

41ST ANNUAL REPORT & ACCOUNTS 1999-2000



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ALLIED RESINS & CHEMICALS LIMITED



ALLIED RESINS & CHEMICALS LIMITED

BOARD OF DIRECTORS	:	MR. SURAJ RATAN MUNDHRA <i>Chairman & Managing Director</i> MR. BIMAL KUMAR GHOSE MR. UJJWAL BANERJEE MR. ASHIM KUMAR DASGUPTA MR. PARESH PREMJI RAJDA MR. BHAWAR LAL BINANI <i>Wholetime Director</i> MR. JAYANTA KUMAR ACHARYA <i>Nominee Director - IIBI</i>
COMPANY SECRETARY	:	MR. GOPAL AGARWAL
REGISTERED OFFICE	:	13, Camac Street, Calcutta - 700 017
AUDITORS	:	M/S. L. B. JHA & CO. <i>Chartered Accountants</i> 8, Netaji Subhas Road Calcutta - 700 001
BANKERS	:	UCO BANK ALLAHABAD BANK
WORKS	:	1. Rampur, P.O. Govindapur Budge Budge Trunk Road 24 Parganas 2. 47, Hide Road Extension Calcutta-700 027
INSTALLATION	:	134, M.G. Road Budge Budge 24 Parganas



NOTICE of Annual General Meeting

Notice is hereby given that the forty first Annual General Meeting of **Allied Resins & Chemicals Ltd.** will be held on Saturday, the 30th day of September, 2000 at 4.30 p.m. at its Registered Office at 13, Camac Street, Calcutta 700 017 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2000, the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. K. Ghose, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ujjwal Banerjee, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the following alterations to the Articles of Association of the Company be effected :

A) THE FOLLOWING DEFINITIONS BE INCLUDED IN ARTICLE 1 AT APPROPRIATE PLACES :

'Beneficial Owner' shall mean beneficial owner as defined in clause(a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

'Depository Act, 1996' shall include any statutory modification or re-enactment thereof;

'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996;

'Member' means the duly registered holder from time to time of the shares of the company and includes the subscribers to the Memorandum of the Company and the beneficial owner as defined above.

'SEBI' means Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

'Security' means such security as may be specified by SEBI from time to time.

B) THE FOLLOWING NEW CLAUSES BE INSERTED AFTER THE EXISTING ARTICLE NO. 34;

"34A. DEMATERIALISATION OF SECURITIES :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.



ALLIED RESINS & CHEMICALS LIMITED

i) **Option for investor :**

Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

ii) **Securities in Depositories to be in Fungible Form :**

All the securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 187B, 187C and 372/372A of the Act shall apply to a depository in respect of the securities held by it on behalf of beneficial owners.

iii) **Rights of Depositories and Beneficial Owners :**

a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

iv) **Service of Documents :**

Notwithstanding anything in the Act or these Articles, whose securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

v) **Transfer of Securities :**

Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

vi) **Allotment of Securities dealt within a Depository :**

Notwithstanding any thing in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

vii) **Distinctive numbers of Securities held in a Depository :**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.



viii) **Register and Index of beneficial Owners :**

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be Register and Index of Members and Security holders for the purpose of these Articles.

34B. NOMINATION OF SECURITIES :

A holder or joint holders of shares in or debentures (including fixed deposit holder under Section 58A of the Companies Act, 1956), of the company may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956, (including amendment thereto or any re-enactment thereof) and in the manner prescribed thereunder any person to whom all the rights in the shares in or debentures of the Company shall vest in the event of death of such holder(s). Any nomination so made shall be dealt with by the Company in accordance with and in manner prescribed under the provisions of Section 109B of the Companies Act, 1956 or any other statutory modification or re-enactment thereof for the time being in force.

34C. TRANSMISSION OF SECURITIES BY NOMINEES :

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided :

- a) elect, either to be registered himself/herself as holder of the share or debenture or to make such transfer of the share or debenture as the deceased shareholder or debenture holder, as the case may be, could have made.
- b) If the nominee elects to be registered as holder of the share or debenture, himself/herself, as the case may be, he/she shall deliver or send to the Company a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- c) A nominee, upon becoming entitled to a share or debenture by reason of the death of the holder, shall be entitled to the same dividends and other advantages to which he/she would be entitled to, if he/she were the registered holder of the share or debenture except that he/she shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself/herself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with."

By Order of the Board

Regd. Office :

13, Camac Street

Calcutta - 700 017

Dated : The 7th day of September, 2000

GOPAL AGARWAL

Company Secretary

**ALLIED RESINS & CHEMICALS LIMITED**

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 26th September, 2000 to 30th September, 2000 (both days inclusive).
5. Members/proxies should bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

In view of various amendments in the Companies Act, 1956, SEBI Guidelines and other laws and new provisions in the Companies (Amended) Act, 1999 in connection with Depositories relating to Dematerialisation of Shares and trading therein the Articles of Association of the Company would require insertion of new clause 34A as set out in Resolution No. 5 above, to fall in line with such amendments.

The Companies Act, 1956 has been amended and new Section 109A and 109B have been inserted making available nomination facility to the shares and debentures holders in respect of the shares and debentures holders in respect of the shares and debentures of the Company held by them. Accordingly, the new Articles 34B and 34C are proposed to be inserted in the Articles of Association of the Company as mentioned in this item of the Notice so as to bring the same in line with the provisions of section 109A and 109B of the Companies Act, 1956 as set out in Resolution No. 5.

The Directors of the Company recommend approval of the Special Resolution.

None of the Directors of the Company is concerned or interested in the Resolution.



DIRECTORS' REPORT to the Shareholders

Your Directors have pleasure in placing before you the 41st Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2000.

(Rs. in Lacs)

1. FINANCIAL RESULTS	1999-2000	1998-1999
Total Income	1,973.53	2,972.28
Operating Profit / (Loss)	(194.21)	(386.39)
Interest	2,302.37	1,915.48
Depreciation	442.20	440.60
Profit / (Loss) before Tax	(2,938.78)	(2,742.48)
Profit after Tax	(2,938.78)	(2,742.48)
Profit / (Loss) brought forward	(6,858.99)	(4,116.51)
	(9,797.77)	(6,858.99)

2. PERFORMANCE OF THE COMPANY :

The Company has been incurring operating losses for the last three years due to very low capacity utilisation. The total income of the company has come down by 34%. The production has drastically come down in respect of all the products. Due to the lack of working capital, the company could not import its main raw material, Methanol during the first 10 months of the year. The company had to manage with the indigenous supply of Methanol and in spite of good market, company could not perform upto expectations. Moreover, the company is yet to derive the full advantage of the expansion-cum-diversification programme undertaken by it in 1994-95 due to lack of working capital. However, despite the low turnover, the operating loss for the current year is much less as compared to last year because of the aggressive cost cutting measures taken by the management.

2. SURVIVAL STRATEGY :

In view of the financial crisis faced by the company, management has been seizing every opportunity of reducing overheads and production costs. Management succeeded in rationalising the work force with full co-operation of the workers. It also rationalised production plans matching with the utility cost optimisation. All these measures of the management paid off and despite the low turnover in the current year, the operating loss is much less in the year as compared to last year.

3. REHABILITATION :

As per the directive of BIFR, the company had submitted its Rehabilitation Scheme to the Operating Agency



DIRECTORS' REPORT to the Shareholders (Contd.)

namely IIBI, the viability of which was examined by the Operating Agency and a report was submitted by them to BIFR. IIBI in its report has observed that the company is not viable. There are differences of opinions so far as these reports are concerned. Disagreeing the report of IIBI on the viability of the company, the company submitted its opinions/suggestions/objections on the report of the IIBI to the BIFR and requested BIFR to change the Operating Agency. However, the request of the company was rejected by BIFR and the company preferred an appeal before AAIFR. AAIFR also rejected the company's appeal.

The Company's writ petition challenging the orders of BIFR and AAIFR is pending before the Calcutta High Court.

As per the directive of the Reserve Bank of India, the involved Banks and Financial Institutions have advised the company to negotiate One Time Settlement of the outstanding dues. The company is having dialogue with banks and financial institutions for an amicable settlement.

5. MDF PROJECT :

The Company still feels that its MDF Project should be hived off to a separate company, so that it gets relief from this undue burden in view of financial crisis. The company has accordingly mentioned this in its Rehabilitation Scheme submitted to BIFR.

6. FUTURE PROSPECTS :

Your Company is fortunate to have good marketing network and its products are still in demand both domestically and internationally. The company is successfully exporting its products in the neighbouring countries. Unfortunately, due to the lack of necessary working capital support, company is not able to produce and sell upto the expectation. The Company will be able to survive and revive on its own given the required working capital support and will also be in a position to service its debts.

7. FIXED DEPOSITS :

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

8. DIRECTORS :

Mr. B.K. Ghose & Mr. Ujjwal Banerjee retire by rotation and being eligible, offer themselves for reappointment.

Mr. K. K. Sudan, Director and Mr. Rajesh Mundhra, Whole-Time Director have since resigned from the Board. The Board acknowledges with thanks the guidance, advices and cooperation received from them.

9. HUMAN RESOURCES :

Your company despite the disquieting situation has tried its best to look after and maintain 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.

**DIRECTORS' REPORT to the Shareholders (Contd.)****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. DEMATERIALISATION OF COMPANY'S EQUITY SHARES :

The Company's Equity Shares are required to be traded compulsorily in dematerialised form with effect from 30.10.2000 as per the SEBI's requirement. While the Company is taking necessary steps on the matter, it has approached SEBI to exempt the company from compulsory dematerialisation of its equity shares in view of the poor financial position.

14. Y2K COMPLIANCE :

Your Company's Y2K transition has been smooth.

15. 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

Date : 7th day of September, 2000.

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, 2000 and Profit & Loss Account of the Company for the year ended 31st March, 2000.

- 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 the 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 except that Accounting Standard 15 has not been complied with regarding treatment of Gratuity [Refer Note No. A(9) of Schedule 17].
 - 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. 10,00,000/ (Refer Note no. B 2 of Schedule 17).
 - ii) Non-availability of confirmations and provision of interest in the case of secured loans (Refer Note No. B8 of Schedule 17).
 - iii) Non-availability of confirmations and non-provision of interest in the case of some of the unsecured loans (Refer Note No. B9 of Schedule 17).
 - iv) Correctness of balance of Sundry Debtors, Creditors, unsecured loans and loans and advances in absence of confirmation. (Refer note no. B 10 of Schedule 17).
 - v) Non-availability of certain Bank Statements/Balance Confirmations in respect of certain bank accounts (Refer Note No. B 11 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, 2000 and,
- b) in the case of Profit & Loss Account of the Loss of the company for the year ended on that date.

8, Netaji Subhas Road
Calcutta – 700 001
Dated : The 7th September, 2000

For **L. B. Jha & CO.**
Chartered Accountants
(**K. Guhathakurta**)
Partner