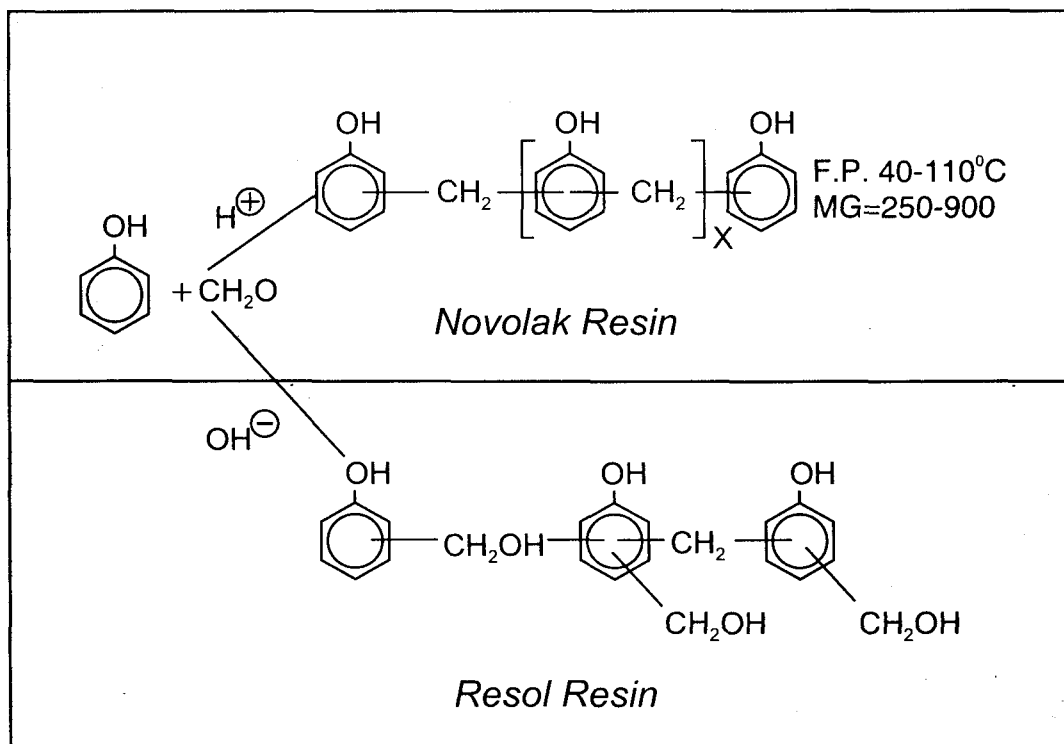


# Annual Report 2011-2012



**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 Jhavar - Non Exe. Independent Director

## AUDITORS :

R. C. Jhaver & 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

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### NOTICE

NOTICE IS HEREBY GIVEN that the Twenty Fourth Annual General Meeting of the members of the company will be held at the **Registered Office of the Company at 10-00 A.M.** on Saturday the 29th day of September, 2012 to transact the following business :

#### ORDINARY BUSINESS :

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2012, the Audited Balance Sheet as on that date and the Reports of the Directors and Auditors thereon".
- 2) "To appoint Directors in place of Sri. B.M. Banerjee & Sri. S. K. Joshi, Directors who retires by rotation and being eligible, offers themselves for reappointment".
- 3) "To appoint Auditors and to authorize the Board to fix their remuneration".

Registered Office  
Vill : Jhagarpur,  
Post : Rajgangpur-770 017  
ORISSA  
Dated : the 2nd day of August 2012

By Order of the Board

S. N. KABRA  
Managing Director

#### NOTES :

1. 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.
2. The register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 22<sup>nd</sup> September 2012 to Saturday, 29<sup>th</sup> September 2012 (both days inclusive).
3. 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,
4. 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 Ltd., 77/2A, Hazra Road, Kolkata – 700 029.



## Sreechem Resins Limited

### DIRECTORS' REPORT

TO  
THE MEMBERS

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts for the year ended 31st March 2012.

#### Financial Results :

(Figures in Rs. '000)

	Year ended 31.03.2012	Year ended 31.03.2011
Net Income from operations and other income	295863	304158
Profit Before Depreciation, Interest & Tax	11490	10201
Interest	5396	4347
Depreciation	4471	4179
Profit/Loss before Tax	1623	1675
Provision for Taxation	1150	1130
Deferred Tax	(569)	(775)
Profit/Loss after Tax	1042	1320
Balance Brought forward from Previous year	10596	9276
Leaving a balance to be carried forward	11638	10596

#### OPERATIONS :

Your Directors have to report that the net Income from operations for the year is Rs.29.59 crores against last years Rs. 30.42 crores exclusive of Inter Unit Transfers of Rs.7.79 crores against Rs 6.06 crores last year. The profit before taxes is Rs. 16.23 lacs against Rs. 16.75 lacs in Previous year. After provision for current taxes amounting to Rs.11.50 lacs and write back of deferred Tax Li abilities of Rs. 5.69 lacs, Net Profit amounts to Rs.10.42 lacs, against Rs.13.20 lacs last year. Adding the brought forward profit of Rs. 105.96 lacs, the balance of Rs. 116.38 lacs is carried over to the next year. The profit is lower due to higher interest and depreciation charges.

During the year both production and sales decreased marginally. The prices of raw materials remained higher through out the year and the company was able to pass on the increase in prices partially to customers. The directors expect the production and sales to be maintained in the current year. There is huge competition from other manufacturers as newer plants have come up around the customer's locations.

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 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;



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## Sreechem Resins Limited

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- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments 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 2012, 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 :**

Sri. B.M.Banerjee, & Sri S. K. Joshi Directors retires by rotation as required under the provisions of the companies Act 1956 at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

### **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, retires 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 share holders, customers and other business associates for their support.

For and by Order of Board

Place : Kolkata  
Dated : The 2nd day of August, 2012

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director



## Sreechem Resins Limited

### 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 2012

#### 1. CONSERVATION OF ENERGY :

Company has taken various steps for conservation of energy and has installed energy efficient equipments and thereby able to minimize 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 SCHEDULED THERETO :

A. POWER & FUEL CONSUMPTION		2011-2012	2010-2011
1. Electricity			
Purchased Unit	KWH	579095	578476
Total Amount	Rs.	3152721	2782153
Rate	Rs./KWH	5.44	4.81
2. Own Generation Through Diesel Generator			
Units	KWH	68674	72387
Unit per Litre of Diesel	KWH/ Ltr.	2.92	2.96
Cost per Unit	Rs./ KWH	13.43	11.37
B. Consumption per Unit Production (Electricity)	KWH/MT	138	136

#### 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 commercializing 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.3049362.00 (P/Y Rs. 7037295.00)
Outgo —	Rs. NIL (P/Y Rs. 190268.00 )

For and by Order of Board

Place : Kolkata  
Dated : The 2nd day of August, 2012

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director



## Sreechem Resins Limited

### 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 8. The Board of Directors comprises a Managing Director, a Joint Managing Director, two Executive Directors and four independent Directors. During the year, 6 Board Meetings were held on 04.04.2011, 13.05.2011, 01.08.2011, 12.08.11, 11.11.2011, and 07.02.2012.

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	6	Yes	5
Mr. B. Sharma Executive Director	Joint Managing Director	6	Yes	12
Mr. B.M. Banerjee Executive Director	Technical Director	5	Yes	None
Mr. Y. K. Dalmia Independent Director	Director	5	Yes	4
Mr. V. Kabra Executive Director	Director	6	Yes	2
Mr. S. K. Joshi Independent Director	Director	6	Yes	1
Mr. Sanjay Bansal Independent Director	Director	4	Yes	5
Mr. Uttam Jhavar Independent Director	Director	5	No	4

(c) **Audit Committee**

1. Terms of reference : It oversees the Company's financial reporting process and disclosure of its financial informations, to recommend the appointment of statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, 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



## Sreechem Resins Limited

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 operational 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.

### Composition:

The audit Committee was formed in 2002 and was its composition changed in the year 2010. 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.

### 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 Finance & Legal is the compliance officer of the committee.

### e) REMUNERATION Policy:

Except Managing Director, Joint Managing Director and Executive Directors the remaining directors did 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	47448	647448
Mr. B. Sharma	6,00,000	14105	614105
Mr. B.M. Banerjee	1,98,000	NIL	198000
Mr. Y.K. Dalmia	NIL	NIL	NIL
Mr. V. Kabra	3,31,450	NIL	331450
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 agreements 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 shares lodged with the Company.





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**Sreechem Resins Limited**

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**(h) General Body Meetings:**

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Location
2010-11	28.09.2011	10-00 A.M	Registered Office
2009-10	29-09-2010	10-00 A.M	Registered Office
2008-09	30-09-2009	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 :**

1. 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.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

**(j) Means of communication :**

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

**(k) General Shareholders' Information:**

1. Annual General Meeting is to be held at 10.00 A.M. On Saturday, the 29th September, 2012 at Regd. Office vill : Jhagarpur, Rajgangpur (Orissa) .
2. Annual results of previous year First week of August  
Mailing of Annual Reports 1st week of September  
First Quarter results Second Week of August  
Annual General Meeting Saturday, 29th September, 2012  
Second Quarter results Second Week of November  
Third Quarter results Second Week of February
3. **Dates of book closure :** From Saturday, 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive).
4. **Listing of Equity Shares at Stock Exchanges :** Shares of the company are listed at Ahmedabad, Bhubneshwar, Kolkata and Bombay (BSE).
5. **Registrar and Share Transfer Agent :** The Registrar and Transfer Agents of the company 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 transfercum - demat system to facilitate Demat of shares.



## Sreechem Resins Limited

7. Distribution of shareholding as on 31st March, 2012

No. of Shares	Shareholders		Shareholding	
	Nos.	%	Nos.	%
Up to 500	10234	95.09	1385400	34.64
501-1000	312	2.90	265600	6.64
1001-2000	131	1.21	206100	5.15
2001-3000	33	0.30	82900	2.07
3001-4000	16	0.15	57100	1.43
4001-5000	8	0.08	38300	0.95
5001-10000	14	0.13	100200	2.51
10001-50000	9	0.08	145600	3.64
50001-100000	1	0.01	65500	1.64
100000-Above	5	0.05	1653300	41.33
	<b>10,763</b>	<b>100.00</b>	<b>4000000</b>	<b>100.00</b>

8. Categories of Shareholders as on 31st March, 2012:

Category	No. of Shares held	% Shareholding
Financial Institutions	1900	00.05
Foreign Institutional Investors	1000	00.02
Bodies Corporate	1063700	26.59
Directors & Relatives	840400	21.01
Others	2093000	52.33
	<b>4000000</b>	<b>100.00</b>

9. Dematerialization of shares:

As on 31st March 2012, 59.00% of the Company's total shares representing 2357399 shares were held in dematerialized form and the balance 41.00% representing 1642601 shares were held in paper form.

10. Investors Complaints status:

During the year 2 (Two) complaints from SEBI were received and were duly Cleared. No request for dematerialization / Transfer was pending for Equity Shares as on 31st March 2012. 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 speedy 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 21 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 re-materialization 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 Demate of shares is: INE377C01010.

11. Plant Locations

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



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**Sreechem Resins Limited**

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**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 : 2454-1892 / 3, Fax : 91-33-2474-7674 & 2454-1961, E-mail : mcskd@rediffmail.com

**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 shareholders by postal ballot.

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**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.

For and by Order of Board

Place : Kolkata  
Dated : The 2nd day of August, 2012

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director



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## Sreechem Resins Limited

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### ANNEXURE 'C' TO DIRECTOR'S REPORT

#### MANAGEMENT DISCUSSION AND ANALYSIS :

##### OVERVIEW

The company manufactures Phenol base resins and derivatives. During the year demand for resins remained stagnant. Steel industry recorded growth of 7 % but due to dumping of imported refractories by China, local industries did not get the benefits of higher consumption of refractories and also resins.

##### **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 economies. 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 Income from Operations	Rs. 325940370
Profit before Taxation	Rs. 1623309
Profit after Taxation	Rs. 1041924

##### **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 capacity of the existing Refractories manufacturers 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.

Shelf 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 huge competition with the other Resin manufacturers in the country. Also new Resin manufacturers are coming up around the location of our plant. 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 to the customers. In the remaining sales also the company tries to insulate from any fluctuations in price of basic raw materials.



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## Sreechem Resins Limited

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### **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 SYSTEMS & 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 more or less 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**

The estimates are based on present conditions. 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, dumping by foreign countries and others statutes and incidental factors and world economy.

For and by Order of Board

Place : Kolkata  
Dated : The 2nd day of August, 2012

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director



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**Sreechem Resins Limited**

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**J. PATNAIK & 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-770 017, Orissa for the year ended on March 31, 2012, 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 : 02-08-2012

Jitendra Patnaik  
J. Patnaik & Associates  
Company Secretaries  
FCS No. 5045 C. P. : 3102

**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 Exchanges, 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 2012

Place : KOLKATA  
Date : 2nd August, 2012

S. N. KABRA  
Managing Director



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**Sreechem Resins Limited**

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**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 – 770 017  
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 2011-12 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 2nd day of August, 2012

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director



## R.C. Jhawer & Co.

Chartered Accountants

### 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, 2012 and also 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 & 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 purposes 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 and 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. "b" in Schedule 19 relating to Accounting Policies ;
  - e) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 accounts 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, 2012, and
  - ii) In the case of the Profit and 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  
Date : 2nd August 2012

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





[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, 2012]

- 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) We have broadly reviewed the books of account maintained, by the Company in respect of its products Synthetic phenolic resin and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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, employees' 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.

Contd. ...2



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**Sreechem Resins Limited**

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b) According to the information and 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, 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 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, 2012 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 in 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  
Date : 2nd August 2012

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



## Sreechem Resins Limited

### BALANCE SHEET AS AT 31ST MARCH,2012

	Notes	As at 31st March,2012 Rs.	As at 31st March,2011 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	40,000,000	40,000,000
Reserves and Surplus	3	21,743,900	20,701,976
<b>Non-current Liabilities</b>			
Long Term Borrowings	4	1,721,064	1,543,442
Other Long Term Liabilities	5	50,000	50,000
<b>Current Liabilities</b>			
Short Term Borrowings	6	38,803,348	39,443,665
Trade Payables	7	33,177,575	23,354,368
Other Current Liabilities	8	2,862,762	2,159,771
Deferred Tax Liabilities		3,146,036	3,714,651
<b>Total</b>		<b>141,504,685</b>	<b>130,967,873</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	9	27,215,133	29,170,895
Investments	10	279,000	279,000
<b>Current Assets</b>			
Inventories	11	50,267,488	45,373,876
Trade Receivables	12	52,578,122	43,868,726
Cash and Bank Balances	13	3,898,847	2,585,343
Short Term Loans and Advances	14	7,266,095	9,690,033
<b>Total</b>		<b>141,504,685</b>	<b>130,967,873</b>

**Significant Accounting Policies** 1  
Accompanying notes form integral part of the financial statements

As per our report of even date.

R.C. Jhaver  
Proprietor  
Membership No. 17704.  
For and on behalf of  
R C JHAWER & CO.  
Chartered Accountants  
FRNo,310068E  
Kolkata-700001  
Dated : The 2nd day of August,2012

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



## Sreechem Resins Limited

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	NOTES	YEAR ENDED 31ST MARCH, 2012 Rs.	YEAR ENDED 31ST MARCH, 2011 Rs.
<b>INCOME</b>			
Gross Revenue from operations	15	325,940,370	334,837,208
Less : Excise Duty		<u>30,635,920</u>	<u>31,177,588</u>
Net Revenue from operations		295,304,450	303,659,620
Other Income	16	<u>558,822</u>	<u>498,860</u>
		<b><u>295,863,272</u></b>	<b><u>304,158,480</u></b>
<b>EXPENSES</b>			
Cost of Materials Consumed	17	242,859,205	262,251,566
Changes of Inventories	18	1,604,440	(5,238,957)
Operating Expenses, Power & Fuel		13,037,024	11,391,191
Employees Benefits Expenses	19	8,183,479	7,247,063
Finance Costs	20	5,395,757	4,346,668
Other Expenses	21	<u>18,689,437</u>	<u>18,305,907</u>
<b>Total Expenses</b>		<b><u>289,769,342</u></b>	<b><u>298,303,438</u></b>
<b>Profit before Depreciation and Tax</b>		6,093,930	5,855,042
Depreciation and Amortisation	9	<u>4,470,621</u>	<u>4,179,191</u>
<b>Profit before Tax</b>		1,623,309	1,675,851
Tax Expenses - Current Tax		1150000	1130000
Deferred Tax		<u>(568,615)</u>	<u>(774,868)</u>
<b>PROFIT FOR THE YEAR</b>		1,041,924	1,320,719
Earnings per Equity Share	28		
(Face Value - Rs. 10/-)			
Basic and Diluted Earnings per Share - Rs.			
Before considering Exceptional Items		0.26	0.33
After considering Exceptional Items		0.26	0.33

**Significant Accounting Policies** 1  
Accompanying notes form integral part of the financial statements

As per our report of even date.

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

Kolkata-700001

Dated : The 2nd day of August,2012

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



## Sreechem Resins Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

**A. Cash Flow from Operating Activities**

**Net Profit Before Tax**

Adjustments for :

Depreciation

Finance Cost

Interest Income

Profit/ (Loss) on sale of Fixed Assets

**Operating Profit Before Working Capital Changes**

Change in Working Capital

Increase/Decrease in Trade & Other Payables

Increase/Decrease in Trade & Other Receivable

Increase/Decrease in Inventories

**Cash Generated from Operations**

Direct Taxes Paid (Not)

**Net Cash from Operating Activities**

**B. Cash Flow from Investing Activities**

Purchase of Fixed Assets

Sale of Fixed Assets

Net Cash used in Investing Activities

**C. Cash Flow from Financing Activities**

Interest Income

Finance Cost Paid

Increase in Long Term Borrowings

Decreased in Cash Credit and Overdrafts from Bank

**Net Cash used from Financing Activities**

**D. Net increase/(Decrease) in Cash & Cash Equivalents (A+B+C)**

**E. Opening Cash & Cash Equivalents (Cash and Bank Balances)**

**F. Closing Cash & Cash Equivalents (D+E) (Refer Note 14)**

**NOTES :**

Figures in brackets represent outflows.

This is the Cash Flow Statement referred to in our Report of even date.

R.C. Jhawer

Proprietor

Membership No. 17704.

For and on behalf of

R C JHAWER & CO.

Chartered Accountants

FRNo.310068E

Kolkata-700001

Dated : The 2nd day of August, 2012

31.03.2012 Rs.	31.03.2011 Rs.
1,623,309	1,675,851
4,470,621	4,179,191
5,395,757	4,346,668
(21,505)	(9,903)
(190,000)	54,817
11,278,182	10,246,624
10,526,198	17,698,219
(6,285,458)	(11,501,247)
(4,893,612)	(14,808,173)
10,625,310	1,635,423
(1,150,000)	(1,133,990)
9,475,310	501,433
(2,514,859)	(7,175,662)
190,000	442,000
(2,324,859)	(6,733,662)
21,505	9,903
(5,395,757)	(4,346,668)
177,622	1,417,042
(640,317)	-
(5,836,947)	(2,919,723)
1,313,504	9,151,952
2,585,342	11,737,294
3,898,846	2,585,342

S.N.KABRA

Managing Director

B.SHARMA

Jt. Managing Director

B.M.BANERJEE - Technical Director

VIKRAM KABRA - Director

UTTAM JHAWAR - Director



## Notes to the Financial Statements

### 1. Significant Accounting Policies

#### 1.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared on a going concern basis under the historical cost convention, (except in case of certain fixed assets which are re-valued, in accordance, in material respects, with the generally accepted accounting principles in India), the applicable Accounting Standards as notified under the Companies (Accounting Standards) Rules 2006("AS") and provisions of the Companies Act, 1956, as adopted consistently by the company.

The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. Where it is not possible to determine the quantum of accrual with reasonable certainty e.g. insurance and other claims, refund of custom/excise duty etc., these continue to be accounted for on settlement basis.

#### 1.2 Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### 1.3 Fixed Assets

Fixed Asset are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, taxes, incidental expenses related to acquisition/installation, adjusted for revaluation, if any,

#### 1.4 Depreciation and Amortisation

Depreciation is charged under Straight Line Method basis in accordance with the rates and manner specified in Schedule XIV of the Companies Act, 1956.

Amortisation in respect of intangible assets is provided on straight line basis over the period of underlying contract or estimated period of its economic life.

#### 1.5 Impairment of Assets

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. An impairment is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.



**1.6 Investment**

Long Term investments are stated at cost less provision for diminution in value other than temporary, if any.

**1.7 Inventories**

Inventories are valued at lower of cost or net realizable value, except waste, scrap and by-products valued at net realizable value. Cost is determined on weighted average basis. Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

**1.8 Revenue Recognition**

Sales are recognized on transfer of significant risks and rewards of the ownership of the goods to the buyer and are reported net of turnover/trade discounts, returns and claims. Revenue from job work or services are accounted as and when incurred.

Interest income is accounted on time proportion basis taking into account the amount outstanding and applicable interest rate.

**1.9 Employee Benefits**

Employee Benefits are accrued in the year in which the services are rendered by the employees. The contributions to Defined Contribution Schemes such as Provident Fund etc are recognized as and when incurred. The liability on account of encashment of un availed accumulated privilege leave of employees as at the balance sheet date is determined by the company's own calculations and accordingly provided in the books of account. No independent actuarial valuation has been made to determine liability for leave encashment.

The company has made payments to L.I.C. Of India towards group Gratuity scheme for the employees of the company. However, the Gratuity liability has not been determined by any independent valuer and has been provided as per the company's own rules & calculations.

**1.10 Borrowing Cost**

Borrowing costs incurred in relation to the acquisition, construction of assets are capitalized as part of costs of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.

**1.11 Research & Development Expenditure**

Research and Development expenses of revenue nature are charged to the Profit & Loss account under respective heads of account and Capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

**1.12 Leases**

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as expense in the Profit and Loss Account as per the term of the lease.

**1.13 Taxation**

Tax liability is estimated considering the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. On prudent basis, Deferred tax asset recognized and carried forward to the extent only when there is reasonable certainty that the assets will be adjusted in future.

**1.14 Government Grants**

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Project capital subsidy is credited to Capital Reserve. Other government grants or subsidies including export incentives are credited to Profit and Loss account or deducted from related expenses.

**1.15 Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**1.16 Foreign Currency Transactions and Forward Contracts**

Foreign currency transactions, on initial recognition, are recorded by applying to the foreign currency amount the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate and non-monetary, carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Premium paid/received on a foreign currency forward contract is recognized as income/expenditure over the life of the contract.

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

Kolkata-700001

Dated : The 2nd day of August, 2012

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





## Sreechem Resins Limited

### Notes to the Financial Statements (Contd...)

	Per Value	AS AT 31ST MARCH,2012 Rs.	AS AT 31ST MARCH,2011 Rs.
<b>2. SHARE CAPITAL</b>			
<b>2.1 Schedule -</b>			
<b>Authorised :</b>			
5 0,00,000 Equity Shares	10/-	<u>50,000,000</u> <u>50,000,000</u>	<u>50,000,000</u> <u>50,000,000</u>
<b>Issued :</b>			
4 0,00,000 Equity Shares	10/-	<u>40,000,000</u> <u>40,000,000</u>	<u>40,000,000</u> <u>40,000,000</u>
<b>Subscribed &amp; Fully Paid-up</b>			
4 0,00,000 Equity Shares	10/-	<u>40,000,000</u> <u>40,000,000</u>	<u>40,000,000</u> <u>40,000,000</u>

2.2 Equity Shares carry voting rights at the General Meeting of the Company and are entitled to divided and to participate in surplus, if any, in the event of winding up

	Eq. Sh. Of Rs.10/- each	In Rs.
Outstanding as at 1st April, 2011	4,000,000	4,000,000
Issued & Alloted during the during the year	-	-
Outstanding as at 1st April, 2012	<u>4,000,000</u>	<u>4,000,000</u>

2.4 Shareholders holding more than 5% shares in the Company

	3/31/2012		3/31/2011	
	No.	% holding	No.	% holding
Sri Satya Narayan Kabra	414600	10.37	414600	10.37
Sri Binod Sharma	339600	8.49	339600	8.49
M/s Kasturi Fiscal Pvt. Ltd	478000	11.95	471400	11.79
M/s Nivedan Marcantiles Pvt. Ltd	268800	6.72	266500	6.66
	<u>1,501,000</u>	<u>37.53</u>	<u>1,492,100</u>	<u>37.31</u>

### 3. RESERVE & SURPLUS

General Reserve			
As per Last Year		10,105,696	10,105,696
Profit & Loss - As per Last year	10596280		9275561
Profit for the year	<u>1,041,924</u>		<u>1320719</u>
Balance at the end of the year		<u>11,638,204</u>	<u>10,596,280</u>
		<u>21,743,900</u>	<u>20,701,976</u>

### 4. Long Term Borrowings

#### Secured

Vehicle Loans from Kotak Mahindra Prime Ltd & ICICI Bank Ltd	1,721,064	1,543,442
	<u>1,721,064</u>	<u>1,543,442</u>

Loans from above [ total outstanding - Rs. 17.21 Lacs (Previous Year Rs.15.43 Lacs )] are secured by first charge on the respective Vehicles. The loan is repayable, in 36 & 35 Monthly instalments commencing from Sept.2010 & Aug. 2011 Respectively.

# SCHEDULE TO ACCOUNTS

## 9. FIXED ASSETS

### GROSS BLOCK

	As at 1st April 2011	Additions during the year	Adjustment/ Sales	As at 31st March, 2012
<b>9. Tangible Assets</b>				
Land	749,660	-	-	749,660
Building	14,412,073	31,800		14,443,873
Plant & Machinery	55,537,652	1,078,866		56,616,518
Electrical Installation	2,079,821			2,079,821
Laboratory Equipments	608,266			608,266
Furniture & Fixture	2,910,873			2,910,873
Computer	799,382	32,232		831,614
Motor Vehicle	5,342,608	-	-	5,342,608
Motor Vehicle-Goods	1,842,021	1,371,961	615,000	2,598,982
	<b>84,282,356</b>	<b>2,514,859</b>	<b>615,000</b>	<b>86,182,215</b>
Previous Year	77,976,164	7,687,762	1,381,570	84,282,356

R.C. Jhawer  
 Proprietor  
 Membership No. 17704.  
 For and on behalf of  
 R C JHAWER & CO.  
 Chartered Accountants  
 FRNo,310068E  
 Kolkata-700001  
 Dated : The 2nd day of August,2012

## DEPRECIATION

## NET BLOCK

As at 1st April, 2011	For the Year	Adjustment/ Sales	As at 31st March, 2012	WDV as at 31st March, 2012	WDV as at 31st March, 2011
-	-	-	-	749,660	749,660
6,946,748	483,733	-	7,430,481	7,013,392	7,465,325
39,065,533	2,957,334	-	42,022,867	14,593,651	16,472,119
2,007,259	49,155	-	2,056,414	23,407	72,562
527,349	28,972	-	556,321	51,945	80,917.00
2,412,664	104,957	-	2,517,621	393,252	498,209
739,940	91,671	-	831,611	3	59,442
2,714,463	508,938	-	3,223,401	2,119,207	2,628,145
697,505	245,861	615,000	328,366	2,270,616	1,144,516
<b>55,111,461</b>	<b>4,470,821</b>	<b>615,000</b>	<b>58,967,082</b>	<b>27,215,133</b>	<b>29,170,895</b>
51,817,023	4,179,191	884,753	55,111,461	29,170,895	

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

Sreechem Resins Limited





## Sreechem Resins Limited

	AS AT 31ST MARCH, 2012 Rs.	AS AT 31ST MARCH, 2011 Rs.
<b>5. Other Long Term Liabilities</b>		
Trade Deposits	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
<b>6. Short Term Borrowing</b>		
Secured Loans from Bank - on Cash Credit Account	38,803,348	39,443,665
	<u>38,803,348</u>	<u>39,443,665</u>
<p>The Loan is secured by (a) Equitable mortgage by way of deposit of title deeds of land &amp; buildings, structures and fixtures thereon both present and future of both Raigunpur 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 Guarantees of Sri S.N. Kabra, Managing Director &amp; Sri Binod Sharma, Joint Managing Director</p>		
<b>7. Trade Payable</b>		
Sundry Creditors for goods	33,177,575	23,354,368
	<u>33,177,575</u>	<u>23,354,368</u>
<p>There are no dues to Micro and Small Enterprises, determined to the extent such parties have been identified on the basis of information available with the Company, as at March, 31, 2012, which requires disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.</p>		
<b>8. Other Current Liabilities</b>		
Advances from Customers	56,478	-
Employees benefits liabilities	370,357	313,106
Excise Duty on Finished Goods Stock payable	1,229,645	1,193,667
Others	1,206,282	652,998
	<u>2,862,762</u>	<u>2,159,771</u>
<b>9. Fixed Assets - (Schedule in Next Page)</b>		
<b>Tangible Assets</b>		
Gross Block	86,182,215	84,282,356
Less: Depreciation	58,967,082	55,111,461
	<u>27,215,133</u>	<u>29,170,895</u>
<b>10. Non Current Investments</b>		
<b>LONG TERM:</b>		
<b>Non Trade, Unquoted</b>		
6 Year National Saving Certificates VII		
(Lodged with Sales Tax & Excise Authorities)	29,000	29,000
3000 Fully Paid up Equity Shares of		
Rs. 10/- each in Shreechem Industries Pvt. Ltd.	150,000	150,000
(a)	<u>179,000</u>	<u>179,000</u>
<b>Non Trade, (Quoted )</b>		
10,000 Fully Paid up Equity Shares		
of Rs. 10/- each in Orind Exports Ltd.	100,000	100,000
(b)	<u>279,000</u>	<u>279,000</u>
Total (a+b)	<u>31,700</u>	<u>31,700</u>
Market value of Quoted Shares	31,700	31,700
<b>11. Inventories</b>		
Raw Materials	35,657,085	29,385,850
Finished Goods	11,178,226	12,782,666
Packing Materials	2,901,952	2,898,900
Stores and Spares	530,225	306,460
	<u>50,267,488</u>	<u>45,373,876</u>



## Sreechem Resins Limited

	AS AT 31ST MARCH, 2012 Rs.	AS AT 31ST MARCH, 2011 Rs.
<b>12. Trade Receivable</b>		
(Unsecured, Considered Good)		
Outstanding for a period exceeding 6 months from the date they are due for payment (Net)	1,253,575	980,259
Outstanding for a Period of Less than 6 Months from the date they are due for payment	51,324,547	42,888,467
	<u><b>52,578,122</b></u>	<u><b>43,868,726</b></u>
<b>13. Cash and Cash Equipments -</b>		
Cash on Hand (as certified by the management)	1,151,975	1,149,086
Balance in Current Account with Scheduled Banks	<u>2,746,872</u>	<u>1,436,257</u>
	<u><b>3,898,847</b></u>	<u><b>2,585,343</b></u>
<b>14. Short Term Loans and Advances</b>		
(Unsecured, Considered Good)		
Advances	2,185,074	955,000
Advance Income Tax ( Net Of Provision)	32,087	44,969
Prepaid Expenses	161,295	265,555
Security Deposit	532,699	694,699
Claim Receivable	722,937	722,937
Taxes and Duties Receivable	630,732	1,128,576
Modvat Receivable	2,504,464	5,489,793
Staff Advances	<u>496,807</u>	<u>388,504</u>
	<u><b>7,266,095</b></u>	<u><b>9,690,033</b></u>
<b>15. Revenue from Operations -</b>		
Sale of Goods	<u>325,940,370</u>	<u>334,837,208</u>
	<u><b>325,940,370</b></u>	<u><b>334,837,208</b></u>
<b>16. Other Income</b>		
Interest Income	21,505	9,903
Profit on sale/discard of Fixed Assets (Net)	190,000	-
Other Non-operating Income	<u>347,317</u>	<u>488,957</u>
	<u><b>558,822</b></u>	<u><b>498,860</b></u>
<b>17. Cost of Material Consumed</b>		
Opening Stock	29,385,850	20,765,040
Add: Purchases	249,130,440	270,872,376
Less : Closing Stock	<u>35,657,085</u>	<u>29,385,850</u>
Consumption	<u><b>242,859,205</b></u>	<u><b>262,251,566</b></u>
<b>18. Changes in Inventories</b>		
<b>Opening Stock :</b>		
Finished Goods	12,782,666	7,543,709
<b>Sub-total (I)</b>	<u><b>12,782,666</b></u>	<u><b>7,543,709</b></u>
<b>Closing Stock :</b>		
Finished Goods	11,178,226	12,782,666
<b>Sub-total (II)</b>	<u><b>11,178,226</b></u>	<u><b>12,782,666</b></u>
<b>Total (I-II)</b>	<u><b>1,604,440</b></u>	<u><b>(5,238,957)</b></u>
<b>19. Employees Benefits Expenses</b>		
Salaries, Wages, Bonus etc.	7,132,222	6,225,508
Contribution to Provident & other funds	781,544	740,091
Employees Welfare Expenses	<u>269,713</u>	<u>281,464</u>
	<u><b>8,183,479</b></u>	<u><b>7,247,063</b></u>

Defined benefits plans : No Actuarial valuation has been made for Gratuity and leave encashment by the company from any acturier Valuer. The company has made payments to L.I.C. of India towards group gratuity scheme for the employees of the company. The company makes payments of leave encashment to the eligible employees.



## Sreechem Resins Limited

	AS AT 31ST MARCH, 2012 Rs.	AS AT 31ST MARCH, 2011 Rs.
<b>20. Finance Cost</b>		
Interest Expenses	5,169,712	4,143,738
Other Finance Charges	226,045	202,930
	<u>5,395,757</u>	<u>4,346,668</u>
<b>21. OTHER EXPENSES</b>		
Salaries & Bonus (Directors' Remuneration)	1,698,000	1,698,000
Bank Charges	232,231	223,746
Filing Fees	2,000	3,010
Auditors' Remuneration	56,180	55,150
General Expenses	2,496,700	2,668,481
Printing and Stationery Expenses	251,337	234,736
Rates & Taxes	1,990,451	2,027,466
Legal Expenses	1,905	1,680
Maintenance Expenses	814,908	865,068
Motor Car Maintenance Expenses	945,096	783,791
Stores & Spares Consumed	2,348,093	1,384,013
Packing Materials Consumed	3,010,207	2,503,823
Transportation Expenses	1,127,111	1,032,346
Motor Vehicle Exp. - Goods	810,038	1,057,460
Travelling & Conveyance Expenses	512,895	671,931
Insurance	857,517	829,247
Commission	1,046,379	1,592,782
Postage & Courier Expenses	131,098	172,725
Telephone & Mobile Expenses	227,634	234,597
Rent	129,657	265,855
	<u>18,689,437</u>	<u>18,305,907</u>
<b>22. Foreign Currency Transaction</b>		
<b>i. Value of imports on CIF Basis</b>		
Raw Materials	4,433,126	5,539,719
Store & Spare parts (incl. Components)	-	-
<b>ii. Expenditure in foreign currency</b>		
Travelling expenses	-	190,268
<b>iii. Earnings in foreign exchange</b>		
Export (including Deemed) of goods (on FOB basis)	3,049,362	7,037,295
<b>23. Foreign Currency Exposure</b>		
<b>i. The outstanding foreign exchange exposures hedged under forward contracts :</b>	-	-
<b>ii. The foreign exchange exposures not covered -</b>	-	-
<b>24. Foreign Exchange loss (net) of Rs.129587.00 (previous year Gain : Rs.95597/- ) has been included in respective heads of the Statement of Profit and Loss .</b>		

**25. Value of consumables**

	2011-12		2010-11	
	Rs. In lacs	%	Rs. In lacs	%
<b>Raw Materials</b>				
Imported origin	44.33	1.82	59.40	2.26
Indigenous	2,384.26	98.18	2,563.00	97.74
	<u>2,428.59</u>	<u>100.00</u>	<u>2,622.40</u>	<u>100.00</u>
<b>Spares and Components</b>				
Imported origin	-	-	-	-
Indigenous	23.48	100.00	13.84	100.00
	<u>23.48</u>	<u>100.00</u>	<u>13.84</u>	<u>100.00</u>



(in terms of AS 17)

	(Rs. In lacs) 2011-12	(Rs. In lacs) 2010-11
<b>Revenue from Operations</b>		
Within India	3,228.91	3,277.99
Outside India	30.49	70.37
<b>Total</b>	<b>3,259.40</b>	<b>3,348.36</b>

(in terms of AS 18)

**(i) Parties with Significant influence**

**Amount (Rs.)**

Satya Narayan Kabra - Managing Director  
Binod Sharma - Jt. Managing Director  
Vikram Kabra - Director

Sri Satya Narayan Kabra	647,448
Sri Binod Sharma	614,105
Sri Vikram Kabra	531,450
Sri B.M. Banerjee	198,000

Sri Krishna Kumar Kabra	248,280
Sri Vibhor Sharma	180,000

## Loans & Advances

Kasturi Fiscal Pvt. Ltd.	2,900,000	2,900,000	NIL
Nivedan Mercantiles Pvt. Ltd.	2,650,000	2,650,000	NIL
Sreechem Finance Pvt. Ltd.	300,000	300,000	NIL

(in terms of AS 20)

(Face Value - Rs. 10/-)

**Basic and Diluted Earnings per Share - Rs.**

### Before considering Exceptional Items

### After considering Exceptional Items

29. In view of the revision to the Schedule VI as per notification issued by the Central Government, the financial statements for the year ended 31st March, 2012 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956. The previous period's figures have been accordingly regrouped/reclassified to confirm to the current year's classification.

### Contingent Liabilities

(not provided for)

Matter under appeal with Income Tax

654,470	654,470
<u>654,470</u>	<u>654,470</u>

The I.T.O. Centralized Processing Center, Bangalore has raised a demand of Rs.654470.00 for the assessment year 2009-10 under sec 143(1) against which the company has filed rectification petition under sec.154 of the income tax act, which is pending. The Directors of the company are of the view that the demand will be reduced to nil on disposal of the rectification petition.

**As per our report of even date,**

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

Kolkata-700001

Dated : The 2nd day of August, 2012

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



## 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 Saturday 29th of September, 2012 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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 Saturday the 29th day of September, 2012 at 10.00 a.m.

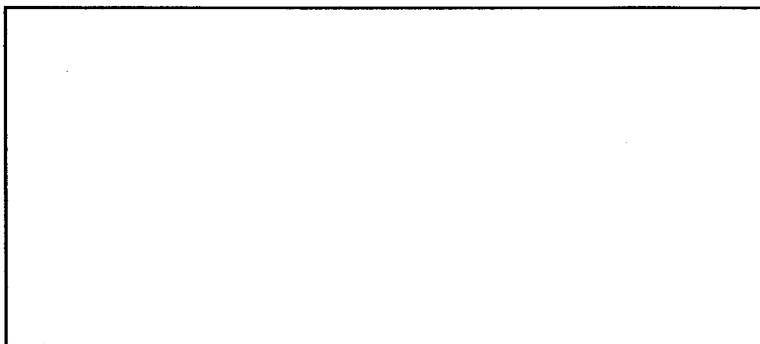
SIGNATURE OF THE MEMBER OR PROXY



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