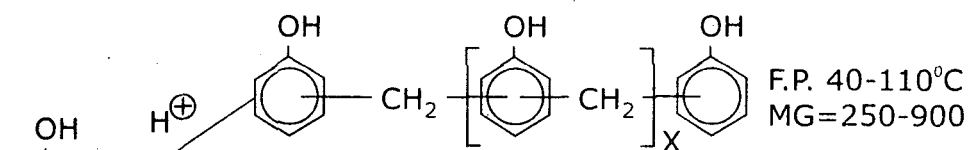
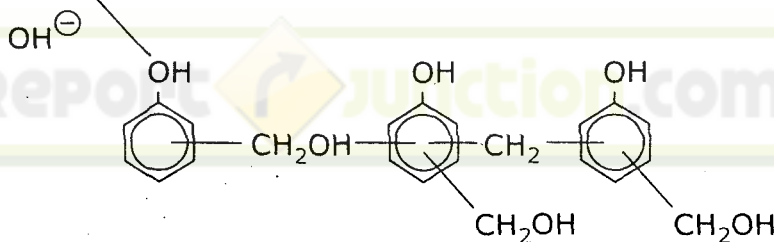


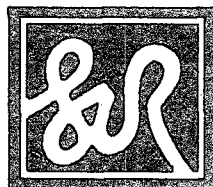
# Annual Report 2006-2007



**Novolak Resin**



**Resol Resin**



**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 – *Technical Director*  
 Mr. Y. K. Dalmia – *Director*  
 Mr. Vikram Kabra – *Director*

## COMPANY SECRETARY :

Mr. S. N. Mukherjee

## AUDITORS :

R.C. Jhawer & Co.  
*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**


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## NOTICE

NOTICE IS HEREBY GIVEN that the Nineteenth 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 Friday the 28th day of September, 2007 to transact the following business :

### ORDINARY BUSINESS :

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2007, 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 Vikram Kabra, who retires by rotation and being eligible, offers himself for reappointment".
- 3) "To appoint Auditors and to authorise the Board to fix their remuneration".

### 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 Friday, 21st September, 2007 to Friday, 28th September 2007 (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. Members holding shares in the Physical form only are requested to inform the change of address and send Bank mandates if any to the Company's Registrar and Share Transfer Agents, M/S MCS LIMITED, 27/2A, Hazra Road, Kolkata-700029.

Registered Office

Vill : Jhagarpur,

Post : Rajgangpur-770 017

ORISSA

Dated : The 6th day of August 2007

By Order of the Board

S. N. MUKHERJEE

Company Secretary




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**Sreechem Resins Limited**


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## DIRECTORS' REPORT

TO  
THE MEMBERS

Your Directors have pleasure in presenting the NINETEENTH Annual Report together with the Audited Accounts for the year ended 31st March 2007.

### Financial Results :

	(Figures in Rs. '000)	
	Year ended 31.03.2007	Year ended 31.03.2006
Sales and other income	278281	239194
Gross Profit	10064	9500
Interest	4994	5021
Depreciation	3779	3721
Profit/Loss before Tax	1291	1171
Fringe Benefit Tax	150	153
Provision for Taxation	1200	1028
Deferred Tax	(1110)	(1280)
Profit/Loss after Tax	1051	1270
Balance Brought forward from Previous year	5905	4535
Leaving a balance to be carried forward	<b>6856</b>	<b>5805</b>

### OPERATIONS :

Your Directors have to report that the sales for the year is Rs. 27.83 crores against last years Rs. 23.92 crores exclusive of Inter Unit Sales of Rs. 6.27 crores against Rs. 4.40 crores last year. The profit before taxes is Rs. 12.91lacs against Rs. 11.71 lacs in Previous year, which is higher as compared to last year. After provision for current Taxes amounting to Rs. 12.00 lacs and Fringe Benefit Tax Rs. 1.50 Lacs and write back of deferred Tax Liabilities of Rs. 11.10 lacs, Net Profit amounts to Rs. 10.51 lacs, against Rs.12.70 lacs last year. Adding the brought forward profit of Rs. 58.05 lacs, the balance of Rs. 68.56 lacs is carried over to the next year.

The demand for the products of the company remained stagnant during the year. However due to planned big investments by main steel producers, your Directors expect the demand to improve in coming years and your directors will endeavor to seize the opportunity.

### DIVIDEND :

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

### AUDITORS :

M/s. Dalmia Mohita & Associates, Chartered Accountants resigned during the year as auditors and the Board appointed M/s R.C.Jhawer & Co, Chartered Accountants as auditors for conducting the Audit for the financial year 2006-07, which was approved by the Share holders in Extra Ordinary Annual General Meeting held on 15<sup>th</sup> March 2007. M/s R.C.Jhawer & Co, Chartered accountants, retires at the ensuing Annual General meeting and are eligible for reappointment, offers themselves for re- appointment 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 6th day of August, 2007

S. N. Kabra  
Managing Director




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**Sreechem Resins Limited**


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**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 2007.

**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**

		2006-2007	2005-2006
1. Electricity			
Purchased Unit	KWH	524367	519706
Total Amount	Rs.	2656474	2559450
Rate	Rs./KWH	4.98	4.92
2. Own Generation Through Diesel Generator			
Units	KWH	73285	72145
Unit per Litre of Diesel	KWH/Ltr.	2.70	2.65
Cost per Unit	Rs./KWH	9.55	9.30

**B. Consumption per Unit Production (Electricity)**

KWH/MT	136	134
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**2. TECHNOLOGY ABSORPTION :****A. Research & Development (R & D)**

- Specific areas in which R & D carried out by the Company :  
— New Product development
- Benefits derived as a result of above R & D :  
— Addition to the existing range of products.  
— Cost reduction
- Further plan of action :  
— The Company will continue to further develop the Research & Development in the above areas and identify new areas of applications.
- 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. 772740.00	(P/Y Rs. 730296.00)
Outgo	Rs. NIL	(P/Y Rs. NIL)

For and by Order of Board

Place : Kolkata  
Dated : The 6th day of August, 2007

S. N. Kabra  
Managing Director




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**Sreechem Resins Limited**


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**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 present strength of board is 5. The Board of Directors comprises a Managing Director, a Joint Managing Director, two Executive Directors and one Non-executive Director. During the year, 7 Board Meetings were held on 29.04.2006, 29.07.2006, 07.08.2006, 31.10.2006, 18.11.2006, 09.01.2007 and 27.01.2007.

The composition of Board of Directors and their attendance at the meeting during the year and at the last Annual General Meeting and other requisite particulars are given below :

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	7	Yes	5
Mr. B. Sharma Executive Director	Joint Managing Director	7	Yes	6
Mr. B.M. Banerjee Executive Director	Technical Director	6	Yes	None
Mr. Y.K. Dalmia Non-Executive Director	Director	5	Yes	4
Mr. V. Kabra Executive Director	Director	6	Yes	2

**(c) Audit Committee**

1. Terms of reference : It oversees 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. The committee performs the functions enumerated in clause 49 of the listing agreement and sec.292 A of the companies Act, 1956. The Chief of financial & Accounts section, statutory auditors & Internal auditors are invited in its meetings.




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**Sreechem Resins Limited**


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**2. Composition :**

The audit Committee was formed in 2002 and as on today it comprises 2 Non-executive Directors. The committee met 5 times during the year and the attendance of Members at the Meeting was as follows :

Name of Member	Status	No. of Meetings Attended
Mr. Y.K. Dalmia	Chairman	5
Mr. B.M. Banerjee	Member	5

The Commercial Manager of the company is the Secretary of the Committee.

**(d) REMUNERATION TO DIRECTORS :**

The details of remuneration paid to all the directors during the year are given below :

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. S.N. Kabra	4,80,000	44,095	5,24,098
Mr. B. Sharma	4,80,000	21,851	5,01,851
Mr. B.M. Banerjee	1,82,500	14,000	1,96,000
Mr. Y.K. Dalmia	NIL	NIL	NIL
Mr. V. Kabra	1,20,000	10,000	1,30,000

**Remuneration Policy**

Payment of remuneration to Managing Director, Joint Managing Director, Executives and Non-executive Directors is governed by the respective agreement executed between them and the company. The Board and the Shareholders' approved these agreements.

- (e) The Board has delegated the powers to approve transfer of the Share allotted by the Company to a Committee of Senior Executives. The Committee held 10 Meetings during the year and approved the transfer of the shares lodged with the Company.

**(f) General Body Meetings :**

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Location
2005-06	28-9-2006	10-00 A.M	Registered Office
2004-05	26-9-2005	10-00 A.M	Registered Office
2003-04	28-9-2004	10-00 A.M	Registered Office

No special resolutions were required to be put through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for shareholders' approval at this Meeting.

**(g) Disclosures :**

- During the year, there were no transactions of material nature with the directors or the management or their relatives that had potential conflict with the interest of the Company.
- There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

**(h) Means of communication :**

- Quarterly Results are published in prominent daily newspapers viz. The Statesman Orissa, The Utkal Mail.






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**Sreechem Resins Limited**


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**(I) General Shareholders' Information:**

1. Annual General Meeting is to be held on Friday, the 28th September, 2007 at Regd. Office vill : Jhagarpur, Rajgangpur (Orissa) 10 A.M.
2. Annual results of previous year      Second week of August  
Mailing of Annual Reports              1st week of September  
First Quarter results                      End July  
Annual General Meeting                  Friday, 28th September, 2007  
Second Quarter results                  End October  
Third Quarter results                      End January
3. **Dates of book closure :** From Friday, 21st September, 2007 to Friday, 28th September, 2007 (both days inclusive).
4. **Listing of Equity Shares Stock Exchanges at :** Shares of the company are listed at Ahmedabad, Bhubneshwar, Kolkata and Mumbai (BSE).
5. **Registrar and Share Transfer Agent :** The Registrar and Transfer Agents of Sreechem Resins Limited is M/s. MCS Limited located at 77/2A, Hazra Road, Kolkata-700029.  
The MCS LTD acknowledges and executes transfer of securities, arranges for issue of dividend/ interest warrants. The MCS LTD. also accepts, deals with, resolves complaints from investors.
6. **Share Transfer System :** The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time. The Company adopts the transfer-cum-demat system to facilitate Demat of shares.
7. Distribution of shareholding as on 31st March, 2007

No. of Shares	Shareholders		Shareholding	
	Nos.	%	Nos.	%
Up to 500	10302	94.81	1390900	34.77
501-1000	327	3.01	281200	7.03
1001-2000	136	1.25	212800	5.32
2001-3000	39	0.36	98100	2.45
3001-4000	18	0.17	64800	1.62
4001-5000	10	0.09	47500	1.19
5001-10000	18	0.17	129800	3.25
10001-50000	9	0.08	178300	4.46
50001-100000	2	0.02	134100	3.35
100000-Above	5	0.04	1462500	36.56
	<b>10,866</b>	<b>100.00</b>	<b>4000000</b>	<b>100.00</b>

**8. Categories of Shareholders as on 31st March, 2007 :**

Category	No. of Shares held	% Shareholding
Financial Institutions	1900	00.05
Foreign Institutional Investors	Nil	00.00
Bodies Corporate	1046000	26.15
Directors & Relatives	797600	19.94
Others	2154500	53.86
	<b>4000000</b>	<b>100.00</b>