

**ALLIED RESINS & CHEMICALS LIMITED**

Board of Directors : **Mr. Suraj Ratan Mundhra**
Chairman & Managing Director
Mr. Bimal Kumar Ghose
Mr. Ujjwal Banerjee
Mr. Ashim Kumar Dasgupta
Mr. Krishna Kumar Sudan
Mr. Paresh Premji Rajda
Mr. Bhawar Lal Binani
Wholetime Director
Mr. Rajesh Mundhra
Wholetime Director
Mr. Jayanta Kumar Acharya
Nominee Director - IIBI

Registered Office : 13, Camac Street
Calcutta - 700 017

Auditors' : **M/s L. B. Jha & Co.**
Chartered Accountants
8, Netaji Subhas Road
Calcutta-700 001.

Bankers : **UCO Bank**
Allahabad Bank


ALLIED RESINS & CHEMICALS LIMITED

<i>Works</i>	:	1. Rampur, P.O. Govindapur Budge Budge Trunk Road 24 Parganas
		2. 47 Hide Road Extension Calcutta 700 027
<i>Installation</i>	:	134, M. G. Road Budge Budge 24 Parganas
<i>R & D Section</i>	:	340 Upen Benerjee Road Calcutta 700 060

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ALLIED RESINS & CHEMICALS LIMITED
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13, CAMAC STREET, CALCUTTA - 700 017

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fortieth Annual General Meeting of Allied Resins & Chemicals Ltd. will be held on Wednesday, the 15th day of December, 1999 at 10 a.m. at its Registered Office at 13, Camac Street, Calcutta 700 017 to transact the following business :

As Ordinary Business :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 1999, the Balance Sheet as on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint Director in place of Mr. P. Rajda, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. A. K. Dasgupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

As Special Business :

5. To consider if thought fit to pass with or without modification the following as Special Resolution :

"RESOLVED that shares of the company be delisted as per Clause 48 of the Listing Agreement from the Madras, Jaipur, Ahmedabad & Delhi stock exchanges."

"FURTHER RESOLVED that the applications be made to the concerned stock exchanges for delisting of shares and Mr. Gopal Agarwal, Asst. Company Secretary be and is hereby authorised to do all the necessary things, deeds, acts and matters that may be required to be done in this regard."

By Order of the Board

Gopal Agarwal
Asstt. Company Secretary

Place : Calcutta
Dated the 23rd day of September, 1999

**Notes :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
2. The Proxy Form, duly completed, must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Explanatory Statement u/s 173(2) of the Companies Act., 1956 in respect of Item No. 5 is annexed herewith.
4. The Register of members and the share transfer books shall remain closed from 1st December, 1999 to 15th December, 1999 (both days inclusive).
5. Members attending meetings are requested to bring with them (i) copy of Notice and Annual Report and (ii) the Attendance Slip, duly filled-up. Only Attendance Slip from a person, personally attending the meeting as member or as a valid proxy, duly registered in time with the Company will be accepted.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item No. 5**

Your Company has been declared Sick Industrial Unit by the Board for Industrial & Financial Reconstruction (BIFR) under Section 3(1) (o) of the Sick Industrial Companies (special provisions) Act, 1985 (SICA) on 19th April, 1999. The shares of your company are listed at Calcutta, Mumbai, Madras, Jaipur, Ahmedabad, Delhi & National Stock Exchanges. For the purpose of listing every year, listing fees has to be paid to all the stock exchanges. Since the financial position of the company is not good, your directors feel that shares of the company should be delisted at Madras, Delhi, Ahmedabad & Jaipur to save the unnecessary cost of the listing fees. So far as liquidity of the shares is concerned, shares of the company continue to be listed at Calcutta, Mumbai and National Stock Exchanges.

As per Clause 48 of the Listing Agreement, voluntary de-listing is permitted subject to approval of the shareholders by a special resolution in the meeting of the shareholders.

Your Directors recommended the resolution set out at Item No. 5 of the Notice for the approval of the shareholders.

None of the directors is interested or concerned in the resolution.


ALLIED RESINS & CHEMICALS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in placing before you the 40th annual report and audited accounts for the financial year ended March 31, 1999.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	1998-99	1997-98
Total Income	2972.28	2823.67
Operating Profit / (Loss)	(386.39)	(1641.17)
Interest	1915.48	2090.90
Depreciation	440.60	428.65
Profit/(Loss) before Tax	(2742.48)	(4160.72)
Profit after Tax	(2742.48)	(4160.72)
Profit/(Loss) brought forward	(4116.51)	44.21
	<u>(6858.99)</u>	<u>(4116.51)</u>

2. PERFORMANCE OF THE COMPANY

Due to very low capacity utilisation, company had operating losses. It could not pay interest to the bankers and lending institutions though it has been fully provided for. Company is yet to derive the full advantage of the expansion-cum-diversification programme undertaken by it in 1994-95.

3. SURVIVAL STRATEGY

Keeping in view the financial crisis faced by the company, management has gone aggressively in reducing overheads and production costs. Management succeeded in rationalising the work force with full cooperation of the workers. It also rationalised production plans matching with the utility cost optimisation. It also switched over to gas from LDO as fuel resulting in tremendous cost saving. However, cost could not be reduced in certain other areas for want of funds.

4. BIFR

As reported last year, with erosion of its entire network, company had to refer to Board for Industrial and Financial Reconstruction (BIFR) and the Company has been declared a Sick Industrial Unit under the Sick Industrial Companies (special Provisions) Act, 1985 on 19th April, 1999. Industrial Investment Bank of India Ltd. (IIBI) was appointed as operating agency and 31st December, 1999 has been fixed as cut off date.

As per the directive of BIFR, the directors have submitted the Rehabilitation Scheme to the Operating Agency, Industrial Investment Bank of India Ltd. (IIBI) within the stipulated time of six weeks. The matter is in progress.

5. MDF PROJECT

The company facing serious financial crisis had to shelve the MDF Project. The Company is trying to hive off the project to a separate company, so that it gets relief from this excessive burden.



ALLIED RESINS & CHEMICALS LIMITED

6. FUTURE PROSPECTS

The Company has good marketing network and its products are still in demand both domestically and internationally. As per the scheme submitted to BIFR, given the due working capital support, company is capable of reviving on its own and will be in a position of servicing its debts. Its scheme of revival has been made strictly as per the guidelines of RBI and as such, deserves support from the FIs and banks.

7. FIXED DEPOSITS

During the year, the company has not accepted any fresh fixed deposit from public at large.

8. DIRECTORATE

The UCO Bank have since withdrawn their Nominee on the Board.

Mr. P. Rajda & Mr. A. K. Dasgupta retire by rotation and being eligible, offer themselves for reappointment.

The Board acknowledges the guidance, advices and co-operation received from all the retired/ resigned and withdrawn directors of the company.

9. HUMAN RESOURCES

Your company has carefully looked after and maintained its human resources - all of whom have provided unflinching support to the Management.

10. AUDITORS' REPORT

The Auditors' observations are self-explanatory and are suitably explained in the notes on the accounts.

11. AUDITORS

The Auditors M/s. L.B. Jha & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

12. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.

Information pursuant to section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable. Informations pursuant to section 217(1)(e) of the said Act, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 form part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of the Company, excluding the aforesaid information - which can be available at the Registered Office for inspection by the interested shareholders.

13. Y2K COMPLIANCE

Your Company has complied with the formalities with respect to Y2K compliance.

14. APPRECIATION

Your Directors place on record their appreciation for the continued support from all the shareholders, customers, suppliers, banks, financial Institutions and above all, the dedicated workforce, who have made themselves fully committed for the company's revival.

for and on behalf of the Board

13, Camac Street
Calcutta - 700 017
Dated : 23rd day of September, 1999

S. R. MUNDHRA
CHAIRMAN & MANAGING DIRECTOR


ALLIED RESINS & CHEMICALS LIMITED
AUDITORS' REPORT

To the Members of

ALLIED RESINS & CHEMICALS LTD.

We have audited the attached Balance Sheet of Allied Resins & Chemicals Limited as at 31st March, 1999 and Profit & Loss Account of the company for the year ended 31st March, 1999.

A. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in Annexure a Statement of the matters specified in paragraphs 4 & 5 of the said order.

B. Further to our comments in the Annexure referred to in paragraph 'A' above, we report that :

- 1) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- 2) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
- 3) The Balance Sheet and Profit & Loss Account dealt with in this report are in agreement with the books of accounts.
- 4) In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- 5) In our Opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to -

I. Non provision of doubtful debts amounting to Rs. 1,13,34,042/-
(Refer note no. B3 of Schedule-17)

II. Correctness of balance of Sundry Debtors, Creditors, unsecured loans and loans and advances in absence of confirmation. (Refer note no. B 9 of Schedule 17)

And together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- a) in the case of Balance Sheet of the state of affairs of the company as at 31st March, 1999 and,
- b) in the case of Profit & Loss Account of the Loss of the company for the year ended on that date.

For **L. B. Jha & Co.**
Chartered Accountants

8, Netaji Subhas Road
Calcutta-700 001
Dated the 23rd September, 1999

(K. GUHATHAKURTA)
Partner



ANNEXTURE TO THE AUDITORS' REPORT

(Statement referred to in paragraph A of our report of even date)

1. The company has maintained Register of Fixed Assets for assets purchased upto 31st March 1999. Physical verification of fixed assets purchased upto 31st March, 1997 has been conducted by the management at reasonable intervals and no material discrepancy was noticed on such verification. Physical verification of fixed assets, purchased thereafter has not been conducted by the management.
2. The Fixed Assets of the company have not been revalued during the year.
3. The stocks of finished goods, stores, and raw materials at all locations have been physically verified by the management at reasonable intervals.
4. In our opinion, the procedures followed by the management in conducting such physical verification are reasonable and adequate in relation to the size of the company and the nature of business.
5. The discrepancies between the physical stocks and book stocks, which were not material, have been dealt with in the books of accounts.
6. On the basis of our examination the valuation of stocks of finished goods, stores, spare parts and raw materials is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding years.
7. The Company has taken unsecured loan from limited companies and other parties and the rate of interest is not *prima facie* prejudicial to the interests of the company. The Company has not taken any loan from companies under the same management within the meaning of Sub section (1B) of erstwhile Section 370 (Section 372A as amended) of the Companies Act, 1956 during the year.
8. The company has not granted any loan, secured or unsecured to a company listed in the Register maintained under Section 301 of the Companies Act, 1956.
9. Loans and Advances in the nature of interest free loans have been given to the employees and others who are generally regular in repaying the amount as stipulated, where applicable.
10. In our opinion and according to the information and explanations given to us the internal control procedures of the company relating to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods are reasonably commensurate with the size of the company and nature of business.
11. According to the information and explanations given to us, no transactions which were required to be entered in the Register maintained under Section 301 of the Companies Act, 1956 for purchase of goods and materials, were made during the year.
12. Sale of goods aggregating more than Rs. 50,000/- made to a party in which directors are


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interested as listed in the register maintained u/s 301 of the Companies Act., 1956 have been made at prices which are reasonable having regard to the prices at which transactions for similar goods have been made with other parties. According to the informations and explanations given to us there was no sale of services during the year.

13. The Company has determined unserviceable or damaged stores, raw materials and finished goods and necessary provisions for the loss have been made in the accounts.
14. The company has accepted deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the rules framed thereunder. The directives issued by the RBI and provisions of said section have been complied with.
15. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable by-products and scrap.
16. The company has no internal audit system during the year commensurate to its size and nature of its business. However, steps have been taken to implement internal controls and audit by in-house department of the company.
17. Maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 has not been prescribed by the Central Government.
18. The company is generally regular in depositing Provident Fund dues and Employees State Insurance dues with the appropriate authorities except delay in few cases and the total dues outstanding as at the end of the year on account of Provident Fund is Rs. 5,51,017/- and E.S.I. is Rs. 15,996/-.
19. There was no undisputed amount payable in respect of Wealth Tax, Excise Duty and Sales Tax for a period of more than 6 months from the date they became payable except Income Tax Deducted at Source amounting to Rs. 41.90 lakhs.
20. In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account.
21. The company is a sick industrial company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special provisions) Act, 1985 and the company has made a reference to the Board for Industrial and Financial Reconstruction (BIFR).

For L. B. Jha & Co.
Chartered Accountants

8, Netaji Subhas Road
Calcutta - 700 001.
Dated 23rd September, 1999

(K. GUHATHAKURTA)
Partner