

**CRESTCHEM LIMITED**  
**EIGHTEENTH ANNUAL REPORT**  
**2009-2010**

**BOARD OF DIRECTORS**

Shri Narendra C. Patel	-	Chairman
Shri Dipak N. Patel	-	Managing Director
Shri Rajesh I. Mody	-	Director
Shri Narendrakumar H. Patel	-	Director

**BANKERS**

BANK OF INDIA  
THE BHUJ MERCANTILE Co. Op.  
BANK LTD.

**AUDITORS**

**M/s. Talati & Talati**  
Chartered Accountants  
Ahmedabad.

**FACTORY AND  
REGISTERED OFFICE**

325, Village : Indrad,  
Chhatral - Kadi Road, Tal.: Kadi,  
Dist. : Mehsana,  
(NORTH GUJARAT) 382721.

## CRESTCHEM LIMITED

### NOTICE

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Members of CRESTCHEM LIMITED will be held as scheduled below :

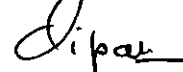
Date : 28<sup>TH</sup> Sept., 2010  
Day : Tuesday  
Time : 05.00 p.m.  
Place : 325, Village : Indrad, Chhatral - Kadi Road, Tal.: Kadi,  
Dist. : Mehsana, (NORTH GUJARAT) 382721.

to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the period (12 months) ended on 31<sup>st</sup> March 2010, and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Narendra C. Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the board of directors to fix their remuneration.

By Order of the Board of Directors



Dipak N. Patel  
Managing Director

Place : Indrad (Kadi)  
Date : 30-July,2010

### NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll to vote instead of himself and the proxy need not be a member of the Company. The proxy must be lodged with the Company not less than 48 hours before the time fixed for holding the meeting.
2. The Register of members and Share transfer book of the Company will remain closed from 24<sup>th</sup> September, 2010 to 28<sup>th</sup> September, 2010 (Both days inclusive).

## CRESTCHEM LIMITED

3. Members seeking any further information are requested to write to the Company at least 10 days before the meeting so as to enable management to keep the information ready at the meeting.
4. Members/Proxies are requested to bring with them duly filled attendance slip for attending the meeting.
5. Members are requested to:
  - (a) Intimate, if shares are held in the same name or in the same order or names, but in more than one account to enable the Company to club the said accounts in to one account.
  - (b) Notify immediately the change in their registered address, if any, to the Company.
6. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
7. The relevant Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 and also under the Code of Corporate Governance in respect of item No. 2 is annexed hereto.

### ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 & also under Corporate Governance.

**Item No. 2.**

Shri Narendra C. Patel retires by rotation at the ensuing annual general meeting, and being eligible, has offered himself for re-appointment.

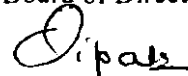
Shri Narendra C. Patel, the promoter, director of your company, is providing his expert guidance as the Non-Executive Chairman of the Board of Directors of your company since the inception of the company.

He has rich senior management experience now spanning over five decades in the chemical business, having served as managing director of large public limited companies. Mr. Narendra C. Patel has always stood by the company and has helped the company directly and indirectly on various counts, to enable your company to tide over difficult times, faced by your company.

His continued guidance and his specific help is of immense value to your company. It will be in the interest of the company that he continues as a director of the company.

Shri Narendra C. Patel is interested in this resolution as it relates to his re-appointment.  
Resolution placed at Item No. 2 of the accompanying Notice, is recommended for your approval.

By Order of the Board of Directors



**Dipak N. Patel**  
Managing Director

Place : Indrad (Kadi)  
Date : 30-07-2010

## CRESTCHEM LIMITED

### DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the EIGHTEENTH ANNUAL REPORT together with the Audited Accounts of the Company for the period of 12 months ended on 31<sup>st</sup> March, 2010.

#### 1. FINANCIAL RESULTS

(Rs. In Lacs)

	As at 31-03-2010 (12 Months)	As at 31-03-2009 (12 months)
Operating Profit / (Loss) (before interest and depreciation)	(14.89)	3.81
Less : Interest	<u>0.21</u>	<u>0.32</u>
Profit / (Loss) before depreciation	(15.10)	3.49
Less : Depreciation	<u>9.52</u>	<u>9.53</u>
Profit / (Loss) before Tax	(24.62)	(6.04)
Less : Provision for Taxation / FBT.	<u>0.37</u>	<u>0.08</u>
Profit/(Loss) after Tax	(24.99)	(06.12)
Amount of Profit and Loss A/c brought forward	<u>(218.71)</u>	<u>(212.58)</u>
Amount available for appropriations carried to Balance Sheet	(243.70)	(218.71)

#### 2. DIVIDEND

In view of the losses incurred by the Company, the Board of Directors do not recommend any dividend for the period under review.

#### 3. OPERATIONS

The plant's utilization remained sub optimal due to financial constraints and due to the time which required to be devoted in technically perfecting the products / formulations, in the nutraceutical / health food / clinical nutrition field.

#### 4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Narendra C. Patel a Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

Your Directors recommends re-appointment of the above director.

# CRESTCHEM LIMITED

## 5. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) Appropriate accounting policies have been selected and applied so as to give a true and fair view of the state of affairs of the Company as at March, 31<sup>st</sup> 2010 and of the loss of the Company for that period.
- (c) Proper and sufficient care has been taken 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.
- (d) The annual accounts have been prepared on a going concern basis.

## 6. DEPOSITS

No deposits were accepted or matured during the period under review

## 7. FINANCE

The accumulated losses of the company is in excess of 50% of the net worth, as on 31<sup>st</sup> March, 2010. The company is not a sick industrial undertaking within the clause (O) of sub clause (i) of section 3 of sick industrial companies (Special Provision) Act, 1985. However, it is potentially sick under the meaning of section 23 of the said Act and accordingly, as on date, no reference is made to the Board for Industrial and Financial Reconstruction. The said loss includes non cash – depreciation charges. Also the company has no outstanding term loans or working capital loans or any kind of loans from banks or financial institutions. There is no outstanding interest payments on above.

To tide over companies current financial difficulties, at the request of the company, the Directors of the company has given unsecured interest free loans from time to time from their own funds to help the company to re-structure its operations.

## 8. AUDITORS

M/s. Talati & Talati, Chartered Accountants, Ahmedabad, the auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. They are eligible for re-appointment and have furnished certificate to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1-B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

In the opinion of directors, the notes to the accounts are self explanatory and adequately explains the matters, which are dealt with by the auditors.

Audit Report mentions that Internal Auditor has not been appointed. The Directors have to state that, as suggested by the Statutory Auditors M/s. Talati & Talati, the company has appointed M/s. Ashok Bhogilal Shah, Chartered Accountants, as the Internal Auditors of the company, from the current financial year onwards.

## 9. PARTICULARS OF EMPLOYEES

There is no employee attracting the provisions of section 217(2A) of the companies Act, 1956, read with the rules made there under.

## 10. INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

Information required u/s. 217 (1) (e) of the Companies Act, 1956 read with 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), the reports and accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, foreign exchange earning and outgo, and the statement of particulars of employees. Any shareholder interested in obtaining such particulars may write to the Director / Company Secretary at the Registered Office of the Company.

## **CRESTCHEM LIMITED**

### **11. CORPORATE GOVERNANCE REPORT**

A separate report on Corporate Governance is furnished as a part of this Annual Report, along with the Compliance Certificate on the same from the company secretary.

### **12. COMPLIANCE CERTIFICATE**

The compliance certificate issued by the Company Secretary in whole time practice as prescribed under provision to Section 383A(1) of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001 is attached with this Report.

### **13. INDUSTRIAL RELATIONS, SAFETY AND ENVIRONMENT**

The Industrial relations remained cordial, and due attention is devoted to safety / environmental aspects..

### **14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **Industry Structure and Development:**

Your Company is engaged in the field of Processing / Job working / Manufacturing, of specialty chemical ingredients, in dry powder forms finding applications as a nutritious (or as a edible additive) raw material, in dry re-constitutable food and pharmaceutical recipes. Commercially, at times known as the neutraceutical Industry products or as Entral Nutritional Industry raw materials, Health Food Industry raw material etc.

#### **Opportunities, Threats, Risk and Concerns :**

This is a newly developing field, emerging out of the fusion of certain aspects of three industries, namely The Chemical – The Food – The Pharmaceutical Industry, with an opportunity of growth. But currently the cost of manufacturing and marketing is high, as volume of business is low, since the concept has yet to catch-up in India, as compared to certain countries abroad, which is a kind of threat to the viability, at least for the time being. The risk is that the “off-the shelf ready to use packaged products” which are costly and targeted to the modern life, depends on how fast the purchasing power of Indian Mass Public improves. Currently our concerns are to find customers / Job work customers in this field who can give us remunerative prices. The management now feels optimistic to find the same, which was difficult to find till now.

#### **Financial Performance With Respect To Operational Performance:**

The plant's utilization remained sub optimal due to financial constraints and due to the time which required to be devoted in technically perfecting the products / formulations, in the neutraceutical / health food / clinical nutrition field.

#### **Internal Control Systems and their adequacy :**

The Company has internal control systems commensurate with its size and nature of business.

#### **Human Resource / Industrial Relations :**

The company has taken effective steps to rationalize manpower cost to the maximum extent possible.

## **CRESTCHEM LIMITED**

### **Business Outlook :**

The growth of our Companies business depends upon several factors as discussed above. However, management visualizes that, shortly time will come in which we will be able to introduce new formulations and the same will, get properly accepted in the market, looking at some improvement in purchasing power of Indian Mass Public.

### **Cautionary Statement :**

Actual results might differ from what we perceive with regards to companies outlook and performance due to changing ground realities.

### **ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere thanks to the Bankers and various Government authorities for the co-operation given by them.

For and on behalf of the Board



**Narendra C. Patel**  
Chairman

Place : Indrad (Kadi)  
Date : 30-07-2010

# CRESTCHEM LIMITED

## CORPORATE GOVERNANCE

[Pursuant to clause 49 of the listing agreement with the Stock Exchange.]

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance envisages following of fair business and corporate practices, whereby ensuring better satisfaction of grievances, if any, of all its stakeholders including customers, shareholders and employees, guided by commitment towards efficiency and excellence in every aspect of its business, with due concern for social responsibility.

### 2. BOARD OF DIRECTORS :

#### (a) Composition of Board :

The Board of directors of the Company consists of 4 directors out of which there is one Managing Director and 3 Non Executive directors, who are eminent personnel with wide range of skills and experience in business, finance and law. The Chairman of the Board is Non-executive director and 50% of the Board comprises of independent directors. The Board normally meets once in a quarter, and additional meetings are held as and when required.

#### (b) Details of attendance of each director at the Board Meetings and the last Annual General Meeting (AGM); with particulars of their other directorship, and chairmanship / Memberships of board / committees :

	Directors	Category	Attendance Particulars		No. of other Directorships and other committee memberships / chairmanships held in other public Ltd. Companies.		
			Board Meeting	Last AGM	Directorships	Committee Memberships	Committee Chairmanship
1	Mr. Narendra C. Patel	Chairman, Promoter and Non-executive Director	5	Yes	-	-	-
2	Mr. Dipak Patel	Managing Director	5	Yes	-	-	-
3	Mr. Rajesh I. Mody	Non-executive Independent Director	5	Yes	-	-	-
4	Mr. Narendrakumar H. Patel	Non-executive Independent Director	5	Yes	-	-	-

#### (c) No. of Board meeting held and dates on which held :

Five Board Meetings were held during the year ended March, 2010 viz. on 30<sup>th</sup> April, 2009, 14<sup>th</sup> July, 2009, 30<sup>th</sup> July, 2009, 31<sup>st</sup> October, 2009 and 30<sup>th</sup> January, 2010.

# CRESTCHEM LIMITED

## BOARD COMMITTEES

### 3. AUDIT COMMITTEE:

The Audit Committee was constituted on 15-03-2003 consisting of three directors. The quorum is 2 members. The terms of the reference of the Audit committee include approving and implementing the audit procedures and techniques, reviewing the financial reporting system, internal control systems, ensuring compliance with the regulatory guidelines, and reviewing the risk management policies of the Company. The Audit committee met prior to the finalization and approval of accounts for the year ended on 31<sup>st</sup> March, 2010. The committee has full access to all accounting records of the company.

The present composition of the audit committee, meetings and attendance is as follows:

Name of the Members	Designation and Category	Profession	Attendance at the Audit Committee meeting held on				
			30 <sup>th</sup> April, 2009	14 <sup>th</sup> July, 2009	30 <sup>th</sup> July, 2009	31 <sup>st</sup> Oct, 2009	30 <sup>th</sup> Jan, 2010
Mr. Narendrakumar H. Patel	Chairman of the committee and non-executive Independent Director	Graduate in Accounts (Commerce) and having experience of Sr. Accountancy and Finance, besides marketing experience.	Yes	Yes	Yes	Yes	Yes
Mr. Rajesh L. Mody	Member of the committee and non-executive Independent Director	Graduate in Science and experienced businessman	Yes	Yes	Yes	Yes	Yes
Mr. Dipak N. Patel	Managing Director	Graduate in Science and MBA having Sr. Management experience.	Yes	Yes	Yes	Yes	Yes

The Audit Committee invites such of the executives and directors as it considers appropriate to be present at the meetings. The manager/ Accountant / Auditors etc are normally invited to these meetings. The minutes of Audit Committee meetings are noted by the Board of Directors at the Board Meeting.

## CRESTCHEM LIMITED

### 4. REMUNERATION COMMITTEE : (NON-MANDATORY)

The present composition of remuneration committee, its meetings and attendance is as follows :

Name of the Members	Designation and Category	Attendance at the Remuneration Committee meeting held on
		30 <sup>th</sup> January, 2010
Mr. Rajesh I. Mody	Chairman of the Committee and Non-executive Independent Director	Yes
Mr. Narendrakumar H. Patel	Member and Non-executive Independent Director	Yes

One Remuneration Committee meeting was held during the year. The quorum is two members.

The Non Executive Directors are not entitled to remuneration, as on date, for attending committee meetings, except the seating fees for attending board meetings. The broad terms of reference of remuneration committee are to review remuneration practices including those payable to directors/managing directors, subject to the approval of the board/shareholders.

### 5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE :

The Committee looks into redressal of shareholders / Investors grievance, if any, like transfer / transmission / demat of shares, loss of share certificate, non-receipt of Annual Report etc. The quorum is 2 members. The present composition of the committee, its meetings and attendance is as follows :

Name of the Members	Designation and Category	Attendance at the Shareholder's/Investor's Grievances meeting held on				
		30 <sup>th</sup> April, 2009	14 <sup>th</sup> July, 2009	30 <sup>th</sup> July, 2009	31 <sup>st</sup> Oct., 2009	30 <sup>th</sup> Jan., 2010
Mr. Narendra C. Patel	Chairman of the committee and non-executive Director	Yes	Yes	Yes	Yes	Yes
Mr. Rajesh I. Mody	Member of the committee and non-executive Independent Director	Yes	Yes	Yes	Yes	Yes
Mr. Narendrakumar H. Patel	Member of the committee and non-executive Independent Director	Yes	Yes	Yes	Yes	Yes

No Complaints of significant nature were received during the period 12 months ended on 30<sup>th</sup> March, 2010 and necessary actions were taken. All valid share transfers received during the period have been acted upon by the company. Mr. Satish Panchal, who handles records, has been entrusted to act as compliance officer on behalf of the company.