Joshi Non Exe. Independent Director	Director	8	No	1
Mr. Sanjay Bansal Non Exe. Independent Director	Director	1	No	5
Mr. Uttam Jhawar Non Exe. Independent Director	Director	1	No	4

(c) **Audit Committee**

1. Terms of reference : It oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control system, the scope of audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the internal Auditors any significant findings for follow up thereon, to review the Quarterly, Half yearly and Annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operating management personnel and reviews the operations, new initiatives and performance of the business units. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of. The committee performs the functions enumerated in clause 49 of the listing agreement and sec. 292 A of the companies Act, 1956. The Chief of financial & Accounts section, statutory auditors & Internal auditors are invited in its meetings.

2. Composition :

The audit Committee was formed in 2002 and as on today it comprises 2 Non-executive Directors and 1 Executive Director. The committee met 4 times during the year and the attendance of Members at the Meeting was as follows :

Name of Member	Status	No. of Meetings Attended
Mr. Y.K. Dalmia	Chairman	4
Mr. B.M. Banerjee	Member	4
Mr. S.K. Joshi	Member	4

Mr. P.D. Somani, Manager finance & Legal of the company is the Secretary of the Committee.



Sreechem Resins Limited

(d) Composition of Shareholders/Investors Grievance Committee:

The committee comprises of Mr. B.M. Banerjee as Chairman and Mr. S.K. Joshi & Mr. Vikram Kabra as other members. Mr. P.D. Somani, Manager Finances & Legal is the compliance officer of the committee.

(e) REMUNERATION Policy:

Except Managing Director, Joint Managing Director and Executive Directors the remaining directors do not receive any remuneration.

(f) REMUNERATION TO DIRECTORS :

The details of remuneration paid to all the directors during the year are given below :

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. S.N. Kabra	6,00,000	53709	653709
Mr. B. Sharma	6,00,000	20391	620391
Mr. B.M. Banerjee	1,98,000	31981	229981
Mr. Y.K. Dalmia	NIL	NIL	NIL
Mr. V. Kabra	3,24,000	NIL	324000
Mr. S.K. Joshi	NIL	NIL	NIL
Mr Sanjay Bansal	NIL	NIL	NIL
Mr. Uttam Jhavar	NIL	NIL	NIL

Remuneration Policy

Payment of remuneration to Managing Director, Joint Managing Director, and Executive Directors is governed by the respective agreement executed between them and the company. The Board and the Shareholders approved these agreements.

- (g) The Board has delegated the powers to approve transfer of the Share allotted by the Company to a Committee of Senior Executives. The Committee held 6 Meetings during the year and approved the transfer of the share lodged with the Company.

(h) General Body Meetings :

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Location
2009-10	29-9-2010	10-00 A.M	Registered Office
2008-09	30-9-2009	10-00 A.M	Registered Office
2007-08	30-9-2008	10-00 A.M	Registered Office

No special resolutions were required to be put through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for shareholders' approval at this Meeting.

(i) Disclosures :

- During the year, there were no transactions of material nature with the directors or the management or their relatives that had potential conflict with the interest of the Company.
- There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

(j) Means of communication :

- Quarterly Results are published in prominent daily newspapers viz. The Statesman Orissa, The Utkal Mail, Orissa.

(k) General Shareholders' Information:

- Annual General Meeting is to be held at 10.00 A.M. on Wednesday, the 28th September, 2011 at Regd. Office vill : Jhagarpur, Rajgangpur (Orissa)
- Annual results of previous year 1st week of August
Mailing of Annual Reports 1st week of September
First Quarter results End July
Annual General Meeting Wednesday, 28th September, 2011
Second Quarter results End October
Third Quarter results End January
- Dates of book closure :** From Friday, 23rd September, 2011 to Wednesday, 28th September, 2011 (both days inclusive).



4. **Listing of Equity Shares at Stock Exchanges :** Shares of the company are listed at Ahmedabad, Bhubneshwar, Kolkata and Mumbai (BSE).
5. **Registrar and Share Transfer Agent :** The Registrar and Transfer Agents of Sreechem Resins Limited is M/s. MCS Limited located at 77/2A, Hazra Road, Kolkata-700029.
The MCS LTD acknowledges and executes transfer of securities, arranges for issue of dividend/warrants. The MCS LTD. also accepts, deals with, resolves complaints from investors.
6. **Share Transfer System :** The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time. The Company adopts the transfer-cum-demat system to facilitate Demat of shares.

7. Distribution of shareholdeing as on 31st March, 2011

No. of Shares	Shareholders		Shareholding	
	Nos.	%	Nos.	%
Up to 500	10246	94.96	1387100	34.68
501-1000	320	2.97	273400	6.83
1001-2000	131	1.21	205900	5.15
2001-3000	38	0.35	95600	2.39
3001-4000	16	0.15	57100	1.43
4001-5000	9	0.08	42400	1.06
5001-10000	15	0.14	110100	2.75
10001-50000	8	0.07	132800	3.32
50001- 100000	1	0.01	65500	1.64
100000 - Above	6	0.06	1630100	40.75
	10,790	100.00	4000000	100.00

8. **Categories of Shareholders as on 31st March, 2011 :**

Category	No. of Shares held	% Shareholding
Financial Institutions	1900	00.05
Foreign Institutional Investors	1000	00.02
Bodies Corporate	1052000	26.30
Directors & Relatives	840400	21.01
Others	2104700	52.62
	4000000	100.00

9. **Dematerialization of shares:**

As on 31st March 2011, 51.00% of the Company's total shares representing 2053999 shares were held in dematerialized form and the balance 49.00% representing 1946001 shares were held in paper form.

10. **Investors Complaints status:**

During the year 1(one) complaint was received and was duly Cleared No request for dematerialization / Transfer was pending for Rquity Shares as on 31st March 2011. All requests received for transfer, dematerializations etc. were dealt with within stipulated time limit of SEBI/ Stock Exchanges.

Investors Grievance Redressal System:

The investors grievances against the company are handled by the company's Registrar and Share Transfer Agents, M/s. MCS Ltd. in consultation with the secretarial department of the company. The Registrars have adequate skilled staff with professional qualifications and equipped with advanced computer systems for speedily redressal of investors grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerised to ensure timely settlement. It normally takes less than 30 days from the date of receipt of the complaint for disposal of investors grievances.

Review meeting are held at least once in a month between the officials of MCS and the company to discuss the issue relating to share transfer and allied matters, dematerialisation or rematerialisations of shares, investors complaint status etc.

Note: Share-holders holding shares in electronic mode should address all correspondences to their respective depository participants.

ISIN No. for Demateriisiation of shares is : INE377C01010.

11. **Plant Locations :**

The Company's plants are located at Rajgangpur (Orissa) and Raigarh (Chhattisgarh).



12. Address for correspondence :

The Company's registered Office is situated at
Vill : Jhagarpur, Post : Rajgangpur-770017, (Orissa)
Shareholder correspondence should be addressed to :
MCS LTD., 77/2A, Hazra Road, Kolkata-700029
Tel : 2476-7350 to 54, Fax : 91-33-2474-7674, E-mail : mcsca1@cal2.vsnl.net.in

13. The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement.

- i) The Managing Directors Office is well equipped with required facilities maintained by the Company for use by its non-executive Directors.
- ii) The financial performance of the Company is well publicized. Individual communication of half yearly results are not sent to the shareholders.
- iii) The Company has not passed any resolution requiring approval of the shareholder by postal ballot.

CORPORATE GOVERNANCE:

Your Company attaches considerable importance to good corporate Governance and aspire to build investor confidence, to maximize shareholders long-term value and improved investor protection. Pursuant to clause 49 of the listing Agreement with Stock Exchange & compliance report on Corporate Governance has been annexed as part of the Annual Report.

J. KABRA & ASSOCIATES

Company Secretaries

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF
SREECHEM RESINS LTD.

We have examined the compliance of conditions of Corporate Governance by **M/s. Sreechem Resins Ltd.**, having its Registered Office at Vill : Jhagarpur, Post : Rajgangpur-770017, Orissa for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : Kolkata
Date : 01-08-2011

Jyoti Kabra
J. Kabra & Associates
Company Secretaries
ACS No. : 22626 C.P. : 8229

**ANNUAL CERTIFICATE UNDER CLAUSE 49(I)(D) OF LISTING AGREEMENT WITH STOCK EXCHANGES :
DECLARATION :**

As required under clause 49(i) (D) of listing agreement with the Stock Exchange, I hereby declare that all the Board Members and Senior Management personnel, in the grades of manager and above of the company have complied with the code of conduct of the company for financial year ended on 31st March 2011

Place : Kolkata
Date : 01-08-2011

S.N. KABRA
Managing Director



ANNEXURE 'C' TO DIRECTOR'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS:

TO THE SHAREHOLDERS

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Board takes pleasure in presenting Company's 23rd Annual Report for the year ended 31st March 2011 along with the Compliance Report on Corporate Governance.

INDUSTRY STRUCTURE & DEVELOPMENT

In the developing economy, steel is a vital component to the development. The strength of the Steel Industry shows the growth & development of all major industrial economics. Consumption of Steel is a significant indicator of socio-economic development of the people of the Country. In the last few years, Steel Industry is rapidly expanding in India. Big Steel Plants are expanding capacities and new Plants are coming up. Phenolic Resin is required by the Refractory Industry and Steel Plants to manufacture different types of Refractories, used by Steel Plants. With the expansion in the Steel Industry, requirement for Refractories as well as Phenolic Resins will also grow simultaneously.

Company's Performance

Gross Turnover	Rs. 334837208
Profit before taxation	Rs. 1675851
Profit after Taxation	Rs. 1320719

OPPORTUNITIES, FUTURE OUTLOOK & THREATS

The Basic Raw-material – Phenol is manufactured in India by a Govt, Undertaking and a Private Sector Unit and is also imported. Normally there is no problem in procuring the same; The Company regularly supplies Phenolic Resins to various Refractory manufacturers and to Steel Plants. With the increase in the existing Refractories as well as Steel producing capacities by the Steel Plants and as well as coming up of the New Units, the requirement of Refractory Grade Resins will also increase. The Company does not foresee any problem in selling the products of the company in view of the said expansion of the existing Steel Plants, coming up of New Plants and simultaneous capacity expansion by the Refractory Units.

Self Life of some of the Resins is only fifteen days. Since our both the Units are very close to Refractory Manufacturers & Steel Plants, our Company is in advantageous position compared to other Resin Manufacturers.

There is competition with the other Resin manufacturers in the country, which is usual in every industry. As the Refractory Manufacturers are satisfied with the quality and timely delivery, they prefer placing orders with the Company.

RISK & CONCERNS

Raw-materials Price Risk:

The Company has business understanding with some of the big customers constituting about 60% of the production and sales according to which any increase/decrease in price of basic raw materials is passed on the customers. In the remaining sales also the Company tries to insulate from any fluctuations in price of basic raw materials.

OTHER BUSINESS RISKS:

There is a risk of imports of Refractories from low cost Chinese Refractories dumped by China and resulting in lower capacity utilization by the Refractory Units. However, Company has long Association with the Refractory Manufacturers, who are satisfied with the quality of the products of the Company. As such, the Company does not see much risk, in marketing the products of the Company.

FINANCIAL CONDITION, LIQUIDITY

With the proper management of inventories, the financial position of the Company is reasonably satisfactory for the current flow of orders and production. The Company does not require fresh capital resources in the near future.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

There are well established and documented internal control systems and procedures in line with the size of the operations and business. The Company has engaged a Firm of Chartered Accountants for conducting internal audit of both the Units and Corporate office, who are providing Internal Audit Reports on Quarterly Basis. Audit Committee reviews these reports and monitors effectiveness and operational efficiency of the Internal Control Systems.

Audit Committee is giving valuable recommendations and suggestions from time to time for improving the Business Process, Systems & Internal Controls. Annual Internal Audit Plans are prepared by the Internal Auditors in consultation with the Audit Committee and the Audit is conducted accordingly.

**INDUSTRIAL RELATIONS & HUMAN RESOURCES**

The relations with the employees of the Company remained normal during the year. The Company possesses very good quality of Technical Persons with long experience in the line of the business of the Company. The Board wishes to place on record its appreciation for the sustained efforts of the employees and management personals for the running of the business of the Company smoothly.

CAUTIONARY STATEMENT

Actual results could differ materially from those forecasted above. Important factors that could make a difference to the Company's operation include, among others, economic condition affecting demand/supply and price conditions in the market in which the company operates, changes in Government regulations, tax laws and others statutes and incidental factors and world economy.

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To
The Board of Directors
SREECHEM RESINS LIMITED
Vill : Jhagarpur
Post : Rajgangpur-770017
Dist. Sundargarh (Orissa)

We, S.N. Kabra, Managing Director and P.D. Somani, Manager Finance and Legal of Sreechem Resins Limited, do hereby certify that :

- a) We have reviewed the financial statements and the cash flow statements of the Company for the year 2010-11 and that to the best of our knowledge and belief :
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated wherever applicable to the auditors and audit committee:
 - i) Significant changes in internal control over financial reporting, if any during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and instances of significant fraud of which we have become aware and the involvement therein,
 - iii) If any, of the management or any employee having a significant role in the company's internal control system, over financial reporting.

Place : Kolkata
Dated : The 1st day of August, 2011

P.D. Somani
Manager Finance & Legal

S.N. Kabra
Managing Director



AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF
M/S. SREECHEM RESINS LIMITED

1. We have audited the attached Balance Sheet of **M/s SREECHEM RESINS LIMITED** as at 31st March, 2011 and also the Profit and Loss Account & the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "The Companies Act, 1956" (the "Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us and the books & records as produced and examined by us in the normal course of Audit and to the best of our knowledge and belief, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to vide paragraph (3) above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of such books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report, comply with the accounting Standards referred to in Section 211 (3C) of the Act subject to Clause No. 7 in Schedule 17 relating to Accounting Policies;
 - e) On the basis of the written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said account together with significant accounting policies and other notes thereon/attached thereto give in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011, and
 - ii) In the case of the Profit & Loss Account, its Profit for the year ended on that date, and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Kolkata
Dated : The 1st day of August, 2011

R.C. Jhaver
Proprietor
Membership No. 17704
For and on behalf of
R.C. JHAWER & CO,
Chartered Accountants
F R No. 310068E



ANNEXURE TO THE AUDITORS' REPORT

[Annexure referred to in Paragraph 3 of the Auditor's Report of Even Date to the Members of
M/S. SREECHEM RESINS LIMITED on the financial statements for the year ended March 31, 2011]

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) Fixed Assets of the company have been physically verified by the management which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets.
- (c) Fixed assets disposed off by the Company during the year were not substantial; hence it does not affect the Company as a going concern.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. 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 account.
- (iii) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties, listed in the register maintained under section 301 of the Act. The Company has not taken during the year any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act. Accordingly, clause 3 (b), (c), (d), (f) & (g) of the said order is not applicable to the company.
- (iv) In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- (v) According to the information and explanations provided by the management, we are of opinion that there have been no transactions that need to be entered into the register maintained under Section 301 of the Act and hence clause (v) (b) is also not applicable.
- (vi) The Company has not accepted any deposit from public within the meaning of Sections 58A and 58AA of the Act.
- (vii) In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of Sub-section (1) of Section 209 of the Act for the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues in respect of Provident Fund, Investor education and Protection Fund, Employee's State Insurance, Income-tax, Sales-tax, Wealth tax, Custom duty, Excise duty, Cess and other material statutory dues as applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding, at the year end for a period of more than six months from the date they became payable.



Sreechem Resins Limited

- (b) According to the information & explanations given to us and the records of the Company examined by us, there are no dues outstanding of sales tax, income tax, wealth tax, custom duty and excise duty and cess on account of any dispute except as mentioned below -

Name of the statute	Nature of Dues	Amount (Rs. in Lacs)	F.Y. to which the dispute pertain	Forum wherein dispute is pending
Income Tax Act	Income Tax	6.54	2009-2010	Rectification pending Before Assessing Officer

- (x) The Company neither has accumulated losses as at 31st March, 2011 nor has incurred any cash losses either during the financial year ended on that date or in the immediately preceding financial year.
- (xi) Based on our Audit procedures and on the information and explanations given by the managements, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and Nidhi/ mutual benefit fund/societies.
- (xiv) The nature of Company's business/activities during the year does not include dealing shares, securities, debentures or other investment, hence the requirement of offering comments on this clause is not applicable.
- (xv) According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has not taken any Term Loans during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment of the company.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year

Place : Kolkata
Dated : The 1st day fo August, 2011

R.C. Jhaver
Proprietor
Membership No. 17704
For and on behalf of
R.C. JHAWER & CO,
Chartered Accountants
F R No. 310068E



Balance Sheet as at 31st March, 2011

	SCHEDULE	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
I. SOURCES OF FUNDS :			
A. SHAREHOLDERS' FUNDS :			
a) Share Capital	1	40,000,000	40,000,000
b) Reserves & Surplus	2	20,701,976	19,381,257
B. LOAN FUNDS :			
a) Secured Loans	3	40,987,107	39,570,065
b) Unsecured Loan	4	—	—
C. DEFERRED TAX LIABILITIES - NET: (Refer Note No. 3 in Schedule 16)		3,714,651	4,489,519
TOTAL		<u>105,403,734</u>	<u>103,440,841</u>
II. APPLICATION OF FUNDS :			
A. FIXED ASSETS :			
Gross Block		84,282,356	78,488,264
Less : Depreciation		55,111,461	51,817,023
Net Block	5	<u>29,170,895</u>	<u>26,671,241</u>
B. INVESTMENTS :	6	279,000	279,000
C. CURRENT ASSETS, LOANS & ADVANCES :			
Inventories	7	45,373,876	30,565,703
Sundry Debtors	8	43,868,726	33,380,361
Cash & Bank Balances	9	2,585,343	11,737,294
Loans & Advances	10	<u>13,440,033</u>	<u>11,293,162</u>
		<u>105,267,978</u>	<u>86,976,520</u>
Less : Current Liabilities & Provisions		25,564,139	7,865,920
Current Liabilities		<u>3,750,000</u>	<u>2,620,000</u>
Provisions	11	<u>29,314,139</u>	<u>10,485,920</u>
Net Current Assets		<u>75,953,839</u>	<u>76,490,600</u>
TOTAL		<u>105,403,734</u>	<u>103,440,841</u>
NOTES ON ACCOUNTS	17		

Schedule referred to above form an integral part of Balance Sheet.
Signed in terms of our Report of even date.

For R.C. Jhaver & Co.
Chartered Accountants

R.C. JHAWER
Proprietor
M. No. 17704

Kolkata-700001
Dated : The 1st day of August, 2011

S. N. KABRA
Managing Director
B. SHARMA
Jt. Managing Director
B.M. BANERJEE – Technical Director
VIKRAM KABRA – Director



Profit & Loss Account for the Year Ended 31st March, 2011

	SCHEDULE	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
INCOME			
Sales (Gross)		334,837,208	196,744,000
Less : Excise Duty		31,177,588	15,455,269
Net Sales		303,659,620	181,288,731
Other Income	12	498,860	399,731
(Decretion)/Accretion to Stock of Finished Goods		5,238,957	3,409,796
		<u>309,397,437</u>	<u>185,098,258</u>
EXPENDITURE			
Raw Materials Consumed	13	262,251,566	145,841,412
Power & Fuel		11,391,191	8,300,313
Personnel	14	7,247,063	6,809,236
Interest	15	4,346,668	2,856,782
Administrative, Selling & other Expenses	16	18,305,907	15,786,151
Depreciation		4,179,191	4,113,833
		<u>307,721,586</u>	<u>183,707,727</u>
Profit before Taxation		1,675,851	1,390,531
Less : Provision for Taxation - Current		1,130,000	1,220,000
Deferred Tax Liabilities adjusted		(774,868)	(580,579)
Profit after Taxation		1,320,719	751,110
Add : Brought forward from Previous Year		9,275,561	8,524,451
Balance carried to Balance Sheet		<u>10,596,280</u>	<u>9,275,561</u>
Earnings per Share (Refer to note no. 5 of Schedule 17)			
Basic & Diluted earning Per share		0.33	0.19
NOTES ON ACCOUNTS	17		

Schedules referred to above form an integral part of this Profit & Loss Account.
Signed in terms of our Report of even date

For R.C. Jhaver & Co.
Chartered Accountants

R.C. JHAWER
Proprietor
M. No. 17704

Kolkata-700001
Dated : The 1st day of August, 2011

S. N. KABRA
Managing Director
B. SHARMA
Jt. Managing Director
B.M. BANERJEE – Technical Director
VIKRAM KABRA – Director



Schedules Annexed to the Accounts

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE: 1		
SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed & Paid-up Capital :		
40,00,000 Equity Shares of Rs. 10/- each fully Paid-up	<u>40,000,000</u>	<u>40,000,000</u>
	<u>40,000,000</u>	<u>40,000,000</u>
SCHEDULE: 2		
RESERVES & SURPLUS		
General Reserve		
Balance as per last Account	<u>10,105,696</u>	<u>10,105,696</u>
Profit & Loss Account - Balance	<u>10,596,280</u>	<u>9,275,561</u>
	<u>20,701,976</u>	<u>19,381,257</u>
SCHEDULE: 3		
SECURED LOANS		
Short Term:		
Cash Credit Facilities from Allahabad Bank	<u>39,443,665</u>	<u>39,531,389</u>
From ICICI Bank (For Vehicle Finance)	<u>1,543,442</u>	<u>38,676</u>
	<u>40,987,107</u>	<u>39,570,065</u>
SCHEDULE: 4		
UNSECURED LOANS		
From Bodies Corporate	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Schedules Annexed to the Accounts (Contd.)

SCHEDULE : 5

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Addi- tion	Dedu- ction	Total	As at 01.04.11	During the year	Adjust- ment	Total	As at 31.03.11	As at 31.03.10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Freehold)	749660	—	—	749660	—	—	—	—	749660	749660
Building	13247107	1164966	—	14412073	6504187	442561	—	6946748	7465325	7049193
Plant & Machinery	51721966	3815686	—	55537652	36323067	2742466	—	39065533	16472119	15604726
Electric Installation	2079821	—	—	2079821	1958238	49021	—	2007259	72562	121583
Laboratory Equipment	608266	—	—	608266	498456	28893	—	527349	80917	109810
Motor Vehicles	5363926	1360252	1381570	5342608	2988867	610349	884753	2714463	2628145	2375059
Furniture & Fixtures	2838573	72300	—	2910873	2281637	131027	—	2412664	498209	556936
Motor vehicle (goods)	615000	1227021	—	1842021	6150000	82505	—	697505	1144516	—
Computer	751845	47537	—	799382	647571	92369	—	739940	59442	104274
TOTAL	77976164	7687762	1381570	84282356	51817023	4179191	884753	55111461	29170895	26671241
Previous Year	76388424	1587740	—	77976164	47703190	4113833	—	51817023	26159141	





Schedules Annexed to the Accounts (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE: 6		
INVESTMENT		
LONG TERM :		
Non Trade. Unquoted		
6 Year National Saving Certificates VII (Lodged with Sales Tax & Excise Authority)	29,000	29,000
3000 Fully Paid up Equity Shares of Rs. 10/- each in Shreechem Industries Pvt. Limited	(a) 150,000	150,000
	<u>179,000</u>	<u>179,000</u>
Non Trade. Quoted		
10,000 Fully Paid up Equity Shares of Rs. 10/- each in Orind Exports Limited	(b) 100,000	100,000
Total (a+b)	<u>279,000</u>	<u>279,000</u>
Market Value of Quoted Shares	<u>31,700</u>	<u>45,000</u>
SCHEDULE: 7		
INVENTORIES		
(As taken, valued and certified by the management)		
Raw Material (At Cost)	29,385,850	20,765,040
Consumables Stores	306,460	303,290
Packing Materials	2,898,900	1,953,664
Finished Goods	<u>12,782,666</u>	<u>7,543,709</u>
	<u>45,373,876</u>	<u>30,565,703</u>
SCHEDULE: 8		
SUNDRY DEBTORS		
Unsecured - Considered Good		
Due for Exceeding Six Months	980,259	3,304,391
Other Debts	<u>42,888,467</u>	<u>30,075,970</u>
	<u>43,868,726</u>	<u>33,380,361</u>
SCHEDULE: 9		
CASH AND BANK BALANCES		
Cash in Hand	1,149,086	1,222,289
With Scheduled Banks-in current accounts	<u>1,436,257</u>	<u>10,515,005</u>
	<u>2,585,343</u>	<u>11,737,294</u>
SCHEDULE: 10		
LOANS & ADVANCES		
(Unsecured, Considered Good)		
(Advances recoverable in cash or in kind or for value to be received)		
Taxex and Duties Receivable	1,429,656	1,399,055
Advance Income Tax & T.D.S. Receivable	3,493,889	1,780,460
Deposits (with Govt. and other Authorities)	694,699	567,699
Claim Receivable	<u>722,937</u>	<u>722,937</u>
Modvat Receivable	5,489,793	4,937,586
Prepaid Expenses	265,555	240,045
Staff Advance	388,504	327,492
Other Advances	<u>955,000</u>	<u>1,317,888</u>
	<u>13,440,033</u>	<u>11,293,162</u>



Schedules Annexed to the Accounts (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE: 11		
A) CURRENT LIABILITIES		
Sundry Creditors	23,354,368	6,011,707
Differential Excise Duty on F.G. Stock	1,193,667	704,444
Other Liabilities	1,016,104	1,149,769
	<u>25,564,139</u>	<u>7,865,920</u>
B) PROVISIONS		
Provision for taxation	3,450,000	2,320,000
Provision for F.B.T.	300,000	300,000
	<u>3,750,000</u>	<u>2,620,000</u>
SCHEDULE: 12		
OTHER INCOME		
Misc. Receipts	486,507	367,820
Interest (Gross) [Tax Deducted at Source Rs. 990]	9,903	31,911
Dividends	2,450	—
	<u>498,860</u>	<u>399,731</u>
SCHEDULE: 13		
RAWMATERIAL CONSUMPTION		
Opening Stock	20,765,040	20,343,933
Add: purchases	270,872,376	146,262,519
Less: Closing Stock	29,385,850	20,765,040
Consumption	<u>262,251,566</u>	<u>145,841,412</u>
SCHEDULE: 14		
PERSONNEL		
Salary, Wages & Allowances	6,225,508	5,802,724
Staff Welfare Expenses	281,464	328,507
Contribution to P.F. & Other Funds	740,091	678,005
	<u>7,247,063</u>	<u>6,809,236</u>
SCHEDULE: 15		
INTEREST		
On Bank	3,966,476	1,123,502
On Others	177,262	1,285,958
Finance Charges	202,930	447,322
	<u>4,346,668</u>	<u>2,856,782</u>
SCHEDULE: 16		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Advertisement	21,250	29,400
Bad Debts	—	—
Commission	1,592,782	985,139
Consumable Stores	1,384,013	1,586,186
Directors' Remuneration	1,698,000	1,398,000
Insurance Premium	829,247	611,607
Loss on Sales of Fixed Assets	54,817	—
Miscellaneous Expenses	3,110,736	2,832,219
Packing Materials	2,503,823	2,829,506
Postage & Courier	172,725	138,115
Telephone & Mobile Expenses	234,597	300,416
Rent, Rates & Taxes	2,293,321	1,390,612
Repairs & Maintenance		
a) Plants & Machineries	231,339	180,365
b) Buildings	518,823	675,844
c) Others	68,490	111,177
d) Motor Cars	783,791	799,100
e) Motor Trucks	1,057,460	736,057
Computer Maintenance Expenses	46,416	24,233
Transportation Expenses	1,032,346	711,480
Travelling & Conveyance Expenses	671,931	446,695
	<u>18,305,907</u>	<u>15,786,151</u>



Schedules Annexed to the Accounts

SCHEDULE: 17. Accounting policies and Notes on Accounts for the year ended 31st March, 2011::

1. SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONCEPTS :

The Accounts are prepared to comply with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

FIXED ASSETS :

Fixed Assets are stated at their cost of acquisition. The Company capitalises all expenses related to the installation of fixed assets but excludes duties and taxes that are recoverable subsequently from taxing authorities.

DEPRECIATION :

1. Depreciation on fixed assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Freehold land is not depreciated.
2. In respect of additions & deletions, depreciation is restricted to the period of use. Assets costing individually Rs. 5000/- or less are fully depreciated in the year of addition.

INVESTMENTS :

Investments are stated at cost. Investments intended to be held for more than a year are classified as long term investments.

INVENTORIES :

Inventories of Raw Materials are valued at cost on FIFO basis. Credit for Excise Duty is claimed under modvat in the year of goods received. Stock of stores and spares are stated at Cost. Inventories of Finished Goods are stated at cost or net relisable value, whichever is lower. Cost includes related overheads on such goods.

REVENUE RECOGNITION :

Sales are inclusive of Excise Duty and Net of trade discount. It does not include inter Unit transfers amounting to Rs. 6,06,15,162.00 (last year Rs 3.54,89,780.00 All other income are accounted for as and when accrued.

EXPENSES RECOGNITION :

Expenses are accounted for on accrual basis except in case of payment of bonus & leave encashment, where cash basis of accounting is followed. Claims/demand raised by any statutory authorities in connection with taxes & duties which are disputed by the company, are accounted for on the merit of each claim. Gratuity is accounted for on the basis of actual payments made to Life insurance Corporation of India as per their Group gratuity scheme.

IMPAIRMENT OF ASSETS :

The management periodically assesses using internal and external sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where carrying value exceeds the present value of cash flow expected to arise from the continue use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

RESEARCH AND DEVELOPMENT :

Revenue Expenditure on Research and Development is charged against the profits of the year in which it is incurred.

RETIREMENT BENEFIT :

The company has made payments to L.I.C. OF INDIA LTD. towards group gratuity scheme for the employees of the company.

CONTINGENT LIABILITIES :

During the year the Income tax authorities raised demands of Rs 654470.00 towards income Tax for the assessment year 2009-2010 against which the company has filed rectification petition appeal U/S 154 of



NOTES ON ACCOUNTS (Contd.)

the Income Tax. The Directors of the company are of the view that the demand will be reduced nil on disposal of rectification petition.

2. Loan from Allahabad Bank is secured by
 - (a) Equitable mortgage by way of deposit of title deeds of land and building, structures and fixtures thereon both present and future of Rajgangpur and Raigarh Plants of the company.
 - (b) First Charge by way of hypothecation of all movable properties raw materials, work in progress. Finished Goods, Book Debts, both present and future.
 - (c) Personal guarantee of Sri S. N. Kabra Managing Director & Sri Binod Sharma, Joint Managing Director.
 - (d) Loan from ICICI Bank & Kotak Mahindra Prime Ltd are secured by hypothecation of the relevant motor vehicles.

3. Deferred tax Liabilities	As on 31.03.11	As on 31.03.10
On Account of Difference between Book Value of Depreciable Assets as per books of A/c's and Written Down Value for tax purposes	3714651	4489519
Net Incremental Liability Charged to Profit & Loss A/c =	(774868)	= (580579)

4. Segment Reporting :
In terms of Accounting standard 17 of "The Institute Of Chartered Accountants Of India" segment information has not been given as the company's activities falls within a single business segment.

5. Earnings per shares :

	This year Rs. (000)	Prev. Year Rs. (000)
a) Number of shares at the begining of the year	4000000	4000000
Number of Equity shares outstanding at the end of the year	4000000	4000000
b) Net profit after tax available for equity shareholders	1320719	751110
Basic and diluted earnings (in Rupees) per share of Rs. 10 each	0.33	0.19
6. In terms of accounting standard 18 pertaining to "Related Party disclosures" issued by the Institute Of Chartered Accountants of India" related party transactions are as follows :		

i) a) Key Management Personnel :		Payment of Salaries/ Remuneratin/perquisites
1. Mr. S.N. Kabra, Managing Director		6,53,709
2. Mr. B. Sharma, Joint Managing Director		6,20,391
3. Mr. B. M. Banerjee, Technical Director		2,29,981
4. Mr. Vikram Kabra, Director		3,24,000
5. Mr. Y.K. Dalmia, Independent Director		NIL
6. Mr. S. K. Joshi, Independent Director		NIL
7. Mr. Sanjay Bansal, Independent Director		NIL
8. Mr. Uttam Jhavar, Independent Director		NIL
b) Relatives of Key Management Personnel		
1. Mr. K. K. Kabra (Brother of MD) - Salaries		2,22,528
2. Mr. Vibhor Sharma (Son of JMD) - Salaries		1,05,600
3. Mr. Rajee Sharma (Wife of JMD - Rent)		96,000
c) Concern in which Key Management personnel are interested as interest		
1. Steel Aids Pvt. Ltd.		36756.00
2. BSN Investment Pvt. Ltd.		25447.00
ii) Payments made to / received from Particulars :	2011	2010
i) To Key Management Personnel - Salaries	18,28,081	14,97,574
ii) To Relatives of Key Management Personnel - Salaries	3,28,128	3,07,928
- Rent	96,000	96,000
iii) Concerns in which Key Management Personnel are interested		
Re-Payment of Loan	NIL	NIL
Re-Payment of Advance	NIL	4,00,000
Payment of Interest	62,203	11,96,557
iv) Closing Balances :		Associate Companies
a) Advances - Receivable		NIL
b) Advances - Payable		NIL



Sreechem Resins Limited

NOTES ON ACCOUNTS (Contd.)

7. In absence of any actuarial valuation for retirement and other benefits, the disclosure in respect of "Defined Benefit Plans" as per accounting standard – 15 (Revised) could not be given.

8. Miscellaneous Expenses include payment to Auditors as

Audit Fees	35,000
Tax Audit Fees	10,000
Certification & other Fees	5,000
Total	50,000

9. As per informations and explanations given to us, there are no micro, small and medium scale business enterprises to whom dues exceeding Rs. 1.00 lac each are outstanding for more than 45 days as at 31st March 2011.

10. Information pursuant to the provisions of paragraph 3, 4, 4B, 4C and 4D of part II of Schedule VI of Companies Act, 1956 is given below :

A. Quantitative Information :

	2010-2011		2009-2010	
	Licenced	Installed	Licenced	Installed
(i) Capacity (As Certified by Management)				
Synthetic Resin & its derivative (M.T.)	N.A.	4800	N.A.	4,800
(ii) Particulars about Finished Goods (Synthetic Resin and its Derivatives)	Quantity (M.T.)	Value (Rs.)	Quantity (M.T.)	Value (Rs.)
a) Opening Stock	83.692	7543709	52.061	4133913
b) Production	2316.629	—	2020.000	—
c) Closing Stock	115.380	12782666	83.692	7543709
d) Sales	2284.641	303659620	1988.369	181288731
(iii) Raw Materials Consumed	(M.T.)	(Rs.)	(M.T.)	(Rs.)
a) Phenol	1818.766	192237203	1456.736	93750987
b) Formal Dehyde	1308.719	13442693	964.147	7523243
c) Hexamine	164.600	8839438	147.675	7104768
d) MEG	61.220	4457890	56.015	2652603
e) Others	—	43274342	—	34809811
	2916.374	262251566	2624.573	145841412

B. Consumption of Raw Material & Consumable Stores

	2010-2011		2009-2010	
	Value (Rs.)	%	Value (Rs.)	%
i) Raw Materials				
— Imported	5939719 *	2.26	NIL	NIL
— Indigenous	256311847	97.74	145841412	100.00
TOTAL	262251566	100.00	145841412	100.00
ii) Stores				
— Imported	—	—	—	—
— Indigenous	1384013	100	1586186	100

* High Seas Purchases

	(Rs.)	(Rs.)
C. Value of Imports of CIF basis Raw Materials	NIL	NIL
D. Expenditure in Foreign Currency	NIL	NIL
E. Earning in Foreign Exchange	7037295	26,85,038

11. Previous year's figures have been regrouped/re-arranged wherever necessary.

12. Figures has been rounded off to the nearest rupees.

Signature to Schedule "1" to "16"

For R.C. Jhaver & Co.
Chartered Accountants

R.C. JHAWER
Proprietor
M. No. 17704

Kolkata-700001
Dated : The 1st day of August, 2011

S. N. KABRA
Managing Director
B. SHARMA
Jt. Managing Director
B.M. BANERJEE – Technical Director
VIKRAM KABRA – Director



CASH FLOW STATEMENT

	2010-11 Rs.	2009-10 Rs.
A. Cash Flow from Operating activities :		
Net Profit/(Loss) before taxation and extraordinary items	1675851	1390531
Adjustments for :		
Depreciation	4179192	4113833
Interest Expenses	4346668	2856783
(Profit)/Loss On Fixed Assets Dispose/Sale	54817	—
Operating Profit before working Capital Changes (A)	10256528	8361146
Adjustment for :		
Trade & Other receivables	(10488366)	(1833289)
Inventories	(14808173)	(3498826)
Trade payable	17698219	(1725256)
Cash generated from operations	(7598320)	(7057371)
Taxes paid (Net)	(1133990)	(140000)
Provision for Taxes (Net)	—	(1220000)
	(B)	(8417371)
Net Cash flow from operating activities (A-B)	<u>1524218</u>	<u>(56225)</u>
B. Cash flow from Investing activities :		
Purchase of fixed assets/Misc. Asset	(7175662)	(2099840)
Sale of Fixed Assets	442000	—
Increase in Advances	(1012881)	(872847)
Net cash used in Investing activities	<u>(7746543)</u>	<u>(2970687)</u>
C. Cash flow from Financial activities :		
Proceeds from long term borrowings	1417042	16893499
Proceeds from short term borrowings	—	(1700000)
Interest Paid	(4346668)	(2856782)
Net Cash used in financing activities	<u>(2929626)</u>	<u>12336717</u>
Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	<u>(9151951)</u>	<u>9309805</u>
Cash & Bank balance at the beginning of the period	11737294	2427489
Cash & Bank balance at the end of the period	2585343	11737294
Net increase/decreases in cash and cash equivalent	<u>9151951</u>	<u>(9309805)</u>

For R.C. Jhaver & Co.
Chartered Accountants

R.C. JHAWER
Proprietor
M. No. 17704

Kolkata-700001
Dated : The 1st day of August, 2011

S. N. KABRA
Managing Director
B. SHARMA
Jt. Managing Director
B.M. BANERJEE - Technical Director
VIKRAM KABRA - Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (AS PER PART (IV) SCHEDULE VI, OF THE COMPANIES ACT, 1956.

I. REGISTRATION DETAILS

Registration No.

0 2 7 3 9

State Code

1 5

Balance Sheet Date

3 1 0 3 1 1

II. CAPITAL RAISED DURING THE YEAR (Amount in '000)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in '000)

Total Liabilities

1 3 4 7 1 8

Total Assets

1 3 4 7 1 8

SOURCE OF FUNDS

Paid up Capital

4 0 0 0 0

Reserve & Surplus

2 0 7 0 2

Secured Loans

4 0 9 8 7

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

2 9 1 7 1

Investments

2 7 9

Net Current Assets

7 5 9 5 4

Misc. Expenditure

N I L

Accumulated Losses

N I L

IV. PERFORMANCE OF THE COMPANY (Amount in '000)

Turnover

3 0 3 6 6 0

Total Expenditure

3 0 1 9 8 4

Profit/Loss Before Tax

+ 1 6 7 6

Profit/Loss after Tax

+ 1 3 2 1

* Earning per share (Rs.)

0 . 3 3

Dividend Rate (%)

N I L

(+ for Profit, - for Loss)

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No.

3 9 0 9 4 0 2 0

Product Description

P . F . R E S I N S

As per our Report of even date attached
For R.C. Jhawer & Co.
Chartered Accountants

R.C. JHAWER
Proprietor
M. No. 17704

S. N. KABRA
Managing Director
B. SHARMA
Jt. Managing Director
B.M. BANERJEE - Technical Director
VIKRAM KABRA - Director

Kolkata-700001
Dated : The 1st day of August, 2011



SREECHEM RESINS LIMITED

Regd. Office : Jhagarpur, P.O. Rajgangpur-770 017
ORISSA

PROXY

I/We _____ of _____
in the District of _____ being member(s) of the above-named Company, hereby
appoint _____ of _____
in the district of _____ of failing him/her _____
of _____ in the district of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company
to be held on Wednesday the 28th day of September, 2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011

Full Name _____

For Office use only

No. of Shares

Proxy No.

Affix
Re. 1.00
Revenue
Stamps

Note :

The proxy to be valid should be deposited at the Regd. Office at Jhagarpur, P.O. Rajgangpur, Orissa at least 48 hours before the meeting.

SREECHEM RESINS LIMITED

Regd. Office : Jhagarpur, P.O. Rajgangpur-770 017
ORISSA

ATTENDANCE SLIP

Please Complete this attendance Slip and hand it over at the Entrance of the Company.

NAME OF THE MEMBER

FOLIO NO.

I hereby record my presence at the Annual General Meeting held at the Registered of the Company on
Wednesday the 28th day of September, 2011 at 10.00 a.m.

SIGNATURE OF THE MEMBER OR PROXY

MCS Ltd.
77/2A, Hazra Road
Kolkata-700 029