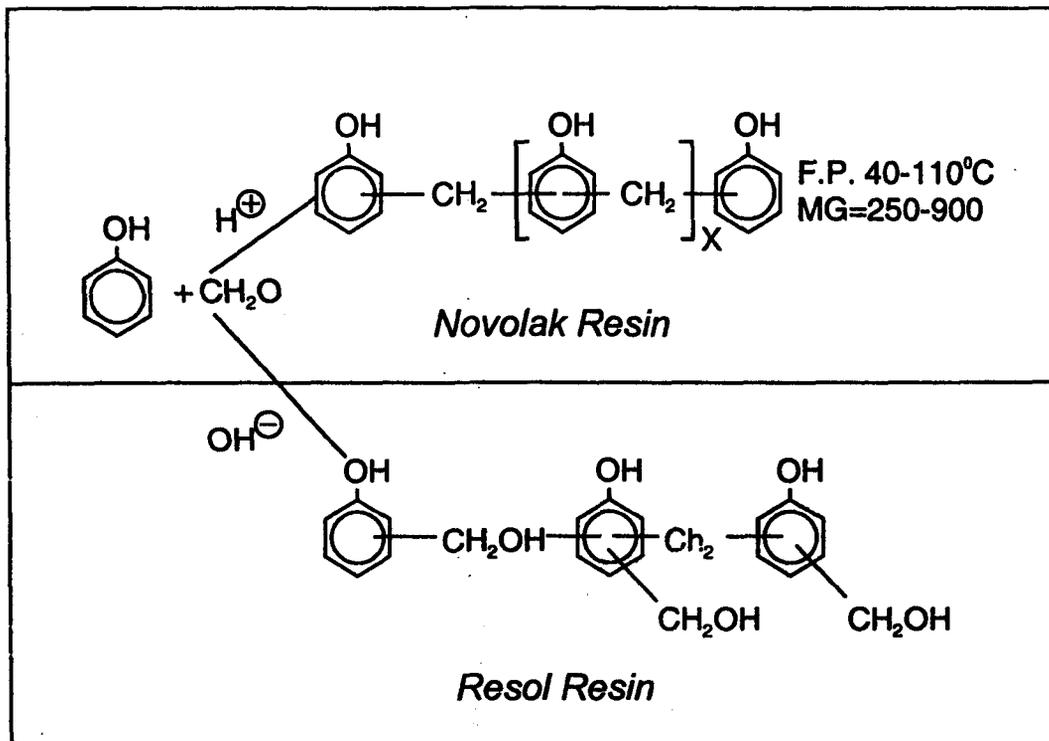


Annual Report 2012-2013



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. Jhawar & 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
Post : Raigarh
(C.G.)

CORPORATE OFFICE :

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

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NOTICE

NOTICE IS HEREBY GIVEN that the Twenty Fifth 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 Thursday the 26th day of September, 2013 to transact the following business :

ORDINARY BUSINESS:

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2013, 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 Uttam Jhawar & Sri Sanjay Bansal, 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"

SPECIAL BUSINESS:

- 1) To pass as an ordinary resolution with or without any modification :

"Resolved that Sri Vibhor Sharma, an additional Director of the company, who was appointed U/S 260 of the companies act, 1956 to hold office up to the date of Annual General Meeting and in respect of whom the company has received notice u/s 257 of the companies act 1956 from a shareholder signifying his intention to propose Sri Vibhor Sharma for the office of Director of the company, be and is hereby appointed as a Director liable to retire by rotation."

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

Sri Vibhor Sharma was appointed as an additional Director in the Board Meeting held on 16.04.2013. In terms of section 260 of the companies act, 1956 he holds office of Director up to the date of Annual General Meeting. A notice u/s 257 of the Company's act 1956 has been received from a shareholder signifying his intention to propose him for the office of Director.

The appointment of Sri Vibhor Sharma will be in the interest of the company and your Directors recommend the proposed resolution for approval of the members.

Except Sri Binod Sharma, no other Director is interested or concerned in the resolution.

Registered Office
Vill : Jhagarpur,
Post : Rajgangpur-770 017
ORISSA
Dated : The 30th day of July 2013

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 Friday, 20th September 2013 to Thursday, 26th September 2013 (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.



DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Accounts for the year ended 31st March 2013.

Financial Results:

	(Figures in Rs. '000)	
	Year ended 31.03.2013	Year ended 31.03.2012
Net Income from operations and other income	285972	295863
Profit Before Depreciation, Interest & Tax	11366	11490
Interest	5407	5396
Depreciation	4441	4471
Profit/Loss before Tax	1518	1623
Provision for Taxation	1100	1150
Deferred Tax	(667)	(569)
Profit/Loss after Tax	1085	1042
Balance Brought forward from Previous year	11638	10596
Leaving a balance to be carried forward	12723	11638

OPERATIONS:

Your Directors have to report that the net Income from operations for the year is Rs.28.60 crores against last years Rs. 29.59 crores exclusive of Inter Unit Transfers of Rs.8.11 crores against Rs 7.79 crores last year. The profit before taxes is Rs. 15.18 iacs against Rs. 16.23 iacs in previous year. After provision for current taxes amounting to Rs.11.00 lacs and write back of deferred Tax Liabilities of Rs. 6.67 iacs, Net Profit amounts to Rs.10.85 iacs, against Rs.10.42 lacs last year. Adding the brought forward profit of Rs. 116.38 lacs, the balance of Rs. 127.23 lacs is carried over to the next year.

During the year both production and sales declined marginally compared to last year. The prices of raw materials remained higher through out the year and the company was able to pass on the increase in prices of finished products partially to customers. The directors do not expect the situation to improve in the foreseeable future. There is huge competition from other manufacturers as newer plants have come up around the customer's locations.

The planned huge investments both green field as well as brown field by main steel producers have either been dropped or deferred. Your Directors do not expect the scenario to improve shortly.

DIVIDEND:

Your Directors want to conserve the funds for use in working capital and as such do not declare any dividend for 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.

- i) that in the preparation of the annual accounts, for the financial year ended 31st March 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;



Sreechem Resins Ltd.

- 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 2013, 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 Uttam Jhawar & Sri Sanjay Bansal Directors, retire 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.

The Board had appointed Sri Vibhor Sharma as an additional Director on 16.04.2013 u/s 260 of the companies act 1956 to hold office of Director up to the date of Annual General Meeting. The company has received a notice from a share holder signifying his intention to propose Sri Vibhor Sharma for the office of Director of the company.

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 wishes 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, KOLKATA 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

S. N. Kabra

Binod Sharma

Dated : The 30th day of July, 2013

Managing Director

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 2013.

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		2012-2013	2011-2012
1. Electricity			
Purchased Unit	KWH	587645	579095
Total Amount	Rs.	3525744	3152721
Rate	Rs./KWH	6.00	5.44
2. Own Generation through Diesel Generator			
Units	KWH	69386	68674
Unit per Litre of Diesel	KWH/ Ltr.	2.94	2.92
Cost per Unit	Rs./ KWH	15.84	13.37
B. Consumption per Unit Production			
(Electricity)	KWH/MT	139	138

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. 3450150.00	(P/Y Rs. 3049362.00)
Outgo	—	Rs. NIL	(P/Y Rs. NIL)

For and by Order of Board

Place : Kolkata

S. N. KABRA

BINOD SHARMA

Dated : The 30th day of July, 2013

Managing Director

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 strength of board is 8 as on 31st March 2013. The Board of Directors comprises a Managing Director, a Joint Managing Director, two Executive Directors and four independent Directors. During the year, 7 Board Meetings were held on 12.05.2012, 02.08.2012, 14.08.12, 22.10.12, 12.11.12, 11.12.12 and 04.02.2013.

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	7	Yes	5
Mr. B. Sharma Director	Joint Managing	7	Yes	12
Mr. B.M. Banerjee Executive Director	Technical Director	6	Yes	None
Mr. Y. K. Dalmia Independent Director	Director	5	Yes	4
Mr. V. Kabra Executive Director	Director	7	Yes	2
Mr. S. K. Joshi Independent Director	Director	6	Yes	1
Mr. Sanjay Bansal Independent Director	Director	5	Yes	5
Mr. Uttam Jhawar Independent Director	Director	6	No	4

(c) **Audit Committee**

1. Terms of reference : It oversees 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 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 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.



Sreechem Resins Ltd.

2. **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	35952	635952
Mr. B. Sharma	6,00,000	25001	625001
Mr. B.M. Banerjee	1,98,000	NIL	198000
Mr. Y.K. Dalmia	NIL	NIL	NIL
Mr. V. Kabra	3,30,000	291	330291
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.

- (e) 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 7 Meetings during the year and approved the transfer of the shares lodged with the Company.

(f) General Body Meetings:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2011-12	29.09.2012	10-00 A.M	Registered Office
2010-11	28.09.2011	10-00 A.M	Registered Office
2009-10	29-09-2010	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.



Sreechem Resins Ltd.

(g) 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.

(h) Means of communication:

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

(i) General Shareholders' Information:

1. Annual General Meeting is to be held at 10.00 A.M. ON Thursday, the 26th September, 2013 at Regd. Office Vill : Jhagarpur, Rajgangpur (Orissa) .
2. Annual results of previous year last week of July
Mailing of Annual Reports 1st week of September
First Quarter results Second Week of August
Annual General Meeting Thursday, 26th September, 2013
Second Quarter results Second Week of November
Third Quarter results Second Week of February
3. **Dates of book closure** : From Friday, 20th September, 2013 to Thursday, 26th September, 2013 (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 and 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 shareholding as on 31st March, 2013

No. of Shares	Shareholders		Shareholding	
	Nos.	%	Nos.	%
Up to 500	10219	95.08	1384100	34.60
501-1000	313	2.91	266600	6.67
1001-2000	130	1.21	204900	5.12
2001-3000	33	0.30	82900	2.07
3001-4000	16	0.15	57100	1.43
4001-5000	8	0.07	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	0.46	1654800	41.37
	10,748	100.00	4000000	100.00



Sreechem Resins Ltd.

8. Categories of Shareholders as on 31st March, 2013:

Category	No. of Shares held	% Shareholding
Financial Institutions	1900	00.05
Foreign Institutional Investors	1000	00.02
Bodies Corporate	1074100	26.85
Directors & Relatives	840400	21.01
Others	2082600	52.07
	4000000	100.00

9. Dematerialization of shares:

As on 31st March 2013, 59.00% of the Company's total shares representing 2362499 shares were held in dematerialized form and the balance 41.00% representing 1637501 shares were held in paper form.

10. Investors Complaints status:

During the year 2 (Two) complaints from SEBI was received and were duly Cleared. No request for dematerialization / Transfer was pending for Equity Shares as on 31st March 2013. All requests received for transfer, dematerializations etc. were dealt with within stipulated time limit of SEBI / Stock Exchanges.

Investors Grievance Redressal System:

The investor's 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 15 days from the date of receipt of the complaint for disposal of investor's 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-materializations 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 Demat 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 : 2454-1961, 2474-7674

Fax : 91-33-2474-7674 & 2454-1961

E-mail : mcskol@rediffmail.com



Sreechem Resins Ltd.

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 communications 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.

CORPORATE GOVERNANCE :

Your Company attaches considerable importance to good corporate Governance and aspires 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 30th day of July, 2013

S. N. KABRA

Managing Director

BINOD SHARMA

JT. Managing Director



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 3% but due to dumping of imported refractories by China, local industries did not get the benefits of higher consumption of refractories as well as 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 increase simultaneously.

COMPANY'S PERFORMANCE

Gross Income from Operations	Rs. 319381356
Profit before Taxation	Rs. 1517736
Profit after Taxation	Rs. 1084906

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 should 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.

However 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 :

There are only two manufacturers of our basic raw materials- phenol. Shut down of any or both the plants pose a risk of getting supplies as well prices. Besides that there is huge fluctuation in the prices of Phenol.

The Company has business understanding with some of the big customers constituting about 60% of the production and sales. According to the said understanding 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 to the extent possible.



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. The depreciation of the rupee is also a challenge affecting the cost of inputs.

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 30th day of July, 2013

S. N. KABRA

Managing Director

BINOD SHARMA

JT. Managing Director



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, 2013, 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 conduct the affairs of the Company.

Place : Kolkata
Date : 30-07-2013

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 2013.

Place : Kolkata
Dated : The 30th day of July, 2013

S. N. KABRA
Managing Director



Sreechem Resins Ltd.

R C Jhaver & Co.

INDEPENDENT AUDITORS' REPORT

Chartered Accountants

TO THE MEMBERS OF M/S. SREECHEM RESINS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sreechem Resins Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance on internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013 and
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 those books.
 - c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act to the extent applicable.
 - e) On the basis of written representations received from the directors, as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

R. C. Jhaver
Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F R No.310068E

Place : Kolkata

Date : The 30th day of July, 2013



Sreechem Resins Ltd.

Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

- 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 cost records maintained by the Company in terms of Sec 209(1)(d) of the Act in respect of its products Synthetic phenolic resin and we are of the opinion that prima facie, the prescribed cost records have been 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



Sreechem Resins Ltd.

- 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
Central Sales Tax Act, (Orriisa)	CST	Rs.1,02,547/-	2004-2005	Sales Tax Appellate Authorities

- x) The Company neither has accumulated losses as at 31st March, 2013 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) 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.

R. C. Jhaver
Proprietor

Membership No. 17704

For and on behalf of
R C Jhaver & Co.
Chartered Accountants
F R No.310068E

Place : Kolkata

Date : The 30th day of July, 2013



Sreechem Resins Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	40,000,000	40,000,000
Reserves and Surplus	3	22,828,806	21,743,900
Non-current Liabilities			
Long Term Borrowings	4 (A)	603,260	707,955
Other Long Term Liabilities	5	50,000	50,000
Deffered Tax Liabilities	6	2,478,866	3,146,036
Current Liabilities			
Short Term Borrowings	4 (B)	42,178,400	39,816,457
Trade Payables	7	35,040,126	33,180,550
Other Current Liabilities	8	6,760,622	2,862,762
Total		149,940,080	141,507,660
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	9	24,852,394	27,215,133
Non-current Investments	10	279,000	279,000
Current Assets			
Inventories	11	52,765,937	50,267,488
Trade Receivables	12	61,634,945	52,578,122
Cash and Cash Equivalents	13	4,149,141	3,898,847
Short Term Loans and Advances	14	6,258,663	7,269,070
Total		149,940,080	141,507,660

Significant Accounting Policies 1

Notes on Financial Statements 2 to 27

Accompanying notes form integral an part of the financial statements

As per our report of even date.

RCJHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F.R. No.310068E

Koikata-700001

Dated : The 30th day of July, 2013

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

UTTAM JHAWAR - Director



Sreechem Resins Ltd.

**STATEMENT OF PROFIT & LOSS FOR
THE YEAR ENDED 31ST MARCH, 2013**

	Notes	YEAR ENDED 31ST MARCH, 2013		YEAR ENDED 31ST MARCH, 2012	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Revenue from operations	15	319,381,356		325,940,370	
Less : Excise Duty		<u>33,891,439</u>		<u>30,635,920</u>	
Revenue from operations (Net)		285,489,917		295,304,450	
Other Income	16	<u>482,057</u>		<u>558,822</u>	
TOTAL REVENUE		<u>285,971,974</u>		<u>295,863,272</u>	
EXPENSES					
Cost of Materials Consumed	17	233,422,783		242,859,205	
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	18	1,237,779		1,604,440	
Employees Benefits Expenses	19	9,850,943		8,418,608	
Finance Costs	20	5,407,106		5,395,757	
Other Expenses	21	30,094,455		31,491,332	
Depreciation and Amortisation	9	<u>4,441,172</u>		<u>4,470,621</u>	
TOTAL EXPENSES		<u>284,454,238</u>		<u>294,239,963</u>	
Profit before Tax		1,517,736		1,623,309	
Tax Expenses-Current Tax		1,100,000		1,150,000	
DEFERRED TAX	6	<u>(667,170)</u>		<u>(568,615)</u>	
PROFIT AFTER TAX		<u>1,084,906</u>		<u>1,041,924</u>	
Earnings per Equity Share	25				
(Face Value - Rs. 10/-)					
Basic and Diluted Earnings per Share - Rs.		0.27		0.26	

Significant Accounting Policies 1

Notes on Financial Statements 2 to 27

Accompanying notes form integral part of the financial statements

As per our report of even date.

R C JHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F.R. No.310068E

Kolkata-700001

Dated : The 30th day of July, 2013

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

UTTAM JHAWAR - Director



**CASH FLOW STATEMENT FOR
THE YEAR ENDED 31ST MARCH, 2013**

	31.03.2013 Rs.	31.03.2012 Rs.
A. Cash Flow from Operating Activities		
Net Profit Before Tax	1,517,736	1,623,309
Adjustments for :		
Depreciation	4,441,172	4,470,621
Finance Cost	5,407,106	5,395,757
Interest Income	(24,391)	(21,505)
Profit/(Loss) on sale of Fixed Assets	98,362	(190,000)
Operating Profit Before Working Capital Changes	11,439,985	11,278,182
Change in Working Capital		
Increase/Decrease in Trade & Other Payables	5,757,436	10,526,198
Increase/Decrease in Trade & Other Receivable	(8,046,416)	(6,285,458)
Increase/Decrease in Inventories	(2,498,449)	(4,893,612)
Cash Generated from Operations	6,652,556	10,625,310
Direct Taxes Paid	(1,100,000)	(1,150,000)
Net Cash from Operating Activities	5,552,556	9,475,310
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,376,795)	(2,514,859)
Sale of Fixed Assets	200,000	190,000
Net Cash used in Investing Activities	(2,176,795)	(2,324,859)
C. Cash Flow from Financing Activities		
Interest Income	24,391	21,505
Finance Cost Paid	(5,407,106)	(5,395,757)
Increase/Decrease in Long Term Borrowings	2,257,248	177,622
Decreased in Cash Credit and Overdrafts from Bank	---	(640,317)
Net Cash used from Financing Activities	(3,125,467)	(5,836,947)
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	250,294	1,313,504
E. Opening Cash & Cash Equivalents (Cash and Bank Balances)	3,898,847	2,585,343
F. Closing Cash & Cash Equivalents (D+E) (Refer Note 14)	4,149,141	3,898,847

NOTES :

Figures in brackets represent outflows.

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

RC JHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F.R. No.310068E

Kolkata-700001

Dated : The 30th day of July, 2013

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

UTTAM JHAWAR - Director



Sreechem Resins Ltd.

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 2012-13 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 in-violation 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 polices 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 30th day of July, 2013

P. D. SOMANI

MANAGER FINANCE & LEGAL

S. N. KABRA

MANAGING DIRECOTR



Notes : 1

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 :

1. Significant Accounting Policies :

Basis of Preparation of Financial Statements :

These Financial Statements have been 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.

Tangible Assets :

Tangible Assets are stated at their cost of acquisition, net of accumulated depreciation. The Company capitalizes all expenses related to the installation of fixed assets but excludes duties and taxes that are recoverable/adjustable subsequently from taxing authorities.

Depreciation :

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

Investment

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

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 realizable 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.81170370.00 (last year Rs.60615162.00) All other incomes are accounted for as and when accrued.

Sales of goods are recognized upon the transfer of significant risks & rewards of ownership of the goods to the customers which generally coincides with their delivery to the customers.

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.

Employees Benefits

The company is making payments to L.I.C of India towards Group Gratuity Scheme for the employees of the company. The company has not obtained any independent actuarial valuation of its liability towards gratuity and leave encashment payable to the employees of the company in the future. Gratuity is accounted for on the basis of actual payments made to Life Insurance Corporation of India as per their Group gratuity scheme.

RC JHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F.R. No.310068E

Kolkata-700001

Dated : The 30th day of July, 2013

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

UTTAM JHAWAR - Director



Sreechem Resins Ltd.

Notes to the Financial Statements (Contd...)

	Per Value Rs.	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
2. SHARE CAPITAL			
2.1 Schedule -			
Authorised :			
5 0,00,000 Equity Shares of Rs. 10/- each	10/-	50,000,000	50,000,000
		50,000,000	50,000,000
Issued :			
4 0,00,000 Equity Shares of Rs. 10/- each	10/-	40,000,000	40,000,000
		40,000,000	40,000,000
Subscribed & Fully Paid-up :			
4 0,00,000 Equity Shares of Rs. 10/- each fully Paid in cash	10/-	40,000,000	40,000,000
		40,000,000	40,000,000

2.2 Terms and rights attached to Equity Shares :

The Company has only one class of Equity Shares having a par value of Rs. 10/- per shares. Each Holder of Equity share is entitled to one vote per share. In the event of liquidation, the Eq. Share holders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

2.3 Reconciliation of Number of Shares

	No. of shares	No. of shares
Outstanding at the beginning of the year (No. of Shares)	4,000,000	4,000,000
Add : Issued and Allotted during the year	---	---
Outstanding at the end of the year (No. of Shares)	4,000,000	4,000,000

2.4 Shareholders holding more than 5% shares in the Company

Particulars	3/31/2013		3/31/2013	
	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.	479500	11.99	478000	11.95
M/s Nivedan Marcantiles Pvt. Ltd.	268800	6.72	268800	6.72
	1,502,500	37.56	1,501,000	37.53

3. RESERVE & SURPLUS

General Reserve

As per Last Year 10,105,696 10,105,696

Surplus in Statement of Profit and Loss

As per Last Balance Sheet	11,638,204	10,596,280
Add : Profit for the year	1,084,906	1,041,924
	12,723,110	11,638,204
	22,828,806	21,743,900



Sreechem Resins Ltd.

Notes to the Financial Statements (Contd...)

	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
4. BORROWINGS		
Secured		
A) Long Term		
Vehicle Finance-From ICICI Bank	96,163	594,142
Vehicle Finance from Kotak Mahindra Prime ltd.	---	113,813
Car Finance-From ICICI Bank	507,097	---
	<u>603,260</u>	<u>707,955</u>
B) Short Term		
From Allahabad Bank - on Cash Credit Account *	41,341,384	38,803,348
Vehicle Finance-From ICICI Bank	497,979	693,364
Vehicle Finance from Kotak Mahindra Prime ltd	113,813	319,745
Car Finance-From ICICI Bank	225,224	---
	<u>42,178,400</u>	<u>39,816,457</u>
Total Secured Borrowings (A +B)	<u>42,781,660</u>	<u>40,524,412</u>

Loans from banks [total outstanding - Rs. 14.40 Lacs (Previous Year Rs.17.22 Lacs)] are secured by first charge on the Vehicles against which respective loans are taken. These loans are repayable by FY 2015-16. The loans are repayable in equal monthly Instalments from the date of loan.

* The Loan from Allahabad Bank is secured by (a) Equitable mortgage by way of deposit of the title deeds of Land & Building, Structures and fixtures thereon both present & future of both Rajgangpur & Raigarh plants of the company, (b) first charge by way of hypothecation of all movable properties - raw material, work in progress, finished goods, book debts, both present & future. (c) Personal guarantees of Managing Director & Joint Managing Director of the company.

Loans from ICICI Bank & Kotak Mahindra Prime Ltd. are secured by hypothecation of the relevant motor vehicles.

5. OTHER LONG TERM LIABILITIES

Trade Deposits	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

6. DEFERRED TAX LIABILITIES

On Account of Difference between Book Value of Depreciable Assets as per Books of Account and Written Down Value for Tax purposes	3,146,036	3,714,651
Net Incremental Liability Charged to Profit & Loss Account	(667,170)	(568,615)
	<u>2,478,866</u>	<u>3,146,036</u>

7. TRADE PAYABLES

Sundry creditors for goods	35,040,126	33,180,550
	<u>35,040,126</u>	<u>33,180,550</u>

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, 2013, which requires disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

8. OTHER CURRENT LIABILITIES

Advance to Related Parties	4,400,000	---
Advance from Customers	4,857	56,478
Employees benefits liabilities	503,506	370,357
Differential Excise Duty on F.G. Stock	1,093,485	1,229,645
Creditors for other liabilities	758,774	1,206,282
	<u>6,760,622</u>	<u>2,862,762</u>

SCHEDULE TO ACCOUNTS

9. FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 31st March, 2012	Additions during the Year	Adjustment/ Sales	As at 31st March, 2013	As at 31st March, 2012	For the Year	Adjustment/ Sales	As at 31st March, 2013	WDV as at 31st March,2013	WDV as at 31st March,2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets										
Land	749,660	---	---	749,660	---	---	---	---	749,660	749,660
Building	14,443,873	925,853	---	15,369,726	7,430,481	482,425	---	7,912,906	7,456,820	7,013,392
Plant & Machinery	56,616,518	319,484	---	56,936,002	42,022,867	3,002,944	---	45,025,811	11,910,191	14,593,651
Electrical Installation	2,079,821	---	---	2,079,821	2,056,414	23,405	---	2,079,819	2	23,407
Laboratory Equipments	608,266	---	---	608,266	556,321	22,862	---	579,183	29,083	51,945
Furniture & Fixture	2,910,873	80,930	---	2,991,803	2,517,621	100,891	---	2,618,512	373,291	393,252
Computer	831,614	47,972	---	879,586	831,611	4,994	---	836,605	42,981	3
Motor Vehicle	5,342,608	1,002,556	534,649	5,810,515	3,223,401	509,706	236,287	3,496,820	2,313,695	2,119,207
Motor Vehicle-Goods	2,598,982	---	---	2,598,982	328,366	293,945	---	622,311	1,976,671	2,270,616
	86,182,215	2,376,795	534,649	88,024,361	58,967,082	4,441,172	236,287	63,171,967	24,852,394	27,215,133
Previous Year	84,282,356	2,514,859	615,000	86,182,215	55,111,461	4,470,621	615,000	58,967,082	27,215,133	

RC JHAWER

Proprietor

Membership No. 17704

For and on behalf of

RC Jhawer & Co.

Chartered Accountants

F.R. No.310068E

Kolkata-700001

Dated : The 30th day of July, 2013

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

UTTAM JHAWAR - Director



**Sreechem Resins Ltd.****Notes to the Financial Statements (Contd...)**

	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
10. NON CURRENT INVESTMENTS		
(Non Trade UnQuoted)		
6 Year National saving Certificate VII *	29,000	29,000
3000 (P.Y.-3000) Fully paid up Equity shares of Rs 10/- each in Sreechem Industries Pvt. Ltd.	150,000	150,000
10000 (P.Y.-10000) Fully paid up Equity shares of Rs 10/- each in Orind Exports Limited	100,000	100,000
Total	279,000	279,000
* Certificate are lodged with sales Tax & Excise Authorities		
11. INVENTORIES		
Raw Materials	39,030,811	35,657,085
Finished Goods	9,940,447	11,178,226
Stock-in-transit	413,344	---
Packing Materials	2,863,089	2,901,952
Stores and Spares	518,246	530,225
	52,765,937	50,267,488
12. TRADE RECEIVABLE		
(Unsecured, Considered Good)		
Outstanding for a period exceeding 6 months	1,522,502	1,349,248
Other Debts	60,112,443	51,228,874
	61,634,945	52,578,122
13. CASH AND CASH EQUIVALENTS		
Cash in Hand	1,348,977	1,151,975
Balance in Current Account with Scheduled Banks	2,800,164	2,746,872
	4,149,141	3,898,847
14. SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advance to Related Parties	600,000	600,000
Advance- Others	822,172	1,585,074
Advance to Suppliers	364,262	2,975
Advance Income Tax(Net Of provisions) #	9,693	32,087
Prepaid Expenses	298,934	161,295
Security Deposit	547,762	532,699
Claim Receivable	722,937	722,937
Taxes and Duties Receivable	649,003	630,732
CENVAT Receivable	1,839,077	2,504,464
Staff Advances	404,823	496,807
	6,258,663	7,269,070
# Provision For Taxation Rs. 11,00,000 (P.Y 11,50,000)		
15. REVENUE FROM OPERATIONS		
Sale of Goods*	319,381,356	325,940,370
	319,381,356	325,940,370

* Net off Sales Returns & Discounts



Sreechem Resins Ltd.

Notes to the Financial Statements (Contd...)

	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
16. OTHER INCOME		
Interest Income	24,391	21,505
Profit on sale/discard of Fixed Assets (Net)	---	190,000
Other Non-operating Income	457,666	347,317
	<u>482,057</u>	<u>558,822</u>
17. COST OF MATERIAL CONSUMED		
Opening Stock	35,657,085	29,385,850
Add: Purchases	236,796,509	249,130,440
Less : Closing Stock	39,030,811	35,657,085
Consumption	<u>233,422,783</u>	<u>242,859,205</u>
18. CHANGES IN INVENTORIES		
Opening Stock :		
Finished Goods	11,178,226	12,782,666
Work-in-Progress	---	---
Sub-total (I)	<u>11,178,226</u>	<u>12,782,666</u>
Closing Stock :		
Finished Goods	9,940,447	11178226
Work-in-Progress	---	---
Sub-total (II)	<u>9,940,447</u>	<u>11,178,226</u>
Total (I-II)	<u>1,237,779</u>	<u>1,604,440</u>
19. EMPLOYEES BENEFITS EXPENSES		
Salaries, Wages, Bonus etc.	7,548,564	7,132,222
Contribution to Provident, Gratuity & other funds	2,028,862	1,016,673
Employees Welfare Expenses	273,517	269,713
	<u>9,850,943</u>	<u>8,418,608</u>
20. FINANCE COSTS		
Interest on Working Capital Loan	4,989,635	5,169,712
Interest on Other Finances	417,471	226,045
	<u>5,407,106</u>	<u>5,395,757</u>



Sreechem Resins Ltd.

Notes to the Financial Statements (Contd...)

	As at 31st March, 2013	As at 31st March, 2012
	Rs.	Rs.
21. OTHER EXPENSES		
Power & Fuel	13,174,017	13,037,024
Directors' Remuneration	1,698,000	1,698,000
Bank Charges	220,087	232,231
Auditors' Remuneration	64,607	56,180
General Expenses	2,153,719	2,265,476
Printing and Stationery Expenses	188,876	251,337
Repairs & Maintenance Expenses	1,094,861	814,908
Motor Car Maintenance Expenses	924,716	945,096
Stores & Spares Consumed	1,048,560	2,348,093
Packing Material Consumed	3,030,402	3,010,207
Transportation Expenses	1,091,234	1,127,111
Motor vehicle expenses-Goods	1,069,088	810,038
Travelling & Conveyance Expenses	512,062	512,895
Insurance Expenses	792,420	857,517
Commission on Sales	560,775	1,046,379
Postage & Courier Expenses	111,565	131,098
Telephone Expenses	219,553	227,634
Rent	141,780	129,657
Rates & Taxes	1,998,133	1,990,451
	<u>30,094,455</u>	<u>31,491,332</u>

22. FOREIGN CURRENCY TRANSACTION

a) i. Value of direct imports on CIF Basis

Raw Materials	---	---
Store & Spare parts (incl. Components)	---	---

ii. Expenditure in foreign currency

iii. Earnings in foreign exchange

Export (including Deemed) of goods (on FOB basis)	3,450,150	3,049,362
---	-----------	-----------

iv. Foreign Currency Exposure

b) Foreign Exchange Gain of Rs.193,760/- (previous year Loss(net) : Rs.129,587/-) has been included in respective heads of the Statement of Profit and Loss.

c) Value of consumptions of directly Imported & Indigenously obtained raw materials, stores & spares & percentage of each to the total consumption :

	2012-13		2011-12	
	(Rs. In lacs)	%	(Rs. In lacs)	%
Raw Materials				
Directly Imported	---	---	---	---
Indigenously Obtained	2,334.23	100.00	2,428.33	100.00
	<u>2,334.23</u>	<u>100.00</u>	<u>2,428.33</u>	<u>100.00</u>
Components, Stores & Spares				
Directly Imported	---	---	---	---
Indigenously Obtained	10.49	100.00	23.48	100.00
	<u>10.49</u>	<u>100.00</u>	<u>23.48</u>	<u>100.00</u>

23. SEGMENT INFORMATION

(in terms of AS 17)

The Company operates in a single business segment " Phenolic Resins & Derivatives ". The segment information in terms of AS 17 are not required to be given. The information based on location of customers are as under :

	(Rs. In lacs)	(Rs. In lacs)
	2012-13	2011-12
Revenue from Operations		
Within India	3,159.31	3,229.83
Outside India	34.50	30.49
Total	<u>3,193.81</u>	<u>3,260.32</u>



Sreechem Resins Ltd.

Notes to the Financial Statements (Contd...)

24. RELATED PARTY DISCLOSURES

(in terms of AS 18)

(a) List of Related Parties and description of relationship

(i) Key Management Personnel	Satya Narayan Kabra - Managing Director Binod Sharma - Jt. Managing Director Vikram Kabra - Director
(ii) Relatives of KMP	Sri Krishna Kumar Kabra Sri Vibhor Sharma
(iii) Enterprises in which Key Management Personnel are interested	Kasturi Fiscal Pvt. Ltd. Nivedan Mercantiles Pvt. Ltd. Sreechem Finance Pvt. Ltd.

		<u>31.03.2013</u>	<u>31.03.2012</u>
		Rs.	Rs.
Remuneration paid to KMP -	Sri Satya Narayan Kabra	635,952	647,448
	Sri Binod Sharma	625,001	614,105
	Sri Vikram Kabra	330,291	331,450
	Sri B. M. Banerjee	198,000	198,000
Salary paid to Relatives of KMP -	Sri Krishna Kumar Kabra	269,880	248,280
	Sri Vibhor Sharma	180,000	180,000

Details of Transaction with Enterprise- Loans & Advances	Op. Balance	Received	Repayment	Outstanding
Kasturi Fiscal Pvt. Ltd.	---	3,700,000	3,100,000	600,000 cr
Nivedan Mercantiles Pvt. Ltd.	---	2,500,000	200,000	2,300,000 cr
Sreechem Finance Pvt. Ltd.	---	1,500,000	---	1,500,000 cr
Satya Narayan Kabra(M.D.)	600,000	---	---	600,000 dr

25. EARNINGS PER SHARE	<u>2012-13</u>	<u>2011-12</u>
(In terms of AS 20)		
Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.)	1,084,906	1,041,924
Weighted Average number of Equity Shares	4,000,000	4,000,000
Basic and Diluted Earnings per share (Rs.)	0.27	0.26
Face Value per Equity Share (Rs.)	10	10

26. CONTINGENT LIABILITIES		
(not provided for)		
Matter under appeal like Income Tax, Sales Tax, Excise etc.	<u>102,547</u>	<u>654,470</u>
	<u>102,547</u>	<u>654,470</u>

27. The previous period's figures have been regrouped/reclassified whenever required.

As per our report of even date.

RC JHAWER

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

Kolkata-700001
Dated : The 30th day of July, 2013

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



Sreechem Resins Ltd.

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 Thursday 26th of September, 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013

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 Ltd.

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

ATTENDANCE SLIP

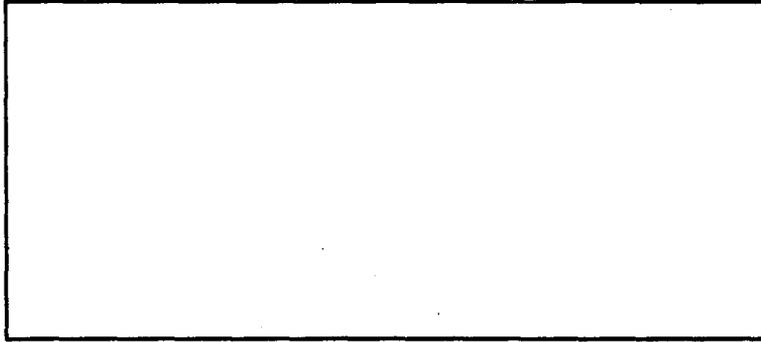
Please Complete this attendance Slip and hand it over at the Entrance of the Company.

NAME OF THE MEMBER :
FOLIO NO. :

I hereby record my presence at the Annual General Meeting held at the Registered of the Company on Thursday the 26th day of September, 2013 at 10.00 a.m.

SIGNATURE OF THE MEMBER OR PROXY

BOOK POST



If undelivered please return to:

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