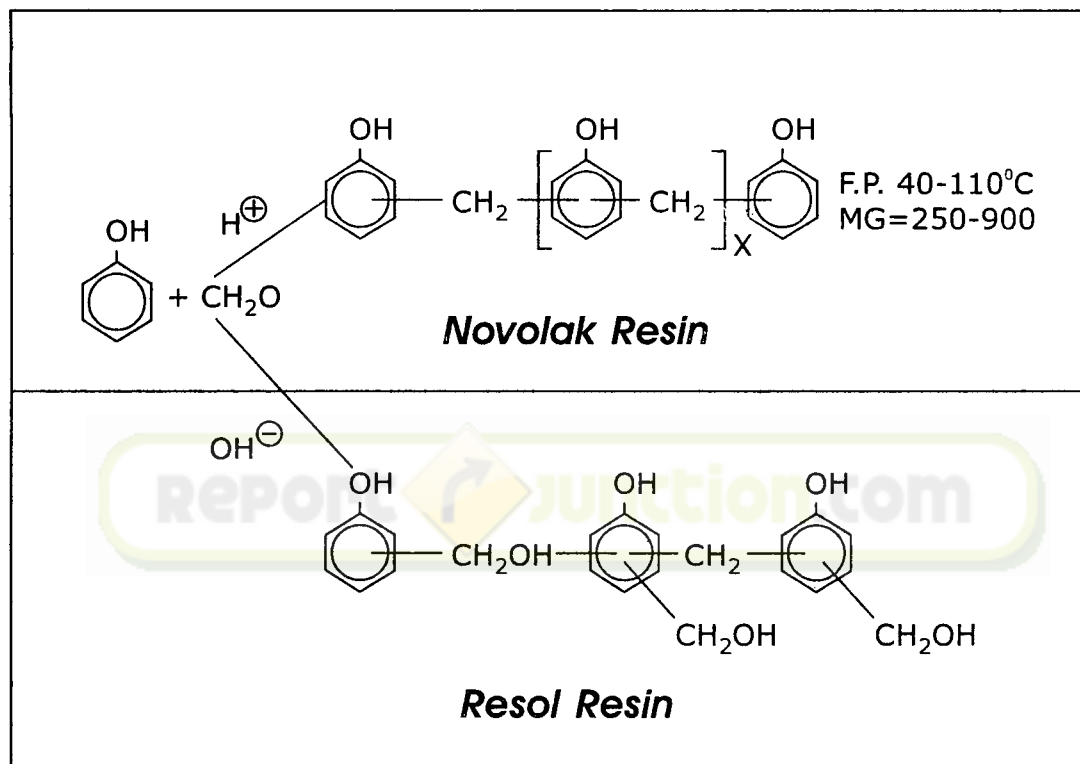


# Annual Report 2007-2008



**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. Jhaver & 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 Twentieth 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 Tuesday the 30th day of September, 2008 to transact the following business :

### ORDINARY BUSINESS :

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2008, 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 authorize 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 Tuesday, 23rd September, 2008 to Tuesday, 30th September 2008 (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 5th day of August 2008

By Order of the Board

S. N. MUKHERJEE  
 Company Secretary



**Sreechem Resins Limited**

## DIRECTORS' REPORT

TO  
THE MEMBERS

Your Directors have pleasure in presenting the TWENTIETH Annual Report together with the Audited Accounts for the year ended 31st March 2008.

### Financial Results :

	(Figures in Rs. '000)	
	Year ended 31.03.2008	Year ended 31.03.2007
Sales and other income	285733	277848
Gross Profit	11093	10064
Interest	5455	4994
Depreciation	3947	3779
Profit/Loss before Tax	1691	1291
Provision for Taxation	1200	1200
Provision for F.B.T.	160	150
Deferred Tax	(396)	(1110)
Profit/Loss after Tax	727	1051
Balance Brought forward from Previous year	6856	5905
Leaving a balance to be carried forward	7583	6856

### OPERATIONS :

Your Directors have to report that the sales for the year is Rs. 28.57 crores against last years Rs. 27.78 crores exclusive of Inter Unit Sales of Rs. 6.86 crores against Rs. 6.27 crores last year. The profit before taxes is Rs. 16.91 lacs against Rs. 12.91 lacs in Previous year. After provision for current Taxes amounting to Rs. 12.00 lacs and Fringe Benefit Tax Rs. 1.60 Lacs and write back of deferred Tax Liabilities of Rs. 3.96 lacs, Net Profit amounts to Rs. 7.27 lacs, against Rs.10.51 lacs last year. The profit is lower due to lower weight back of deferred Tax compared to last year. Adding the brought forward profit of Rs. 68.56 lacs, the balance of Rs. 75.83 lacs is carried over to the next year.

The production was stagnant at last years level due to tough competition for the products of the company and higher raw materials prices during the year. However due to planned huge investments both green field as well as brown field by main steel producers, your Directors expect the demand to improve in coming years and your company's future looks better in longer term.

### DIVIDEND :

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

### PERSONNEL :

The Company does not have any employee whose particulars are required to be given under section 417(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.




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**Sreechem Resins Limited**


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**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 2008, 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 2008, 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 R.C.Jhawar & Co, Chartered Accountants, auditors, 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 5th day of August, 2008

S. N. Kabra                      Binod Sharma  
Managing Director      Jt. 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 2008.

**1. CONSERVATION OF ENERGY :**

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

<b>A. POWER &amp; FUEL CONSUMPTION</b>		<b>2007-2008</b>	<b>2006-2007</b>
1. Electricity			
Purchased Unit	KWH	580263	524367
Total Amount	Rs.	2784448	2656474
Rate	Rs./KWH	4.80	4.98
2. Own Generation Through Diesel Generator			
Units	KWH	76840	73285
Unit per Litre of Diesel	KWH/Ltr.	2.75	2.70
Cost per Unit	Rs./KWH	9.90	9.55
<b>B. Consumption per Unit Production (Electricity)</b>	KWH/MT	138	136

**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. 1549350.00 (P/Y Rs. 772740.00)
Outgo —	Rs. 414900.00 (P/Y Rs. NIL)

For and by Order of Board

Place : Kolkata

Dated : The 5th day of August, 2008

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director




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**Sreechem Resins Limited**


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## ANNEXURE 'B' TO DIRECTOR'S REPORT

### CORPORATE GOVERNANCE REPORT

#### (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, 6 Board Meetings were held on 30.04.2007, 30.07.2007, 06.08.2007, 31.10.2007, 20.12.2007 and 30.01.2008.

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	6	Yes	5
Mr. B. Sharma Executive Director	Joint Managing Director	6	Yes	6
Mr. B.M. Banerjee Executive Director	Technical Director	5	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 one executive Director and one Non-executive Director. The committee meet 4 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	4
Mr. B.M. Banerjee	Member	4

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

**d) REMUNERATION POLICY:**

Except Managing Director, Jt. Managing Director and Executive Directors and remaining director do not receive any remuneration.

**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	33,156	5,13,156
Mr. B. Sharma	4,80,000	17,686	4,97,686
Mr. B.M. Banerjee	1,96,000	17,045	2,13,045
Mr. Y.K. Dalmia	NIL	NIL	NIL
Mr. V. Kabra	2,52,000	NIL	2,52,000

**Remuneration Policy**

Payment of remuneration to Managing Director, Joint Managing Director, and Executives 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 9 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
2006-07	28-9-2007	10-00 A.M	Registered Office
2005-06	28-9-2006	10-00 A.M	Registered Office
2004-05	26-9-2005	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.