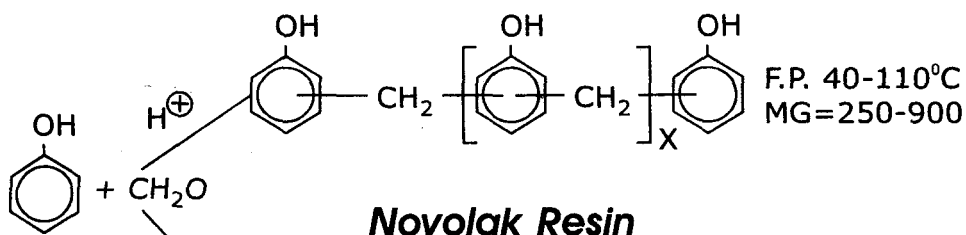
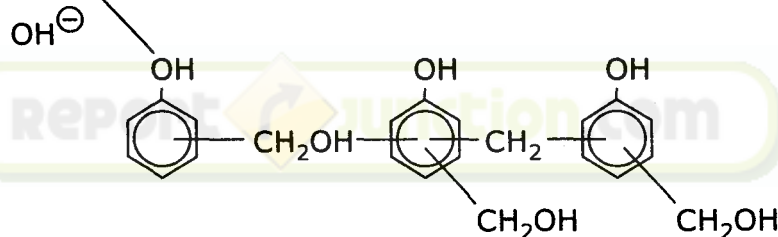


Annual Report 2004-2005



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SREECHEM RESINS LIMITED



Sreechem Resins Limited

BOARD OF DIRECTORS :

Mr. S. N. Kabra – *Managing Director*
 Mr. Binod Sharma – *Joint Managing Director*
 Mr. B. M. Banerjee – *Director*
 Mr. Y. K. Dalmia – *Director*
 Mr. Vikram Kabra – *Director*

AUDITORS :

Dalmia Monta & Associates
Chartered Accountants

BANKERS :

Allahabad Bank
 Red Cross Place Branch
 Kolkata-700001

SHARE TRANSFER AGENTS :

MCS Ltd.
 77/2A, Hazra Road,
 Kolkata-700 029

REGISTERED OFFICE :

Vill. : Jhagarpur
 Post : Rajgangpur-770 017
 (Orissa)

WORKS :

Unit-I Vill. : Jhagarpur
 Post : Rajgangpur
 Orissa
 Unit-II Vill. : Durramura
 Dist : Raigarh
 (C.G.)

CORPORATE OFFICE :

23A, Netaji Subhash Road
 11th Floor, Room No. 11
 Kolkata-700 001
 West Bengal

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Sreechem Resins Limited

NOTICE

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the members of the company will be held at the **Registered Office of the Company at 10-00 A.M.** on Monday the 26th day of September, 2005 to transact the following business :

ORDINARY BUSINESS :

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2005, the Audited Balance Sheet as on that date and the Reports of the Directors and Auditors thereon".
- 2) "To appoint a Director in place of Mr Y.K. Dalmia, who retires by rotation and being eligible, offers himself for reappointment".
- 3) "To appoint Auditors and to authorise the Board to fix their remuneration".

SPECIAL BUSINESS

- 4) To consider and, if thought fit to pass with or without modification the following Resolution as a ordinary Resolution.

"RESOLVED THAT, in supercession of resolution passed in the meeting held on 27th September 2000 and pursuant to the provisions of section 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Schedule xiii to the said Act as amended from time to time, the Company hereby approve reappointment of Sri S.N. Kabra, as Managing Director and Sri Binod Sharma as Joint Managing Director for a further period of five years with effect from 1st October 2005 as per the following terms & conditions.

(a) Salary

Sri S.N. Kabra : Rs. 40,000
Managing Director

Sri Binod Sharma : Rs. 40,000
Joint Managing Director

PERQUISITIES

In addition to salary, the following perquisites are allowed, restricted to an amount equal to the annual salary unless the context otherwise requires. Perquisites are classified into two categories 'A' and 'B' as follows :

Category A

i) Housing :

The expenditure incurred by the company on hiring furnished accommodation for the Managing Director/ Joint Managing Director shall be subject to the following ceiling :

- a) If rented, rent not exceeding 50% of salary will be paid by the company.
- b) If owned by the company, fully furnished accommodation will be provided by the company.

Explanation

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the income-tax Rules 1962. Value of all these facilities shall however, be subject to a ceiling of 40% of the salary of the Managing Director/Joint Managing Director.

- i) Medical Reimbursement : Expenses incurred for self and family, subject to the ceiling of one month's salary per year or three months salary over a period of three years.
- ii) Leave Travel concession : For self family once in a year in accordance with the rules specified by the Company.
- iii) Club Fees : Fees of clubs subject to a maximum of two clubs.
- iv) Personal Accident Insurance : Premium not to exceed Rs. 2500/- per annum.
- v) Other Benefits : Such other benefits/facilities as may be applicable to other Senior Executives of the Company from time to time in accordance with the Company's practice & rules.

Explanation :

For the purpose of category, a family means the spouse, the dependent children and dependent parents of the Managing Director/Joint Managing Director.



Sreechem Resins Limited

Category B

Provision of car to and from Residence. Use of car for Company's business and telephone at residence will not be considered as perquisites.

NOTES :

1. A member entitled to attend and vote is entitled to appoint proxy to attend and vote in his / her stead and a proxy need not be a member of the company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to the Annual Report.
2. The register of Members and Share Transfer Books of the Company shall remain closed from Monday, 19th September, 2005 to Monday, 26th September 2005 (both days inclusive).
3. ~~Members who are~~ holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their shares certificates to enable the company to consolidate their holding in one folio.
4. Notice of change of address and Bank mandates must reach the Company's Registrar and Share Transfer Agents, M/S MCS LIMITED, 77/2A, Hazra Road, Kolkata-700 029.

ANNEXURE TO NOTICE :**EXPLANATORY STATEMENT PURSUENT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 4**

The Board of Directors of the Company ("The Board") at its meeting held on 8th August 2005, decided to reappoint Sri S.N. Kabra as Managing Director and Sri Binod Sharma as Joint Managing Director in the best interest of the Company subject to approval of the members of the company for a further period of five years w.e.f. 1st October, 2005.

The Board recommends the Resolution mentioned at Item No. 4 of the notice for your approval.

The above statement read with the resolution shall be deemed to be an abstract under section 302(2) of the Companies Act, 1956.

None of the directors except Sri S.N. Kabra and Sri Binod Sharma is interested or concerned in the proposed resolution.

Registered Office

Vill : Jhagarpur,

Post : Rajgangpur-770 017

ORISSA

Dated : The 8th day of August 2005

By Order of the Board

S. N. KABRA
MANAGING DIRECTOR



Sreechem Resins Limited

DIRECTORS' REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting the SEVENTEENTH Annual Report together with the Audited Accounts for the year ended 31st March 2005.

Financial Results :

	(Figures in Rs. '000)	
	Year ended 31.03.2005	Year ended 31.03.2004
Sales and other income	253053	235961
Gross Profit	8771	7773
Interest	3816	3008
Depreciation	3538	3221
Profit/Loss before Tax	1417	1544
Provision for Taxation	123	111
Deferred Tax	496	449
Profit/Loss after Tax	798	984
Balance Brought forward from P/Y	3737	2753
Amount available for appropriation :	4535	3737
Balance Carried Forward :	4535	3737

OPERATIONS :

Your Directors are happy to report that the sales have gone up from Rs. 23.60 crores last year to Rs. 25.30 crores this year. Last year's sales was inclusive of inter-unit sales of Rs. 2.08 crores, whereas this year's sales is exclusive of Rs. 1.25 crores inter-unit sales thus showing a growth of 12.5% over last year. The profit before Taxes is Rs. 14.17 lacs against Rs. 15.44 lacs in previous year. After provision for current Taxes amounting to Rs. 1.23 lacs and Deferred Tax Rs. 4.96 lacs, Net Profit amounts to Rs. 7.98 lacs. against Rs. 9.84 lacs last year, which is lower as compared to last year mainly because of increase in prices of raw materials, which could not be passed on to the customers fully. Adding the brought forward profit of Rs. 37.37 lacs, the balance of Rs. 45.35 lacs is carried to the next year.

As reported last year the prices of our raw materials phenol had increased substantially from June 2004 onwards due to increase in crude oil prices. Besides there was worldwide scarcity due to Plant shut down in overseas countries resulting in scarcity affecting the availability in the country. Although the company had also increased prices of its finished products but could not pass on the entire price increases in raw materials. This resulted in lower off-take by our customers in volumes besides squeezed margins.

EXPANSION DIVERSIFICATION :

As discussed in last year's report, the company has already negotiated with a German Company – DEUTSCH TECHNOLOGIE CONSULTING (Germany) for manufacturing and marketing of **Home cleaning and hygienic products**. The brand names for the products have been registered. The company will launch these products in the year 2005-06.

DIVIDEND :

Your Directors do not recommend any dividend for the year due to inadequate profit during the year.

CORPORATE GOVERNANCE :

Your Company attaches considerable importance to good Corporate Governance and aspire to build investor confidence, to maximize shareholders long-term value and improved investor's protection. Pursuant to clause 49 of the listing Agreement with stock Exchange a compliance report on Corporate Governance has been annexed as part of the Annual Report.



Sreechem Resins Limited

DIRECTORS' REPORT (*Contd.*)

REGISTERED OFFICE :

The shareholders had passed special resolution for transferring the Registered Office from Orissa state to West Bengal state, but due to changed circumstance thereafter the company did not pursue the matter.

PERSONNEL :

The Company does not have any employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSITS :

The Company has not accepted any deposit from the public during the year.

DIRECTORS RESPONSIBILITY STATEMENT – SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors Responsibility Statement, it is hereby confirmed :

- i) that in the preparation of the annual accounts, for the financial year ended 31st March 2005, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) that the directors had prepared the annual accounts for the financial year ended 31st March 2005, on a going concern basis.

DIRECTORS :

Mr. Y.K. Dalmia, Director retires by rotation as required under the provisions of the Companies Act 1956 at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS REPORT :

The Auditors in their report have referred to the notes forming part of the accounts. The said notes are self explanatory and do not require further elucidation.

AUDITORS :

M/s. Dalmia Mohta & Associates, Chartered Accountants retires at the Seventeenth Annual General Meeting and are eligible for reappointment and the Board recommends their reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

Details regarding the present energy consumption including captive generation, technology absorption, foreign exchange earning and outgo are furnished in Annexure-'A' as per the requirements of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

ACKNOWLEDGEMENTS :

The Board wish to place on record their sincere thanks to the Employees of the Company for their sincere and hard work. The Board also wish to place on record their sincere thanks to the Company's Bankers the ALLAHABAD BANK and convey their gratitude and thanks to the Company's esteemed shareholders, customers and other business associates for their support.

For and by Order of Board

Place : Kolkata
Dated : The 8th day of August, 2005

S. N. Kabra
Managing Director



Sreechem Resins Limited

ANNEXURE 'A' TO DIRECTOR'S REPORT

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors Report for the year ended 31st March 2005.

1. CONSERVATION OF ENERGY :

Company has taken various steps for conservation of energy and has installed energy efficient equipments and thereby able to minimise the energy consumption.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM-A OF THE ANNEXURE TO THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULED THERETO.

A. POWER & FUEL CONSUMPTION**2004-2005****2003-2004**

1. Electricity			
Purchased Unit	KWH	479465	528007
Total Amount	Rs.	2293603	2291743
Rate	Rs./KWH	4.78	4.34
2. Own Generation Through Diesel Generator			
Units	KWH	70355	68547
Unit per Litre of Diesel	KWH/Ltr.	2.70	2.60
Cost per Unit	Rs./KWH	8.90	8.60

B. Consumption per Unit Production (Electricity)

KWH/MT

132

146

2. TECHNOLOGY ABSORPTION :**A. Research & Development (R & D)**

- a. Specific areas in which R & D carried out by the Company :
— New Product development
- b. Benefits derived as a result of above R & D :
— Addition to the existing range of products.
— Cost reduction
- c. Further plan of action :
— The Company will continue to further develop the Research & Development in the above areas and identify new areas of applications.
- d. Expenditure on R & D :
— The expenditure on R & D was incurred in developing and commercialising products and as such specific expenditure under this head cannot be classified.

B. Technology Absorption, Adoption and Innovation :

There is no technical collaboration agreement. The Company is manufacturing with the help of in-house developed technology. The entire range of product is manufactured through know-how developed by the Company in-house.

C. Foreign Exchange earnings and Outgo :

Earnings —	Rs. 2516224.00 (P/Y Rs. 353734.00)
Outgo —	Rs. 91663.00 (P/Y Rs. 67316.00)

For and by Order of Board

Place : Kolkata

Dated : The 8th day of August, 2005

S. N. Kabra
Managing Director



Sreechem Resins Limited

ANNEXURE 'B' TO DIRECTOR'S REPORT

CORPORATE GOVERNANCE

(a) **Company's philosophy**

The Company Firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

(b) **Board of Directors**

The Board of Directors comprises a Managing Director, a Joint Managing Director, a Executive Director and two Non-executive directors, during the year, 6 Board Meetings were held on 30.04.2004, 29.07.2004, 27.08.2004, 29.10.2004, 21.12.2004 and 27.01.2005.

The composition of Board of Directors and their attendance at the meeting during the year and at the last Annual General Meeting as also number of other directorships/memberships of committees are as follows :

Name of Director	Category of Directorship	No. of Board Meeting attended	Attendance at last AGM	No. of other Directorship
Mr. S.N. Kabra Executive Director	Managing Director	6	Yes	6
Mr. B. Sharma Executive Director	Joint Managing Director	5	No	6
Mr. B.M. Banerjee Non-Executive Director	Technical Director	6	Yes	None
Mr. Y.K. Dalmia Non-Executive Director	Director	4	Yes	4
Mr. V. Kabra Executive Director	Director	6	Yes	2

(c) **Audit Committee**

1. Terms of reference : The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the internal Auditors any significant findings for follow up thereon, to review the Quarterly, Half yearly and Annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operating management personnel and reviews the operations, new initiatives and performance of the business units. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.