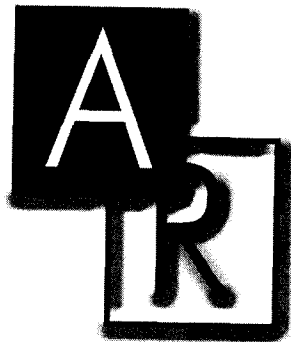


# ALLIED RESINS & CHEMICALS LIMITED



## 51st Annual Report & Account 2009-2010





**BOARD OF DIRECTORS :**

MR. SURAJ RATAN MUNDHRA

Chairman & *Managing Director*

MR. BIMAL KUMAR GHOSE

MR. UJJWAL BANERJEE

**COMPANY SECRETARY :**

MR. SANDEEP MANDHANA

**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

**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. Gobindpur  
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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## NOTICE of Annual General Meeting

Notice is hereby given that the 51st Annual General Meeting of the Members of **Allied Resins & Chemicals Limited** will be held on Wednesday, the 29th September, 2010 at 10.30 A.M. at 13, Camac Street, Kolkata - 700017, 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 2010, 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. Ujjwal Banerjee, 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.

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

Registered Office :

13, Camac Street, Kolkata - 700017

Date : 28th August, 2010

**Sandeep Mandhana**  
Company Secretary & Compliance Officer

### NOTES :

- 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.**
- Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 22nd September 2010 to Wednesday, the 29th September 2010 (both days inclusive).
- 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](mailto:kolkata@linkintime.co.in)
- 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.
- Members/Proxies are requested to kindly take note of the following :
  - Copies of Annual Report will not be distributed at the venue of the meeting.
  - Attendance Slip, as sent herewith, is required to be brought at the venue duly filled in and signed, for attending the meeting.
  - Folio No. may please be quoted in all correspondence with the Company and/or the Registrar & Share Transfer Agent.

# DIRECTORS' REPORT to the Members

Your Directors have the pleasure of presenting the 51st Annual Report of the Company together with the Audited Annual Accounts for the year ended 31st March 2010.

## 1. FINANCIAL PERFORMANCE

Summary of the Operating results for the year and appropriation of divisible profits is given below :

(Rs. in Lacs)

	<b>2009-10</b>	2008-09
Total Income	6980.37	7810.10
Profit/(Loss)	2676.05	7677.50
Less : Extra-Ordinary Items Amount written back	1761.89	6892.90
Technical Know-how fee	-	119.70
	1761.89	7012.60
Net Operating Profit after adjustment of Extra-Ordinary Items but before Depreciation	914.16	664.90
Depreciation	460.41	456.11
Profit/(Loss) before Tax	2215.63	7221.39
Profit/(Loss) after Tax	2215.63	7218.71
Profit/(Loss) brought forward	(2214.53)	(9433.24)
Balance Carried Forward	1.10	(2214.53)

## 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 Extra-Ordinary Items but before depreciation has increased to Rs. 914.16 lacs compared to Rs. 664.90 lacs in the previous year, despite the turnover lowered at Rs. 6980.37 lacs compared toRs. Rs. 7810.10 lacs in the previous year. The increase in the 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 45.46 Lacs to the Central and State Exchequer by way of Central Excise, Sales Tax.

### 3.2 MERGER

The Company is in the process of merger with M/s ARCL Organics Ltd. The Scheme of Merger has been filed with the Hon'ble High Court, Calcutta under Section 391 of the Companies Act, 1956.The Extra-Ordinary General Meeting of the Shareholders was held on 31st July 2010 for the approval of the Scheme under the directions of the Hon'ble High Court, Calcutta in which the Scheme of Merger was duly approved by the Shareholders.

The NOC's from the Stock Exchanges where the Shares of the Company are listed have been obtained as per Clause 24(f) of the Listing Agreement. The Approval of the Central Government is being awaited.

### **3.3 OPPORTUNITIES ,CONCERNS & THREATS**

The year witnesses severe economic crisis. As the Company is in the manufacture of Industrial Formaldehyde and Resins this also has been under effect.

The revival sign was seen in the last quarter as the Demand for Formaldehyde and Resins have increased in domestic as well as the international markets despite high volatility in the markets.

### **3.4 FUTURE PROSPECTS**

The Resins Industry is growing very fast in the Indian Economy and this growth rate will increase further in the near future. Your Company is likely to be the part of this growing industry in the ensuing year.

### **3.5 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.

### **3.6 HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS**

Industrial Relations remained cordial during the year despite occasional suspension of work during the year. The Directors acknowledge the support and co-operation from the employees and workers at all levels during the year.

## **4. CAUTIONARY STATEMENT**

Statements made in this report describe the Company's objectives , precautions and estimates and are stated as required by applicable laws and regulations. Actual Result may vary or 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. 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 the Companies(Acceptance of Deposit) Rules, 1975.

## **6. DIRECTORS**

Mr Ujjwal Banerjee, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

## **7. 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 28th August, 2010 has recommended the re-appointment of M/s. L. B. Jha & Co., Chartered Accountant.

## **8. 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 the Board of Directors) Rules,1988, are given in Annexure "A" to the Directors' Report.

## 9. 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 part of Annexure "B".

## 10. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, a statement showing the names and other particulars of employees are set out in Annexure I to this Report. As per the amendments made by the Department of Company Affairs to the Companies (Particulars of Employees) Rules, 1975 by Notification No. GSR 212 (E) dated March 24, 2004, the particulars of employees of the Company posted and working outside India, not being Directors or their relatives, drawing more than rupees twenty four lacs per financial year or rupees two lacs per month, as the case may be, have not been included in the said statement.

## 11. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- i) In the preparation of the Annual Accounts for the Financial Year ended 31st March, 2010 the applicable Accounting Standards have been followed and proper explanations have been provided for material departures;
- ii) The Board of Directors have selected such Accounting Policies with the consultation of the Statutory Auditors and have 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 and of the Profit or Loss of the Company for the year under review;
- iii) The Board of Directors have taken proper and sufficient care for the maintenance of the 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
- iv) The Annual Accounts for the financial year ended 31st March, 2010 have been prepared on a going concern basis.

## 12. APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors appreciate the continued support from the shareholders, customers, suppliers, Government, Banks, Financial Institution, and above all the dedicated workforce, who have been fully dedicated for your Company's revival.

By Order of the Board  
For Allied Resins & Chemicals Limited

Registered Office :

13, Camac Street, Kolkata - 700017

Date : The 28th Day of August, 2010

**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 measures to avoid wastage and use latest technology and equipments.

##### b) Impact of the above Measures :

- Opportunity to compete in International Markets
- Technology Up gradation
- Development of new designs in products
- Attaining accreditation of our products from Internationally Recognized Organizations

##### c) Total Energy Consumption and Energy Consumption per Unit of Production :

##### i) Power & Fuel Consumption

I.	Electricity	2009-10
	A. Purchased Units (KWH in lacs)	48.98
	Total Amount (Rs. In Lacs)	229.59
	Average Rate (Rs.)	5.30
	B. Own Generation through DG Sets (KWH in Lacs)	NIL
	Units Generated per Litre of diesel	NIL
	Cost of Fuel per Unit	NIL
II.	Fuel Consumption	
	A. Furnace Oil (in KL)	1245.523
	Total Amount (Rs. In Lacs)	335.10
	Average Rate (Rs./KL)	26904
	B. LDO (in KL)	NIL
	Total Amount (Rs. In Lacs)	NIL
	Average Rate (Rs. / KL)	NIL
	C. Coal (in MT)	73.230
	Total Amount (Rs. In lacs)	2.44
	Average Rate (Rs. /Lacs)	3328

\*For Plants at Rampur & 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 of the most aggressive investors and developers of Formaldehyde and Resins 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 helps us introduce a large number of new products to the Indian Market including product with complexity or a technology edge. This helps us maintain our leadership position in the Domestic as well as International Market with speciality formulations and to derive market and cost advantage. Further , it helps us to compete in the international markets.

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

Sl. No.	Particulars	2009-10 (Rs.)
I.	Capital Expenses	Nil
II.	Revenue Expenses	170513
III.	Total	170513
IV.	Total R & D Expenditure as a % of Turnover	0.0245

**3. Technology Absorption, Adaptation and Innovation :**
**a) Efforts in brief towards Technology Absorption, Adaptation and Innovation :**

- Constant monitoring of process and technology up gradation taking place in advanced countries and to offer similar products through in house Research & Development 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 improvement in processing and operating parameters.

**b) Future Plan on R & D**

New Product development as per evolving needs of the Industry, Technical Enhancements and Quality Improvement of existing product offerings.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

There has been no inflow and 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 - 700 017  
Date : 28th August 2010

**Suraj Ratan Mundhra**  
Chairman & Managing Director



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Governance

Your Company firmly believes and has consistently practised good Corporate Governance. The Company's policy is reflected by the very values of transparency, professionalism and accountability. The Company constantly strives towards betterment of these aspects and thereby perpetuates it into generating long-term value for shareholders, customers, employees other associated persons and the society as a whole.

### 2 Board of Directors

#### Composition

The Board's composition is in conformity with the provisions of the Companies Act, 1956 and the Listing Agreement. The composition of the Board of Directors of the Company is as follows :

Sl. No.	Name of Director	Category of Directorship
1.	Mr. Suraj Ratan Mundhra	Chairman & Managing Director
2.	Mr. Ujjwal Benerjee	Non Executive Director, Independent
3.	Mr. Bimal Kumar Ghose	Non Executive Director, Independent

#### Meetings & Attendance

Given below is the consolidated list of meetings of the Board and specified Committees held during 2009-10 and attendance details of Directors :

#### Meeting details during April 2009 to March 2010

Name of the Meeting	Dates on which meetings were held
Annual General Meeting	22 September 2009
Board of Directors	30 April 2009, 29 July 2009, 25 August 2009, 14 October 2009, 30 January 2010, 12 February 2010 and 23 February 2010
Audit Committee	30 April 2009, 29 July 2009, 14 October 2009, 30 January 2010 and 12 February 2010
Remuneration Committee	21 August 2009
Shareholders / Investors Grievance Committee (SHIGC)	10 April 2009

#### Attendance details at meetings during April 2009 to March 2010

	AGM	Board of Directors	Audit Committee	Remuneration Committee	SHIGC
No. of meetings held	1	7	5	1	1
Mr. S.R. Mundhra	1	6	4	1	1
Mr. Ujjwal Benerjee	1	3	2	1	-
Mr. Bimal Kumar Ghose	1	7	5	1	1

### **Directors to be appointed/re-appointed**

Mr. Ujjal Banerjee will retire by rotation in the forthcoming Annual General Meeting is being eligible for re-appointment.

### **3. Audit Committee**

The Audit Committee consists of three Directors, of which two Directors are Non Executive Directors and is chaired by Mr. Bimal Kumar Ghose, Non-Executive Director. The Chairman and Managing Director, is Director in charge of Finance, the Internal Auditors and Statutory Auditors are permanent invitees to the meeting of the Committee. The members of the Committee are eminent professionals with necessary knowledge in finance, accounting and business matters. Any other person/executive, when required, also attends the meetings of the Committee.

The terms of reference of this Committee are in line with the norms specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

For details of the meetings of the Committee held during the year and attendance therein please refer Para (2) above.

### **4. Remuneration Committee**

The purpose of the Committee is to assist the Board in the nomination of members to the Board and in evaluating the performance of the Executive Directors and making appropriate recommendations as to their remuneration, within the limits approved by the shareholders.

The Remuneration Committee consists of three Directors, of which two Directors are Non Executive Directors and is chaired by Mr. Bimal Kumar Ghose, Non-Executive Director.

For details of the meetings of the Committee held during the year and attendance therein please refer Para (2) above.

### **5. Shareholders / Investors Grievance Committee**

During the year 2009-2010, two complaints have been received by the Company from shareholders and that were resolved to the satisfaction of the complainants.

Mr. Sandeep Mandhana Company Secretary has been nominated as the Compliance Officer.

For details of the meeting of the Committee held during the year and attendance therein please refer Para (2) above.

### **6. General Body Meetings**

Details of the last three Annual General Meeting of the Company are given below :

<b>Date of AGM</b>	<b>Time</b>	<b>Place</b>
22 September 2009	10.00 am	13, Camac Street, Kolkata-700017
30 September 2008	10.00 am	13, Camac Street, Kolkata-700017
28 September 2007	10.00 am	13, Camac Street, Kolkata-700017

### **7. Disclosures**

- i. There was no materially significant related party transactions entered into by the Company with the Promoters, Directors or the Management or Relatives etc, that have potential conflict with the interests of the Company at large.