



CRESTCHEM LIMITED

**NINETEENTH ANNUAL REPORT
2010-2011**

CRESTCHEM LIMITED
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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 MERC. 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 NINETEENTH ANNUAL GENERAL MEETING of the Members of CRESTCHEM LIMITED will be held as scheduled below :

Date : 30th Sept., 2011
Day : Friday
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 31st March 2011, and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Rajesh I. Mody 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

Sd/-

Place : Indrad (Kadi)

Date : 27-May-2011

Dipak N. Patel
Managing Director

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 26th September, 2011 to 30th September, 2011 (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 Rajesh I. Mody retires by rotation at the ensuing annual general meeting, and being eligible, has offered himself for re-appointment.

Shri Rajesh I. Mody is the Non-Executive Independent Director of your Company since 24th August, 2004. He is a graduate in science and is a businessman having wide experience in marketing. His continuing guidance is very valuable to your company. It will be in the interest of the company that Shri Rajesh I. Mody continues as a Director of the Company.

Shri Rajesh I. Mody 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
Sd/-

Dipak N. Patel
Managing Director

Place : Indrad (Kadi)
Date : 27-May-2011

CRESTCHEM LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the NINETEENTH ANNUAL REPORT together with the Audited Accounts of the Company for the period of 12 months ended on 31st March, 2011.

1. FINANCIAL RESULTS

(Rs. In Lacs)

	As at 31-03-2011 (12 Months)	As at 31-03-2010 (12 Months)
Operating Profit / (Loss) (before interest and depreciation)	0.89	(14.89)
Less : Interest	<u>0.47</u>	<u>0.21</u>
Profit / (Loss) before depreciation	0.42	(15.10)
Less : Depreciation	<u>9.52</u>	<u>9.52</u>
Profit / (Loss) before Tax	(9.10)	(24.62)
Less : Provision for Taxation / FBT.	<u>0.00</u>	<u>0.37</u>
Profit/(Loss) after Tax	(9.10)	(24.99)
Amount of Profit and Loss A/c brought forward	<u>(243.70)</u>	<u>(218.71)</u>
Amount available for appropriations carried to Balance Sheet	(252.80)	(243.70)

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 improved to some extent, yet however it remained sub-optimal due to financial constraints and the time which was 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 Rajesh I. Mody 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.

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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, 31st 2011 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 Public deposits were accepted or matured during the period under review

7. FINANCE

The accumulated losses of the company are in excess of 50% of the net worth, as on 31st March, 2011. 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 are no outstanding interest payments on above.

To tide over companies current financial difficulties, at the request of the company, the Directors of the company have 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 explain the matters, which are dealt with by the auditors.

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.

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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 nutraceutical Industry products or as Entral Nutritional Industry raw materials, Health Food Industry raw material etc.

Opportunities, Threats, Risk and Concerns :

This is a 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 the time which was required to be devoted in technically perfecting the products / formulations, in the nutraceutical / 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.

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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

Sd/-

Narendra C. Patel

Chairman

Place : Indrad (Kadi)

Date : 27-May-2011

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, 2011 viz. on 30th April, 2010, 30th July, 2010, 29th October, 2010. 28th January, 2011 and 16th February, 2011.

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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 31st March, 2011. 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 th Apr, 2010	30 th Jul, 2010	29 th Oct, 2010	28 th Jan, 2011	16 th Feb, 2011
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 I. 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.