

ALLIED RESINS & CHEMICALS LIMITED



50th
Annual Report & Accounts
2008-2009



ALLIED RESINS & CHEMICALS LIMITED

BOARD OF DIRECTORS :

Mr. SURAJ RATAN MUNDHRA
Chairman & *Managing Director*

Mr. BIMAL KUMAR GHOSE

Mr. UJJWAL BANERJEE

COMPANY SECRETARY :

Mr. Manish Kumar Tiwari

REGISTRAR & SHARE TRANSFER AGENT :

Link Intime India Private Limited
59C, Chowringhee Road, 3rd Floor,
Kolkata - 700 020

AUDITORS :

M/s. L. B. JHA & CO.
Chartered Accountants
8, Netaji Subhas Road
Kolkata - 700 001

BANKERS :

HDFC Bank Limited
ABN Amro Bank

SOLICITOR :

Khaitan & Co.

REGISTERED OFFICE :

13, Camac Street
Kolkata - 700 017
Phone : (91-33) 2283-2865
Fax : (91-33) 2283-2857

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)

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ALLIED RESINS & CHEMICALS LIMITED

NOTICE of Annual General Meeting

Notice is hereby given that the 50th Annual General Meeting of the Members of **Allied Resins & Chemicals Limited** will be held on Tuesday, the 22nd September, 2009 at 10.00 A.M. at 13, Camac Street, Kolkata – 700013, to transact the following businesses :

ORDINARY BUSINESS :

Item No. 1

To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2009, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

Item No. 2

To appoint a Director in place of Mr. Bimal Kumar Ghose, who retires from office by rotation and being eligible, offers himself for re-appointment.

Item No. 3

To re-appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:

RESOLVED THAT M/s. L. B. Jha & Co., Chartered Accountants, Kolkata, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS :

Item No. 4

Appointment under Section 314 of the Companies Act, 1956.

To consider and, if thought fit, to pass the following resolution as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, consent and approval of the Company be and is hereby accorded to Mr. Rajesh Mundhra, a relative of Mr. Suraj Ratan Mundhra, Chairman and Managing Director, of the Company, to hold and continue to hold an office or place of profit as Vice President-Export, with effect from 1st April 2009 on the following terms and conditions :

1. Salary : Upto Rs. 40,000/- per month.
2. Perquisites and Allowances :
 - a. Medical expenditure and Bonus as per Company rules.
 - b. Leave in accordance with the leave rules of the Company from time to time.

By Order of the Board
For **Allied Resins & Chemicals Limited**

Registered Office :
13, Camac Street, Kolkata-700017
Date : 27th August, 2009

Manish Kumar Tiwari
Company Secretary & Compliance Officer



ALLIED RESINS & CHEMICALS LIMITED

NOTES :

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item No. 4 above, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS/HER STEAD AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THIS NOTICE.**
3. Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 16th September 2009 to Tuesday, the 22nd September 2009 (both days inclusive).
4. Link Intime India Private Limited (Formerly Intime Spectrum Registry Ltd.) is the Registrar & Share Transfer Agent of the Company. All investor related communication may be addressed to Link Intime India Private Limited.
Link Intime India Private Limited
59C, Chowringhee Road, 3rd Floor, Kolkata-700020
Phone : 033-2289 0540, Telefax: 033-2289 0539
E-mail : kolkata@linkintime.co.in
5. For effecting changes in address/bank details/ECS (Electronic Clearing Service) mandate; members are requested to notify: the Registrar & Share Transfer Agent of the Company, viz. Link Intime India Private Limited.
6. Members/Proxies are requested to kindly take note of the following :
 - (i) copies of Annual Report will not be distributed at the venue of the meeting.
 - (ii) Attendance Slip, as sent herewith, is required to be brought at the venue duly filled in and signed, for attending the meeting.
 - (iii) Folio No. may please be quoted in all correspondence with the Company and/or the Registrar & Share Transfer Agent.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

The following Explanatory statement sets out all material facts relating to items no. 4 of the accompanying Notice of the Annual General Meeting to be held on Tuesday, the 22nd September, 2009.

Item No. 4

Profile of Mr. Rajesh Mundhra

Father's Name : Mr. Suraj Ratan Mundhra

Date of Birth : 25 June 1971.

Mr. Rajesh Mundhra is qualified with MBA from University of Hartford, CT, USA and Commerce Graduate from St. Xavier's College, Calcutta. He started his career with the Company as Marketing Executive in 1996.

Mr. Rajesh Mundhra with his vast experience understood the business system of the Company and set the process, systems and procedures in place and established control over the business around the globe. His scope of work covers complete control over the marketing transactions of the Company. In addition, he is also in charge of the back office support for sales and marketing.

The proposed remuneration to Mr. Rajesh Mundhra is commensurate with his experience and is in line with the industry standards prevalent in India.

This resolution is required to be passed as a Special Resolution, pursuant to the provisions of Section 314 of the Act, and shall take effect from 1st April, 2009. None of the Directors except Mr. Suraj Ratan Mundhra, Chairman & Managing Director who is a relative of Mr. Rajesh Mundhra, is interested and restrained himself in participating in the discussion while the board recommends this resolution.

By Order of the Board
For Allied Resins & Chemicals Limited

Registered Office :
13, Camac Street, Kolkata-700017
Date : 27th August, 2009

Manish Kumar Tiwari
Company Secretary & Compliance Officer



DIRECTORS REPORT to the Members

The Directors have the pleasure of presenting the 50th Annual Report of your Company together with the audited accounts for the year ended 31st March 2009.

1. FINANCIAL PERFORMANCE

The summary of standalone operating results for the year and appropriation of divisible profits is given below:

(Rs. in Lacs)

	2008-09	2007-08
Total Income	7810.10	8951.11
Profit/ (Loss)	7677.50	18585.61
Less : Extra ordinary items Amount written back	6892.90	17710.64
Technical know-how fee	119.70	258.49
	7012.60	17969.13
Net Operating Profit after adjustment of Extraordinary items but before depreciation	664.90	616.48
Depreciation	456.11	448.02
Profit / (Loss) before Tax	7221.39	18114.39
Profit / (Loss) after Tax	7218.71	18111.02
Profit / (Loss) brought forward	(9433.24)	(27544.26)
Balance carried forward	(2214.53)	(9433.24)

2. DIVIDEND

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

3. MANAGEMENT'S DISCUSSION AND ANALYSIS

During the year under review, the net Operating Profit after adjustment of Extraordinary items but before depreciation has increased to Rs. 664.90 lacs compared to Rs. 616.48 lacs in the previous year, despite the turnover lowered at Rs. 7372.58 lacs compared to Rs. 8532.90 lacs in the previous year. The increase in operating Profit was result of improved margins, good inventory management and purchase of raw material at lower cost.

3.1 TAXES AND DUTIES

The Company has contributed Rs 58.13 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 witnesses severe economic crisis. As the Company manufactures industrial Formaldehyde and resins it was also affected by this economic turmoil.

The sign of revival was seen in the last quarter and the demand for Formaldehyde and Reins has gone up in the local as well as international markets despite high volatility in the international market.



3.3 FUTURE PROSPECT

The Formaldehyde and Resin industry in India is growing rapidly and is poised to grow fast in future. Your management strongly believes that your Company can be a part of this growth story.

3.4 INTERNAL CONTROL SYSTEM

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

3.5 HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

Although there has been suspension of work for around forty days during the year but 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.

4. CAUTIONARY STATEMENT

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

5. REHABILITATION

Your Directors are pleased to inform you that scheme of Compromise settlement under Section 391 of the Companies Act, 1956, has been passed by Hon'ble High Court at Calcutta on 14 January 2009 with the secured creditor.

Your Directors are hopeful that the net worth of the Company will become positive by the year ended March 2011. The accumulated brought forward loss of the Company has come down to Rs. 22.14 crores as compared to Rs. 94.33 crores in the previous year.

6. FIXED DEPOSITS

During the year, the Company has not accepted any deposits from the public or otherwise in terms of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

7. DIRECTORS

Dr. Deba Prasad Ghosh has resigned from the office of directorship w. e. f. 17th February 2009. Your Directors place on record their appreciation for the valuable services rendered by him in the capacity of the director of the Company.

Mr. Bimal Kumar Ghose, Director retires by rotation at the ensuing Annual General Meeting and is eligible for appointment.

8. AUDITORS

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

The Audit Committee in their meeting held on the 29th July 2009 has recommended the re-appointment of M/s. L. B. Jha & Co.

**9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure 'A' to the Directors' Report.

10. CORPORATE GOVERNANCE

As required by clause 49 of the listing agreement, a separate report on corporate governance forms part of the Annual Report. A report from the statutory auditors of the Company regarding compliance of conditions of corporate governance forms a part of this report as Annexure 'B'.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that –

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made judgments 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 and of the profit of the Company for that period;
3. they have taken proper and sufficient care to the best of their knowledge and ability 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;
4. they have prepared the annual accounts on a going concern basis.

12. APPRECIATION AND ACKNOWLEDGEMENTS

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

By Order of the Board
For Allied Resins & Chemicals Limited

Registered Office :

13, Camac Street, Kolkata-700017

Date : 27th August 2009

Suraj Ratan Mundhra
Chairman & Managing Director

**ANNEXURE 'A'** to Directors' Report**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.****A. CONSERVATION OF ENERGY****a) Energy Conservation Measures Taken :**

- Improvisation and continuous monitoring of Power Factor and replacement of weak capacitors by conducting periodical checking of capacitors.
- Installation of isolating valve in main airline for preventing air loss.
- The Company has endeavored to optimize the use of energy resources and taken adequate steps to avoid wastage & use latest production technology & equipments.

b) Impact of the above Measures :

- Opportunity to compete in international market.
- Technology Up gradation.
- Development of new designs in products.
- Attaining accreditation of our product from internationally recognized bodies.

c) Total Energy Consumption and Energy Consumption per Unit of Production :**i) Power and Fuel consumption*:**

I. Electricity	2008-2009
A. Purchased Units (KWH in lacs)	56.86
Total Amount (Rs. in lacs)	241.29
Average Rate (Rs.)	4.24
B. Own generation through DG sets (KWH in lac units)	NIL
Units Generated per liter of diesel	
Cost of Fuel per Unit	
II. Fuel consumption	
A. Furnace Oil (in KL)	846.21
Total Amount (Rs. in lacs)	262.61
Average Rate (Rs. / KL)	31033.9
B. LDO (in KL)	10
Total Amount (Rs. in lacs)	5.85
Average Rate (Rs. / KL)	58506.6
C. Coal (in MT)	681.15
Total Amount (Rs. in lacs)	25.165
Average Rate (Rs. / MT)	3694.61

* For plants at Rampur and Hide-Road

ii) Consumption per unit of production :

It is not feasible to maintain product category-wise energy consumption data, since we manufacture a large range of formulations and Resins power having different energy requirements.

**B. TECHNOLOGY ABSORPTION**

Particulars with respect to technology absorption are given below:

1. **Research and Development (R & D) :**

We continue to be one the most aggressive investors and developers of Formaldehyde and Resin research and technology in the country. The research activity supports the short, medium and long term business needs of the Company. Projects in formulation development and process chemistry help us introduce a large number of new products to the Indian market including products with complexity or a technology edge. This helps us maintain our leadership position in the Indian market with specialty formulations and derive market and cost advantage. Further, it helps us to compete in the international regulated markets.

2. **Expenditure on R & D :**

Sl. No.	Particulars	2008-09(Rs.)
i.	Capital expenses	Nil
ii.	Revenue expenses	171136
iii.	Total	171136
iv.	Total R&D expenditure as a percentage of turnover	0.0232

3. **Technology absorption, adaptation and innovation :**

a) **Efforts in brief towards technology absorption, adoption and innovation :**

- Constant monitoring of process and technology upgradation taking place in advanced countries and to offer similar products through in house R & D as well as through progressive manufacturing activities. The Company is in process of further improving its quality control methods and testing facilities.
- Regular interaction with equipment designers and manufacturers and major raw material suppliers for improvements in processing and operating parameters.

b) **Future plan on R&D :**

Ensures new product development as per evolving needs of the industry, technical enhancements and quality improvements of existing product offerings.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There has been Rs. 210.57 lacs inflow and no outflow of foreign exchange in the current financial year.

By Order of the Board
For Allied Resins & Chemicals Limited

Registered Office :
13, Camac Street, Kolkata-700017
Date : 27th August 2009

Suraj Ratan Mundhra
Chairman & Managing Director