

ANNUAL REPORT & ACCOUNTS
49th
2007-2008



ALLIED RESINS & CHEMICALS LIMITED



BOARD OF DIRECTORS : **MR. SURAJ RATAN MUNDHRA**
Chairman & Managing Director

MR. BIMAL KUMAR GHOSE

MR. UJJWAL BANERJEE

REGISTERED OFFICE : **13, Camac Street,**
Kolkata 700 017.

AUDITORS : **M/S. L. B. JHA & CO.**
Chartered Accountants
8, Netaji Subhas Road,
Kolkata 700 001.

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).



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th (Forty Ninth) Annual General Meeting of Allied Resins & Chemicals Limited will be held on Tuesday, the 30th September 2008 at 10.00 a.m. at its Registered Office at 13, Camac Street, Kolkata-700017 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2008, the Balance Sheet as on that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Ujjwal Banerjee who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

4. To re-appoint Managing Director.

RESOLVED THAT pursuant to Sec. 269, 309, 311 & other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary the company hereby approves the re-appointment and terms of remuneration of Mr. Suraj Ratan Mundhra as Managing Director of the company for a term of 5 years with effect from 30th July, 2008 upon the terms & conditions set out in the appointment letter dated 29th July, 2008 issued in his favour which is hereby specially sanctioned with liberty to the Board of Directors to alter and vary subject to such approvals as may be required, the terms & conditions of the said re-appointment and the letter in such manner as may be agreed between the Board Of Directors and Mr. Suraj Ratan Mundhra.

5. To appoint Whole Time Director on the Board

RESOLVED THAT pursuant to Sec. 198, 269, 309, 314 and other applicable provisions of the Companies Act 1956 the company hereby approves the appointment of Dr. Deba Prasad Ghosh, a M.Tech (Chemical) from IIT Kharagpur, PhD from USA with over 37years of experience, as Whole Time Director of the company with effect from 1st September 2008, subject to terms and conditions set out in the Appointment Letter, issued in his favour.

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

6. To increase the remuneration by way of sitting fees for attending the Board Meeting.



RESOLVED THAT in accordance with the provisions of Sec 310 of the Companies Act, 1956 the increase of remuneration only by way of sitting fees for each Board Meeting is increased from Rs. 250/- (Rupees Two hundred fifty) to Rs 1500/- (Rupees One thousand five hundred) subject to approval of the members at General Meeting.

RESOLVED FURTHER THAT the clause 16 of the Articles of Association of the Company to be modified to increase the payment of sitting fees to the Directors for attending the Board Meeting as decided by the Board and authorizing Chairman to complete necessary formalities regarding intimation to the Registrar of Companies (West Bengal) as required by the Companies Act, 1956.

Registered Office :

13, Camac Street,
Kolkata-700017.

Dated : The 5th September, 2008

By order of the Board of Directors
For Allied Resins & Chemicals Limited

S. R. MUNDHRA

Chairman & Managing Director

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Note :

1. A MEMBER IS ENTITLED TO ATTEND AND VOTE TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statements in respect of Item No 4, 5 & 6 are annexed herewith.
3. Members/ Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and share transfer books will be closed from 24th September 2008 to 27th September 2008(both days inclusive).
5. Members are requested to :
 - a) Notify immediately any change in their addresses to the company.
 - b) Quote their account number in all correspondence with the company.



Explanatory Statements under section 173(2) of the Companies Act, 1956 :

Item No. 4

According to Sec. 269, 309, 311 and other applicable provisions of the Companies Act, 1956 the re-appointment of Managing Director subject to approval of members at General Meeting by passing Special Resolution. Mr. Suraj Ratan Mundhra was appointed as Managing Director of the company for a period of 5 (five) years with effect from 30th July, 2003. In view of his significant and valuable contribution to the Company and at this juncture when the company is contemplating further growth by taking up various new projects, it is imperative that the company should continue to benefit from his stewardship so as to achieve the growth path so contemplated. Keeping the above in mind, the Board of Directors at its meeting held on 5th September 2008, have proposed to revise the salary of Mr. Suraj Ratan Mundhra, with effect from 30th July 2008. Apart from salary and perquisites mentioned, the aggregate salary and perquisites shall always be within the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Act as may for the time being in force. The Board therefore, recommends the resolution at Item No.4 of the accompanying Notice for the approval of the members.

Accordingly, an Appointment Letter dated 30th July, 2008 was issued to Mr. Mundhra on the following remuneration and terms and conditions subject to shareholders approval u/s 269 of The Companies Act, 1956.

1. Salary Rs. 1,50,000/- (Rupees One lac fifty thousand only) per month.
2. Perquisites and allowances :
 - (i) In addition to salary, Mr. Mundhra shall be entitled to perquisites and allowances like, accommodation, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, club fees and leave travel for self and family, personal accident insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and Mr. Mundhra subject to a total limit of annual salary or Rs. 18,00,000/- (Rupees Eighteen Lacs only) whichever is less.
 - (ii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.
 - (iii) Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
 - (iv) Provident Fund : Company's contribution towards P.F, subject to a ceiling of 12% of the salary.
 - (v) Super Annuation Fund : As per Company rules; but it shall not, together with Company's contribution to P.F exceed 25% of the salary or such taxable limits in force from time to time.



ALLIED RESINS & CHEMICALS LIMITED

- (vi) Gratuity and Leave Encashment : Payable as per Company rules. Leave Encashment at the end of tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- (vii) The above may be treated as an abstract of the terms of the terms of the Contract/Appointment between the Company and Mr. Mundhra u/s 302 of the Companies Act, 1956. The Directors recommend the resolution set out at Item No. 4 of the notice for approval of the shareholders.
- (viii) Except Mr. Mundhra, none of the Directors is in any way, interested or concerned in the resolution.

Item No. 5

According to Sec. 198, 269, 309, 314 and other provisions of the Companies Act, 1956 the Board of our company is appointing Dr. Deba Prasad Ghosh as Whole Time Director with effect from 1st September 2008. Dr. Ghosh is a M.Tech (Chemical) from IIT Kharagpur, PhD from USA with over 37years of experience. He is the founder Director of MCC PTA, Haldia, South Asian Petrochem, Haldia.

Considering this, Board is of the opinion that his appointment as a Whole Time Director will immensely benefit the Company.

Item No. 6

According to Sec 310 of the Companies Act, 1956 the increase of remuneration only by way of sitting fees for attending each Board Meeting subject to approval of the members at General Meeting. The sitting fees are paid to the Directors within the prescribed limits. Sitting fees for each Board Meeting is increased from Rs 250/- (Rupees Two hundred fifty) to Rs 1500/- (Rupees One thousand five hundred) subject to approval of the members at General Meeting. The Company has decided to increase the sitting fees for attending each Board Meeting because from very beginning the sitting fees was Rs 250/- only. The clause 16 of the Articles of Association of the Company needs to be modified to increase the payment of sitting fees to the Directors for attending the Board Meeting as decided by the Board.

Registered Office :

13, Camac Street,
Kolkata-700017.

Dated : The 5th September, 2008

By order of the Board of Directors
For Allied Resins & Chemicals Limited

S. R. MUNDHRA

Chairman & Managing Director



DIRECTORS' REPORT

Your Directors have pleasure in placing before you the 49th Annual Report and Audited Accounts of the company for the financial year ended March 31, 2008.

1. Financial Results

	Rs. in lacs	
	2007-08	2006-07
Total Income	8951.11	8083.10
Profit/(Loss)	18585.61	11226.47
Less : Extra ordinary items		
Amount written back	17710.64	13519.72
Technical know-how fee	258.49	—
Work-in-Progress (MDF) written off	—	(2481.88)
	<u>17969.13</u>	<u>11037.84</u>
Net Operating Profit after adjustment		
Of Extraordinary items but before depreciation	616.48	188.63
Depreciation	448.02	445.05
Profit/(loss) before Tax	18114.39	10762.81
Profit/(loss) after Tax	18111.02	10758.01
Profit/(loss) brought forward	(27544.26)	(38302.27)
Balance carried forward	<u>(9433.24)</u>	<u>(27544.26)</u>

2. Dividend

In view of the carry forward losses your Directors do not recommend payment of dividend on equity shares.

3. Managements Discussion and Analysis :

Performance Review :- The Company's Formaldehyde and Resin plants operated satisfactorily during the year. The production of Formaldehyde was 20227 MT as against 20008 MT during the previous year. The production of Free Flowing Spray Dried Powder Resin was 7126 MT as against 6765 MT during the previous year. The Gross Sales Turnover of the Company was increased to Rs. 8532.91 lacs as compared to Rs.7833.03 lacs during the previous year registering a growth of 8%. Operating Profit before Interest, Depreciation and tax was higher at Rs. 616.48 lacs as against Rs.188.63 lacs during the previous year. After taking into account the Interest, Depreciation, Provision for Tax and Extraordinary Income towards benefit on account of full and final settlement of dues of Banks & Financial Institutions there was a Net Profit of Rs.18114.39 lacs as compared to Net Profit of Rs. 10762.81 lacs in the previous year.

The Company is trying to enter into Compromise Settlement with all the Lenders to reduce debts so that after settlement during 2008-2009 the net worth of the Company will become positive by the year ended March, 2010.



3.1 Taxes and Duties

The Company has contributed Rs. 558.74 lacs to the Central and State Exchequer by way of Central Excise, Sales Tax, Fringe Benefit Tax.

3.2 Opportunities, Concerns and Threats

The year witnessed a revival of chemical industry in the domestic and international markets. The demand for Formaldehyde and Resin has gone up in the local as well as international markets despite high volatility in the international crude prices which directly impact the prices of the downstream chemical products. We expect some imbalance in the availability of raw material, however, we do not foresee any problem in procuring the required raw materials from available sources.

3.3 Future Prospect

The PBIDT for the year was at Rs. 616.48 lacs as against Rs.188.63 lacs showing consistency in operations and profitability. The Formaldehyde and Resin prices have firmed up during the last two quarters in the previous year thereby improving the product margins. With the completion of the Compromise Settlement during 2008-2009 the incidence of interest burden will be less and coupled with the buoyant growth of the chemical industry, the Company will continue to do well in the current financial year and in the years to come.

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 turnover and profits.

3.4 Internal Control System

The Company has an adequate system of internal controls to safeguard the Companies resources. All transactions are properly authorised, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and the reporting of financial statements.

3.5 Human Resource Development/Industrial Relations

Industrial relations continued to remain cordial at all the manufacturing units of the Company. The Directors acknowledge the support and co-operation from employees at all levels.

As of 31 March 2008, the Company had 250 employees on its rolls.

3.6 Cautionary Statement

Statements made in this report describe the Companies objectives, projections and estimates and may be forward looking and are stated as required by applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Companies operations include market conditions, settlement of debts with lenders, Government regulations, exchange rate fluctuations, rehabilitation scheme by BIFR, interest and other costs.



3.7 Rehabilitation

Your directors are pleased to inform that AAIFR vide its order dated 16th July, 08 was pleased to set aside the winding up order of the company. Company is in the process of submitting a fresh Rehabilitation Scheme before the BIFR. The Company as per the Compromise Settlements repaid the outstanding dues of Banks & Financial Institutions as per schedule and the waiver of interest and other charges have been taken credit in the accounts of the previous year 2007-2008. In order to settle the dues of secured creditors, the company has filed a fresh application u/s 391 of the Companies Act before the Hon'ble Calcutta High Court and accordingly, the High Court directed to convene the meeting of secured creditors for approval of the scheme of the company. Directors are pleased to inform that the court convened meeting took place on 22nd August, 08 where the scheme of the company was supported by 96.67% of the secured creditors.

In view of the above, your Directors are hopeful that the net worth of the company will become positive by the year ended March, 2010. The accumulated brought forward loss of the company has come down from Rs. 275.44 crores to Rs. 94.33 crores as on 31.03.08.

4 Fixed Deposits

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

5 Directors

Mr. Ujjwal Banerjee retires by rotation and being eligible, offers himself for reappointment.

6 Auditors' Report

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

7 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.

8 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.

9 Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, Corporate Governance Report together with the Auditors' Certificate on compliance of the conditions of Corporate Governance form part of this Annual Report.

**10. 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, 2008 and of the loss of the company for that period ;
3. that the Directors have taken proper and sufficient care for 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.

11. Appreciation

Your Directors place on record their appreciation for continued support from the Shareholders, Customers, Suppliers, Banks, Financial Institutions and above all, the dedicated Workforce, who have made themselves fully committed for the company's revival.

Registered Office :

13, Camac Street,
Kolkata - 700 017.

Dated : The 5th September, 2008

For and on behalf of the Board

S. R. MUNDHRA

Chairman & Managing Director