



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
COMPANY SECRETARY	:	MR. GOPAL AGARWAL
CORPORATE OFFICE	:	13, Camac Street Kolkata-700 017
REGISTERED OFFICE	:	Rampur, P.O. Govindapur Budge Budge Trunk Road 24 Parganas
AUDITORS	:	M/S. L. B. JHA & CO. <i>Chartered Accountants</i> 8, Netaji Subhas Road Kolkata - 700 001
BANKERS	:	UCO Bank Allahabad Bank
WORKS	:	1. Rampur, P.O. Govindapur Budge Budge Trunk Road 24 Parganas (S) 2. 47, Hide Road Extension Kolkata - 700 088
INSTALLATION	:	134, M. G. Road Budge Budge 24 Parganas (S)



ALLIED RESINS & CHEMICALS LIMITED

NOTICE of Annual General Meeting

Notice is hereby given that the forty-fifth Annual General Meeting of Allied Resins & Chemicals Ltd. will be held on Saturday, the 25th day of September, 2004 at 10.00 a.m. at its Corporate Office at 13, Camac Street, Kolkata 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, 2004, 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. Ujjal Banerjee, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Corporate Office :

13, Camac Street

Kolkata - 700 017

Dated : The 31st day of August, 2004

By Order of the Board

GOPAL AGARWAL

Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in placing before you the 45th Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2004.

(Rs. in Lacs)

1. FINANCIAL RESULTS

	2003-04	2002-2003
Total Income	2879.30	2,744.58
Operating Profit / (Loss)	(94.66)	21.96
Interest	4,868.37	4,026.68
Depreciation	443.17	443.02
Profit / (Loss) before Tax	(5,406.20)	(4,447.74)
Profit / (Loss) after Tax	(5,406.20)	(4,447.74)
Profit / (Loss) brought forward	(19,062.12)	(14,614.38)
	(24,468.32)	(19,062.12)

2. PERFORMANCE OF THE COMPANY :

The company is able to survive due to boost in the export market which continued unabated. However, the company has not been able to make any operating profit during the year.

Procurement of raw material is continuing to be a major hindrance in the working of the company due to steep increase in the prices of raw materials namely Methanol and Phenol. The company has not been able to earn operating profit, despite having same amount of turnover as in the previous year.

3. REHABILITATION :

As per the directive of BIFR, the Assets Sale Committee has been constituted by the FIs and Banks to look into the possibilities of disposal of surplus assets of the company. The writ of the company challenging the winding-up recommendation of BIFR is still pending before the Kolkata High Court. The Workers' Union's appeal before AAIFR is also pending.

4. FUTURE PROSPECTS :

In view of the encouraging response from the export market, company's future appears to be quite bright. Its R&D is continuously developing new products. Given the required working capital support, the company will be able to increase the capacity utilization and cut down the costs resulting in increase in export turnover and profits.

5. FIXED DEPOSITS :

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

6. DIRECTORS :

Mr. Ujjwal Banerjee retires by rotation and being eligible, offers himself for re-appointment.



ALLIED RESINS & CHEMICALS LIMITED

DIRECTORS' REPORT (Contd.)

7. 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.

8. AUDITORS' REPORT :

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

9. 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.

10. 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.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions of Sub-section (2AA) of Section 217 of the Companies Act, 1956, your directors confirm :

1. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed to the extent possible alongwith proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 as on 31st March, 2004 and of the loss of the Company for that period;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. that the directors have prepared the annual accounts on a going concern basis.

12. 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.

Corporate Office :

13, Camac Street

Kolkata-700 017

Date : August 31, 2004

For and on behalf of the Board

S. R. MUNDHRA

Chairman & Managing Director



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, 2004 and the Profit & Loss Account for the year ended on that date signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We report as follows :

- A. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government, in terms of Section 227(4A) of the Companies Act, 1956, we enclose a Statement of the matters specified in paragraph 4 & 5 the said Order.
- B. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standard require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- C. 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 account.
 4. *We report that the company has failed to repay its deposits and interest thereon on due dates and also failed to redeem its debentures on due date and such failure continues for one year as on 31st March, 2004, therefore, all the directors are disqualified from being appointed as director of other public companies as on 31st March, 2004 in terms of clause (g) of sub-section (1) of Section 274 of the Companies (Amendment) Act, 2000.*
 5. *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 regarding treatment of Gratuity [Refer Note No. A(9) of Schedule 17], has not been complied with.*
 6. 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 Rs. 4,16,414/- due to diminution in the value of investment from market price and cost price;*



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AUDITORS' REPORT (Contd.)

- ii. *Non-availability of confirmations and provision of interest in the case of secured loans [Refer Note No. B(7) of Schedule 17];*
- iii. *Non-availability of confirmations in respect of sundry creditors, sundry debtors, loans and advances and unsecured loan and non-provision of interest in the case of some of the unsecured loans [Refer Note No. B(8) of Schedule 17];*
- iv. *Non-availability of certain Bank Statements/Balance Confirmations in respect of certain bank accounts [Refer Note No. B(9) of Schedule 17];*
- v. *Value of security given is only 49% of the amount shown as secured loans.*
- vi. *Non-provision of old unusable inventory of Rs. 1,06,316.00*
- vii. *Non-transfer of the following amounts of Investor Education and Protection Fund after remaining unpaid for a period of seven years in contravention of Section 205C of the Companies Act, 1956.*

	Rs.
Unpaid Dividend	60,974
Matured Debentures	10,00,00,000
Interest accrued therein	31,66,37,884
Total	41,66,98,858

- viii. *Non-transfer of 9,44,44,500/- to debenture redemption reserves for redemption of debentures [Refer Note No. 6 of Schedule 17(B)].*
- ix. *Non-constitution of Audit Committee in contravention of Section 292A of the Companies Act, 1956.*

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, 2004 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
(**K. Guhathakurta**)
Partner
Membership No. 50159

The 31st August, 2004



ANNEXURE to the Auditors' Report

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

1.
 - a) The Company has not updated its Fixed assets Register maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The company has not conducted physical verification of fixed assets; as a result we cannot comment as where there are any material discrepancies.
 - c) Substantial part of the fixed assets have not been disposed of during the year.
2.
 - a) Physical verification of inventory has not been conducted by the management.
 - b) We cannot comment on the procedures of physical verification as such was not conducted of all.
 - c) The company has not maintained proper records of inventory and as physical verification of inventory was not done we are unable to comment whether there are any discrepancies.
3.
 - a) The company has been granted and taken unsecured loan to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.

- b)

Details	No. of Parties	Amounts (Rs.)
Loan Taken	2	33,51,220
- c) Interest free loans without any repayment terms and conditions have been given and taken by the company. So, the unsecured loans given are therefore prima facie prejudicial to the interest of the company.
- d) The payment of the principal amount is not regular.
- e) In the following cases over due amount are more than one lac and reasonable steps have not been taken by the company for the recovery/repayment of the principal.

<u>Loan taken</u>	<u>Amount overdue as on 31.3.04 (Rs.)</u>
Rajesh Mundhra	1,23,375.00
Man Mohan Mundhra	4,20,000.00
Suraj Ratan Mundhra (HUF)	52,82,686.22

4. In our opinion and according to the information and explanations given to us, the internal control procedures of the company relating to purchase of inventory and fixed assets and for the sale of goods are adequately commensurate with the size of the company and nature of its business.
5. The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered. We are unable to comment whether these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

**ANNEXURE to the Auditors' Report (Contd.)**

6. The company has not accepted deposits from the public under the directives issued by the Reserve Bank of India and provisions of section 58A of the Act and the rules framed thereunder. We cannot comment as to whether an order was passed by Company Law Board. However, balance of deposit as on 31.03.2004 is Rs. 1,90,75,000/-.
7. The company does not have any internal audit system.
8. We have broadly reviewed the books of accounts maintained by the company in respect of the products where, pursuant to the Rule made by the Central Government, the maintenance of cost records have been prescribed under section 209(1)(d) of the Act. In our opinion, based on the information and explanations given to us, the prescribed accounts and records have been made by the company. However, we have not made a detailed examination of the cost records to determine whether they are accurate or complete.
9. a) The company is generally regular in depositing Provident Fund, Employees State Insurance, Sales Tax with appropriate authorities. Income Tax dues have not been deposited with the appropriate authorities and the total of such over-dues outstanding for more than six months as at the end of the year is Rs. 1,05,718/-. The company has not deposited unpaid dividend of Rs. 60,974/-, matured debentures of Rs. 10,00,00,000/- and interest thereon of Rs. 31,66,37,884/- to Investor Education and Protection Fund.
- b) Dues of Sales Tax, Income Tax and Excise Duty which have not been deposited on account of dispute is given below :

Particulars	Amount (Rs. in Lacs)	From where dispute is pending
Search & Seizure conducted by Income Tax Dept. On 25.08.98 On 22.02.99	1399.51 640.78	Appellate Tribunal of Income Tax
Excise Duty	404.72	Customs, Excise, Service Tax Appellate Tribunal
Sales Tax	11.31 236.95 654.27	Certificate Officer Asst. Commissioner Dy. Commissioner

10. The company had been declared as a sick industrial unit by the Board for Industrial and Financial Reconstruction (BIFR) as such this clause is not applicable.

**ANNEXURE to the Auditors' Report (Contd.)**

11. The company has defaulted in repayment of the following dues to financial institutions, banks and debenture holders :

Name	Amount o/s as on 31.3.04 (Rs. in lacs)	Defaulted Amount (Rs. in lacs)	Period of Default
Term Loan			
ICICI	943.54	236.00	From 1996-97
IIBI	1972.30	494.86	From 1996-97
IDBI	5008.31	1250.00	From 1.4.96 to 1.1.97
IDBI	1459.01	396.89	From 1996-97
IFCI	1133.43	296.92	From 1996-97
WBIDC	976.05	174.00	From 1992 & 1995
UCO Bank	8845.85	1500.00	From 1997
IIBI	709.29	200.00	From 1996-97
Non-convertible Debenture	4166.38	1000.00	From 2002

12. According to the informations and explanations given to us, the company has not granted loans and advances on the basis of security.
13. This is manufacturing company, so the provisions of any special statute applicable to chit fund, mutual benefit fund, societies are not applicable.
14. The company has not dealt or traded in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. No fresh term loans were taken by the company during the year.
17. Funds raised on short term basis amounting to Rs. 2,16,165/- has been used for long term investment.
18. The company has not made any preferential allotment of shares.
19. No fresh debentures have been issued by the company.
20. The company has not raised money in public issues.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

8, N. S. Road
Kolkata - 700 001
The 31st August, 2004

For L. B. Jha & CO.
Chartered Accountants
(K. Guhathakurta)
Partner
Membership No. 50159