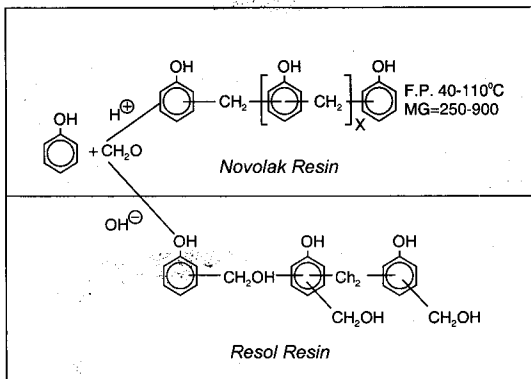


Annual Report 2013-2014



Sreechem Resins Limited



Sreechem Resins Limited

BOARD OF DIRECTORS :

- Sri S. N. Kabra - Managing Director
- Sri Binod Sharma - Joint Managing Director
- Sri B.M. Banerjee - Technical Director
- Sri Vikram Kabra - Director
- Sri S. K. Joshi - Non Exe. Independent Director
- Sri Vibhor Sharma - Director
- Sri Sanjay Bansal - Non Exe. Independent Director
- Sri Uttam Jhawar - Non Exe. Independent Director

AUDITORS :

R. C. Jhawar & Co.
Chartered Accountants

BANKERS :

Allahabad Bank
Red Cross Place Branch
Kolkata - 700 001.

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
Post : Raigarh
(C.G.)

CORPORATE OFFICE :

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

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NOTICE

NOTICE IS HEREBY GIVEN that the Twenty Sixth 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, 2014 to transact the following business :

ORDINARY BUSINESS:

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2014, the Audited Balance Sheet as on that date and the Reports of the Directors and Auditors thereon".
- 2) "To appoint Directors in place of Sri Vikram Kabra and Sri Vibhor Sharma, Directors who retire by rotation and being eligible, offers themselves for reappointment".
- 3) "To appoint Auditors and to authorize the Board to fix their remuneration"

Registered Office
Vill : Jhagarpur,
Post : Rajgangpur-770 017
ORISSA
Dated : The 16th day of August, 2014

By Order of the Board

S. N. KABRA
Managing Director

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 2014 to Tuesday, 30th September 2014 (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 Register and Share Transfer Agents, M/s. MCS Ltd., 77/2A, Hazra Road, Kolkata - 700 029.

**DIRECTORS' REPORT**

TO

THE MEMBERS

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Accounts for the year ended 31st March 2014.

Financial Results:

-(Figures in Rs. '000)

	Year ended 31.03.2014	Year ended 31.03.2013
Net Income from operations and other income	307287	285972
Profit Before Depreciation, Interest & Tax	10925	11386
Interest	5078	5396
Depreciation	4574	4441
Profit/Loss before Tax	1273	1518
Provision for Taxation & Previous year taxes	1082	1100
Deferred Tax	(688)	(667)
Profit/Loss after Tax	879	1085
Balance Brought forward from Previous year	12723	11638
Leaving a balance to be carried forward	13602	12723

OPERATIONS:

Your Directors have to report that the net Income from operations for the year is Rs30.73 crores against last years Rs. 28.60 crores exclusive of Inter Unit Transfers of Rs.6.76 crores against Rs 8.11 crores last year. The profit before taxes is Rs. 12.73 lacs against Rs. 15.18 lacs in previous year. After provision for current taxes amounting to Rs.11.00 lacs. Wright- back of excess provision of previous years Rs 0.19 lac and write back of deferred Tax Liabilities of Rs. 6.88 lacs, Net Profit amounts to Rs.8.79. lacs, against Rs.10.85 lacs last year. Adding the brought forward profit of Rs. 127.23 lacs, the balance of Rs. 136.02 lacs is carried over to the next year.

During the year though sales increased marginally in value terms compared to last year but declined in terms of quantity. During the year production also declined in view of insufficient orders. The prices of various raw materials increased substantially, which could not be passed on to customers fully resulting in lower profit. The directors do not expect the situation to improve substantially in the foreseeable future although the Directors are trying their best to improve the situation. There is huge competition from other manufacturers as newer plants have come up around the customer's locations.

DIVIDEND:

Looking to small profit, Your Directors want to conserve the funds for use in working capital and as such do not declare any dividend for the year.

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.

- that in the preparation of the annual accounts, for the financial year ended 31st March 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures;



- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments 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 2014, on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A report on management discussion & analysis is enclosed as part 'C' of the Directors Report as per requirement of the listing agreement with the Stock Exchanges.

DIRECTORS:

Sri Yogesh Kumar Dalmia resigned from the board and the resignation was accepted on 14.08.2013. The Board appreciates the services and guidance's provided by him during his tenure as director.

Sri Vikram Kabra & Sri Vibhor Sharma, Directors, retires by rotation as required under the provisions of the companies Act 1956 at the ensuing Annual General Meeting and being eligible offers themselves 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.Jhawer & 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 wishes 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, KOLKATA and convey their gratitude and thanks to the Company's esteemed share holders, customers and other business associates for their support.

For and by Order of Board

Place : Kolkata

S. N. Kabra

Binod Sharma

Dated : The 16th day of August, 2014

Managing Director

JT. Managing Director

**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 2014.

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:

A. POWER & FUEL CONSUMPTION		2013-2014	2012-2013
1. Electricity			
Purchased Unit	KWH	568574	587645
Total Amount	Rs.	3520241	3525744
Rate	Rs./KWH	6.19	6.00
2. Own Generation through Diesel Generator			
Units	KWH	3436173	3525744
Unit per Litre of Diesel	KWH/Ltr.	3.13	2.94
Cost per Unit	Rs./ KWH	17.48	15.84
B. Consumption per Unit Production			
(Electricity)	KWH/MT	141	139

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 commercializing 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. 5694000.00 (P/Y Rs. 3450150.00)

Outgo — Rs. NIL (P/Y Rs. NIL)

For and by Order of Board

**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 strength of board is 8 as on 31st March 2014. The Board of Directors comprises a Managing Director, a Joint Managing Director, three Executive Directors and four Independent Directors. During the year, 7 Board Meetings were held on 16.04.2013, 14.05.2013, 30.07.2013, 14.08.2013, 24.09.2013, 13.11.13, and 07.02.2014.

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 & Designation of Directors	DIN No.	Board Meetings attended	Attendance at AGM	Directorship in Other Companies
Sri S.N. Kabra Executive Director	00556947	7	Yes	5
Sri B. Sharma Executive Director	00557039	7	Yes	10
Sri B.M. Banerjee Executive Director	03278293	5	Yes	None
Sri Y. K. Dalmia (Part Of Year) Independent Director	00605908	1	No	4
Sri V. Kabra Executive Director	00746232	7	Yes	1
Sri S. K. Joshi Independent Director	01457519	5	Yes	4
Sri Sanjay Bansal Independent Director	00142576	4	Yes	7
Sri Utam Jhewar Independent Director	00631065	6	No	4
Sri Vibhor Sharma Executive Director	03011540	6	Yes	5

(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 operational 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.



Sreechem Resins Ltd.

2. Composition:

The audit Committee was formed in 2002 and composition was changed in the year 2013. As on today it comprises 2 Non-executive Directors and 1 Executive Director. The committee met 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. S. K. Joshi	Chairman	4
Mr. B.M. Banerjee	Member	4
Mr. Uttam Jhavar	Member	4

Mr. P.D. Somani, Manager Finance & Legal, of the company is the Secretary of the Committee.

d) Composition of Shareholders/ Investors Grievance Committee:

The committee comprises of Mr. B. M. Banerjee as Chairman and Mr. S. K. Joshi & Mr. Vikram Kabra as other members. Mr. P. D. Somani, Manager Finance & Legal is the compliance officer of the committee.

e) REMUNERATION Policy:

Except Managing Director, Joint Managing Director and Executive Directors the remaining independent Directors did not receive any remuneration.

f) 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.)
Sri S.N. Kabra	6,00,000	39582	639582
Sri B. Sharma	6,00,000	20550	620550
Sri B.M. Banerjee	1,98,000	NIL	198000
Sri Y.K. Dalmia	NIL	NIL	NIL
Sri V. Kabra	3,30,000	NIL	330000
Sri S. K. Joshi	NIL	NIL	NIL
Sri Sanjay Bansal	NIL	NIL	NIL
Sri Uttam Jhavar	NIL	NIL	NIL
Sri Vibhor Sharma	180000	NIL	180000

Remuneration Policy

Payment of remuneration to Managing Director, Joint Managing Director, and Executive Directors is governed by the respective agreements 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 6 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
2012-13	26.09.2013	10-00 A.M	Registered Office
2011-12	29.09.2012	10-00 A.M	Registered Office
2010-11	28.09.2011	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.



Sreechem Resins Ltd.

(g) Disclosures:

1. 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.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

(h) Means of communication:

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

(i) General Shareholders' Information:

1. Annual General Meeting is to be held at 10.00 A.M. on Tuesday, the 30th September, 2014 at Regd. Office Vill : Jhagarpur, Rajgangpur (Orissa).

2. Annual results of previous year	last week of July
Mailing of Annual Reports	1st week of September
First Quarter results	Second Week of August
Annual General Meeting	Tuesday, 30th September, 2014
Second Quarter results	Second Week of November
Third Quarter results	Second Week of February

3. **Dates of book closure:** From Tuesday, 23rd September, 2014 to Tuesday, 30th September, 2014 (both days inclusive).

4. **Listing of Equity Shares at Stock Exchanges:** Shares of the company are listed at Ahmedabad, Bhubneshwar Kolkata and Bombay (BSE).

5. **Registrar and Share Transfer Agent:** The Registrar and Transfer Agents of the company 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/ warrants. The MCS LTD. also accepts, deals with and 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 share.

7. Distribution of shareholding as on 31st March, 2014.

No. of Shares	Shareholders		Shareholding	
	Nos.	%	Nos.	%
Up to 500	10220	95.07	1383500	34.59
501-1000	314	2.92	267200	6.68
1001-2000	130	1.21	204900	5.12
2001-3000	33	0.31	82900	2.07
3001-4000	16	0.15	57100	1.43
4001-5000	8	0.07	38300	0.95
5001-10000	14	0.13	100200	2.51
10001-50000	9	0.08	145600	3.64
50001-100000	1	0.01	65500	1.64
100000-Above	5	0.05	1654800	41.37
	10,750	100.00	4000000	100.00



Sreechem Resins Ltd.

8. Categories of Shareholders as on 31st March, 2014:

Category	No. of Shares held	% Shareholding
Financial Institutions	1900	00.05
Foreign Institutional Investors	1000	00.02
Bodies Corporate	1065300	26.63
Directors & Relatives	840400	21.01
Others	2091400	52.29
	4000000	100.00

9. Dematerialization of shares:

As on 31st March 2014, 59.13% of the Company's total shares representing 2365199 shares were held in dematerialized form and the balance 40.87% representing 1634801 shares were held in paper form.

10. Investors Complaints status:

During the year 1 (One) complaints from SEBI was received and were duly Cleared. No request for dematerialization / Transfer was pending for Equity Shares as on 31st March 2014. All requests received for transfer, dematerializations etc. were dealt with within stipulated time limit of SEBI / Stock Exchanges.

Investors Grievance Redressal System:

The Investor's grievances against the company are handled by the company's Registrar and Share Transfer Agents, M/s. MCS Ltd. in consultation with the secretarial department of the company. The Registrars have adequate skilled staff with professional qualifications and equipped with advanced computer systems for speedy redressal of investors grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerised to ensure timely settlement. It normally takes less than 15 days from the date of receipt of the complaint for disposal of investor's grievances.

Review meeting are held at least once in a month between the officials of MCS and the company to discuss the issue relating to share transfer and allied matters, dematerialisation or re-materializations of shares, investors complaint status etc.

Note: Share-holders holding shares in electronic mode should address all correspondences to their respective depository participants.

ISIN No. for Demat of shares is: INE377C01010.

11. Plant Locations:

The Company's plants are located at Rajgangpur (Orissa) and Raigarh (Chhattisgarh).

12. Address for correspondence:

The Company's registered Office is situated at
Vill : Jhagarpur, Post : Rajgangpur-770017, (Orissa)

Shareholder correspondence should be addressed to :

MCS LTD.

77/2A, Hazra Road, Kolkata-700029

Tel : 2454-1961, 2474-7674

Fax : 91-33-2474-7674 & 2454-1961

E-mail : mcskol@rediffmail.com



Sreechem Resins Ltd.

13. The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement.
- i) The Managing Directors Office is well equipped with required facilities maintained by the Company for use by its non-executive Directors.
 - ii) The financial performance of the Company is well publicized. Individual communications of half yearly results are not sent to the shareholders.
 - iii) The Company has not passed any resolution requiring approval of the shareholders by postal ballot.

CORPORATE GOVERNANCE:

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

For and by Order of Board

Place : Kolkata

Dated : The 16th day of August, 2014

S. N. KABRA

Managing Director

BINOD SHARMA

JT. Managing Director



ANNEXURE 'C' TO DIRECTOR'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS:

OVERVIEW

The company manufactures Phenol base resins and derivatives. During the year, demand for resins remained depressed. Company's products are used by refractory units & steel plants. Although steel industry recorded growth of 4% but due to dumping of imported refractories by China, local industries did not get the benefits of higher consumption of refractories as well as resins.

INDUSTRY STRUCTURE & DEVELOPMENT

In the developing economy, Steel is a vital component to the development. The strength of the Steel Industry shows the growth & development of all major industrial economies. Consumption of Steel is a significant Indicator of socio-economic development of the people of the Country. In the last few years, Steel Industry is rapidly expanding in India. Big Steel Plants are expanding capacities and new Plants are coming up. Phenolic Resin is required by the Refractory Industry and Steel Plants to manufacture different types of Refractories, used by Steel Plants. With the expansion in the Steel Industry, requirement for Refractories as well as Phenolic Resins will also increase simultaneously.

COMPANY'S PERFORMANCE

Gross Income from Operations	Rs. 342038803
Profit before Taxation	Rs. 1272930
Profit after Taxation	Rs. 879161

OPPORTUNITIES, FUTURE OUTLOOK & THREATS

The Basic Raw-material - Phenol is manufactured in India by a Govt, Undertaking and a Private Sector Unit and is also imported. Normally there is no problem in procuring the same; But in the last one year H.O.C.L., supplier remained closed for most of the year and as such the company was compelled to procure phenol from imported consignments. The Company regularly supplies Phenolic Resins to various Refractory manufacturers and to Steel Plants. With the increase in the capacity of the existing Refractories manufacturers as well as Steel producing capacities by the Steel Plants and as well as coming up of the new units, the requirement of Refractory Grade Resins should also increase. Although recently competition has increased but the Company does not foresee major problem in selling the products of the company in view of the said expansion of the existing Steel Plants, coming up of New Plants and simultaneous capacity expansion by the Refractory Units.

Sell Life of some of the Resins is only fifteen days. Since our both the Units are very close to Refractory Manufacturers & Steel Plants, our Company is in advantageous position compared to other Resin Manufacturers.

However there is huge competition with the other Resin manufacturers in the country, Also new Resin manufacturers are coming up around the location of our plant. As the Refractory Manufacturers are satisfied with the quality and timely delivery, they prefer placing Orders with the Company.

RISK & CONCERNS :

RAW MATERIALS PRICE RISK :

There are only two manufacturers of our basic raw materials- phenol. Shut down of any or both the plants pose a risk of getting supplies at well prices. Besides that there is huge fluctuation in the prices of Phenol as it is a crude oil base product. The Company has business understanding with some of the big customers constituting about 60% of the production and sales. According to the said understanding any increase/decrease in price of basic raw-materials is passed on the customers. In the remaining sales also the Company tries to insulate from any fluctuations in price of basic raw-materials to the extent possible.



OTHER BUSINESS RISKS:

There is a risk of imports of Refractories from low cost Chinese Refractories as well as resins dumped by China and resulting in lower capacity utilization by the Refractory Units. However, Company has long Association with the Refractory Manufacturers, who are satisfied with the quality of the products of the Company. As such, the Company does not see much risk in marketing the products of the Company. The depreciation of the rupee is also a challenge affecting the cost of inputs.

FINANCIAL CONDITION, LIQUIDITY

With the proper management of inventories, the financial position of the Company is reasonably satisfactory for the current flow of orders and production. The Company does not require fresh capital resources in the near future.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

There are well established and documented internal control systems and procedures in line with the size of the operations and business. The Company has engaged a Firm of Chartered Accountants for conducting internal audit of both the Units and Corporate Office, who are providing Internal Audit Reports on Quarterly Basis. Audit Committee reviews these reports and monitors effectiveness and operational efficiency of the Internal Control Systems. Audit Committee is giving valuable recommendations and suggestions from time to time for improving the Business Process, Systems & Internal Controls. Annual Internal Audit Plans are prepared by the Internal Auditors in consultation with the Audit Committee and the Audit is conducted accordingly.

INDUSTRIAL RELATIONS & HUMAN RESOURCES

The relations with the employees of the Company remained more or less normal during the year. The Company possesses very good quality of Technical Persons with long experience in the line of the business of the Company. The Board wishes to place on record its appreciation for the sustained efforts of the employees and management personals for the running of the business of the Company smoothly.

CAUTIONARY STATEMENT

The estimates are based on present conditions. Actual results could differ materially from those forecasted above. Important factors that could make a difference to the Company's operation include, among others, economic condition affecting demand/supply and price conditions in the market in which the company operates, changes in Government regulations, tax laws, dumping by foreign countries and others statutes and incidental factors and world economy.

For and by Order of Board

Place : Kolkata

S. N. KABRA

BINOD SHARMA

Dated : The 16th day of August, 2014

Managing Director

JT. Managing Director



J. PATNAIK & ASSOCIATES

Company Secretaries

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF
SREECHEM RESINS LTD.

We have examined the compliance of conditions of Corporate Governance by **M/s. Sreechem Resins Ltd.**, having its Registered Office at Vill : Jhagarpur, Post : Rajgangpur-770 017, Orissa for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conduct the affairs of the Company.

Place : Kolkata
Date : 02-08-2014

Jitendra Patnaik
J. Patnaik & Associates
Company Secretaries
FCS No. : 5045 C.P. : 3102

**ANNUAL CERTIFICATE UNDER CLAUSE 49 (I)(D) OF LISTING AGREEMENT WITH
STOCK EXCHANGES :**

DECLARATION

As required under clause 49 (I) (D) of listing agreement with the Stock Exchanges, I hereby declare that all the Board Members and Senior management personnel, in the grades of manager and above of the company have complied with the code of conduct of the company for financial year ended on 31st March 2014.

Place : Kolkata
Dated : The 16th day of August, 2014

S. N. KABRA
Managing Director



Sreechem Resins Ltd.

R C Jhaver & Co.

INDEPENDENT AUDITORS' REPORT

Chartered Accountants

TO THE MEMBERS OF M/S. SREECHEM RESINS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sreechem Resins Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014 and
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors, as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

R. C. Jhaver

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F R No.310068E

Place : Kolkata

Date : The 16th day of August, 2014



Sreechem Resins Ltd.

Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

- i) a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Fixed Assets of the company have been physically verified by the management which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets.
- c) Fixed assets disposed off by the Company during the year were not substantial; hence it does not affect the Company as a going concern.
- ii) a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- iii) a) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties, listed in the register maintained under section 301 of the Act.
- b) The company has taken loan from one party during the year and the maximum amount involved during the year was Rs.4 lacs and year end balance of aggregate loans from four parties which are covered in the register maintained under section 301 of the Companies Act, 1956 is Rs.44.00 lacs.
- c) In our opinion and according to the information and explanations given to us, the aforesaid loan are interest free and other terms and conditions of the loan taken by the company, were not prima facie prejudicial to the interest of the company.
- d) The said interest free loans are repayable on demand and there is no repayment schedule.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- v) According to the information and explanations provided by the management, we are of opinion that there have been no transactions that need to be entered in the register maintained under Section 301 of the Act and hence clause (v) (b) is also not applicable.
- vi) In our opinion and according to the information and explanations provided to us, the Company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other provisions of the Act and rules framed there under.
- vii) In our opinion and according to the information and explanations provided to us, the internal audit system adopted by the company and reviewed by the audit committee can be considered as adequate.
- viii) We have broadly reviewed the cost records maintained by the Company in terms of Sec 209(1)(d) of the Act in respect of its products Synthetic phenolic resin and we are of the opinion that prima facie, the prescribed cost records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding, at the year end for a period of more than six months from the date they became payable.



Sreechem Resins Ltd.

- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues outstanding of sales tax, income tax, wealth tax, custom duty, excise duty and cess on account of any dispute.
- x) The Company neither has accumulated losses as at 31st March, 2014 nor has incurred any cash losses either during the financial year ended on that date or in the immediately preceding financial year.
- xi) Based on our Audit procedures and on the information and explanations given by the managements, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or bank.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/societies. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the Company.
- xiv) As explained to us and on the basis of information provided to us, the company is not dealing or trading in shares, securities, debentures or other investment. Accordingly, the provisions of clause (xiv) of paragraph 4 of the order are not applicable to the Company.
- xv) According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) The Company has not taken any Term Loans during the year.
- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment of the company or vice versa.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

R. C. Jhaver

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F R No.310068E

Place : Kolkata

Date : The 16th day of August, 2014

**Sreechem Resins Ltd.****BALANCE SHEET AS AT 31ST MARCH, 2014**

	Notes		31st March, 2014		31st March, 2013
			Rs.		Rs.
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	40,000,000		40,000,000	
Reserves and Surplus	3	23,707,967	63,707,967	22,828,806	62,828,806
Non-current Liabilities					
Long Term Borrowings	4(A)	507,732		603,260	
Other Long Term Liabilities	5	---		50,000	
Deferred Tax Liabilities	6	1,791,182	2,298,914	2,478,886	3,132,126
Current Liabilities					
Short Term Borrowings	4(B)	36,421,229		42,178,400	
Trade Payables	7	34,091,164		35,040,126	
Other Current Liabilities	8(A)	6,966,569		6,760,622	
Short Term Provisions	8(B)	61,727	77,540,689	(9,693)	83,969,455
Total			143,547,570		149,930,387
ASSETS					
Non-current Assets					
Fixed Assets					
Tangible Assets	9	21,536,955		24,852,394	
Non-current Investments	10	279,000	21,815,955	279,000	25,131,394
Current Assets					
Inventories	11	71,122,171		52,765,937	
Trade Receivables	12	40,319,108		61,634,945	
Cash and Cash Equivalents	13	1,972,667		4,149,141	
Short Term Loans and Advances	14	8,317,669	121,731,615	6,248,970	124,798,893
Total			143,547,570		149,930,387
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 27				

Accompanying notes form integral part of the financial statements

As per our report of even date.

RC JHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F.R. No.310068E

Kolkata-700001

Dated : The 16th day of August, 2014

S. N. KABRA
Managing Director

B. SHARMA
Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

VIBHOR SHARMA - Director



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Notes	YEAR ENDED 31ST MARCH, 2014		YEAR ENDED 31ST MARCH, 2013	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Revenue from operations	15	342,038,803		319,381,356	
Less : Excise Duty		35,095,040		33,891,439	
Revenue from operations (Net)		306,943,763		285,489,917	
Other Income	16	342,897		482,057	
TOTAL REVENUE		307,286,660		285,971,974	
EXPENSES					
Cost of Materials Consumed	17	255,145,594		233,422,783	
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	18	(1,790,078)		1,237,779	
Employees Benefits Expenses	19	9,827,459		9,850,943	
Finance Costs	20	5,078,144		5,407,106	
Depreciation and Amortisation	9	4,574,024		4,441,172	
Other Expenses	21	33,178,587		30,094,455	
TOTAL EXPENSES		306,013,730		284,454,238	
Profit before Tax			1,272,930		1,517,736
Tax Expenses- Current Tax		1,100,000		1,100,000	
- Deferred Tax	6	(687,684)	412,316	(667,170)	432,830
Excess provision of earlier year w/off			18,547		---
PROFIT AFTER TAX			679,161		1,084,906
Earnings per Equity Share (Face Value - Rs. 10/-)	25				
Basic and Diluted Earnings per Share - Rs.			0.22		0.27
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 27				

Accompanying notes form integral an part of the financial statements

As per our report of even date.

R.C.JHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F.R. No.310068E

Kolkata-700001

Dated : The 16th day of August, 2014

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

VIBHOR SHARMA - Director


**CASH FLOW STATEMENT FOR
THE YEAR ENDED 31ST MARCH, 2014**

	31.03.2014 Rs.	31.03.2013 Rs.
A. Cash Flow from Operating Activities		
Net Profit Before Tax	1,272,930	1,517,736
Adjustments for :		
Depreciation	4,574,024	4,441,172
Finance Cost	5,078,144	5,407,106
Interest Income	(34,120)	(24,391)
Other non operating income	(308,777)	---
Profit/(Loss) on sale of Fixed Assets	1,569	96,362
Operating Profit Before Working Capital Changes	<u>10,583,770</u>	<u>11,439,985</u>
Change in Working Capital		
Increase/Decrease in Trade & Other Payables	(743,015)	5,757,436
Increase/Decrease in Trade & Other Receivable	19,247,138	(8,046,416)
Increase/Decrease in Inventories	<u>(18,356,234)</u>	<u>(2,498,449)</u>
Cash Generated from Operations	10,731,859	6,652,556
Direct Taxes Paid	<u>(1,010,033)</u>	<u>(1,100,000)</u>
Net Cash from Operating Activities	<u>9,721,826</u>	<u>5,552,556</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,490,154)	(2,376,795)
Sale of Fixed Assets	230,000	200,000
Net Cash used in Investing Activities	<u>(1,260,154)</u>	<u>(2,176,795)</u>
C. Cash Flow from Financing Activities		
Interest Income	34,120	24,391
Other non operating income	308,777	---
Finance Cost Paid	(5,078,144)	(5,407,106)
Increase/Decrease in Long Term Borrowings	<u>(5,902,699)</u>	<u>2,257,248</u>
Net Cash used from Financing Activities	<u>(10,637,946)</u>	<u>(3,125,467)</u>
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(2,176,474)	250,294
E. Opening Cash & Cash Equivalents (Cash and Bank Balances)	4,149,141	3,898,847
F. Closing Cash & Cash Equivalents (D+E) (Refer Note 14)	1,972,667	4,149,141

NOTES :

Figures in brackets represent outflows.

This is the Cash Flow Statement referred to in our Report of even date.

R C JHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhawer & Co.

Chartered Accountants

F.R. No.310066E

Kolkata-700001

Dated : The 16th day of August, 2014

S. N. KABRA
Managing Director

B. SHARMA
Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

VIBHOR SHARMA - Director



Sreechem Resins Ltd.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,

The Board of Directors,

Sreechem Resins Limited,

Vill: Jhagarapur,

Post: Rajgangpur – 770 017

Dist: Sundargarh (Orissa)

We, S. N. Kabra, Managing Director and P. D. Somani, Manager Finance and legal of Sreechem Resins Limited, do hereby certify that:

- a) We have reviewed the financial statements and the cash flow statements of the Company for the year 2013-14 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated wherever applicable to the auditors and audit committee:
 - i) significant changes in internal control over financial reporting, if any during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and instances of significant fraud of which we have become aware and the involvement therein.
 - iii) If any, of the management or any employee having a significant role in the company's internal control system, over financial reporting.

Place : Kolkata

Dated : The 16th day of August, 2014

P. D. SOMANI

MANAGER FINANCE & LEGAL

S. N. KABRA

MANAGING DIRECTOR



Notes : 1

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 :

1. Significant Accounting Policies :

Basis of Preparation of Financial Statements :

These Financial Statements have been prepared to comply with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

Tangible Assets :

Tangible Assets are stated at their cost of acquisition, net of accumulated depreciation. The Company capitalizes all expenses related to the installation of fixed assets but excludes duties and taxes that are recoverable/adjustable subsequently from taxing authorities.

Depreciation :

1. Depreciation on fixed assets is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956. Freehold land is not depreciated.
2. In respect of additions and deletions, depreciation is restricted to the period of use. Assets costing individually Rs.5000/- or less are fully depreciated in the year of addition.

Investment

Investments are stated at cost. Investment intended to be held for more than a year are classified as long term investment.

Inventories

Inventories of Raw Materials are valued at cost on FIFO basis. Credit for Excise Duty is claimed under modvat in the year of goods received. Stock of stores and spares are stated at Cost. Inventories of Finished Goods are stated at cost or net realizable value, whichever is lower. Cost includes related overheads on such goods.

Revenue Recognition

Sales are inclusive of Excise Duty and Net of trade discount. It does not include inter Unit transfers amounting to Rs.67574581.00 (last year Rs.81170370.00) All other incomes are accounted for as and when accrued.

Sales of goods are recognized upon the transfer of significant risks & rewards of ownership of the goods to the customers which generally coincides with their delivery to the customers.

Expenses Recognition

Expenses are accounted for on accrual basis except in case of payment of bonus & leave encashment, where cash basis of accounting is followed. Claims / demand raised by any statutory authorities in connection with taxes & duties which are disputed by the company, are accounted for on the merit of each claim. Gratuity is accounted for on the basis of actual payments made to Life Insurance Corporation of India as per their Group gratuity scheme.



Impairment of Assets

The management periodically assesses using internal and external sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where carrying value exceeds the present value of cash flow expected to arise from the continue use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

Research and Development :

Revenue Expenditure on Research and Development is charged against the profits of the year in which it is incurred.

Employees Benefits

The company is making payments to L.I.C of India towards Group Gratuity Scheme for the employees of the company. The company has not obtained any independent actuarial valuation of its liability towards gratuity and leave encashment payable to the employees of the company in the future. Gratuity is accounted for on the basis of actual payments made to Life Insurance Corporation of India as per their Group gratuity scheme.

R.C.JHAWER

Proprietor

Membership No. 17704

For and on behalf of

R C Jhaver & Co.

Chartered Accountants

F.R. No.310068E

Kolkata-700001

Dated : The 16th day of August, 2014

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - *Technical Director*

VIKRAM KABRA - *Director*

VIBHOR SHARMA - *Director*

**Sreechem Resins Ltd.****Notes to the Financial Statements (Contd...)**

	Per Value Rs.	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
2. SHARE CAPITAL			
2.1 Schedule -			
Authorised :			
50,00,000 Equity Shares of Rs.10/- each	10/-	<u>50,000,000</u>	<u>50,000,000</u>
		<u>50,000,000</u>	<u>50,000,000</u>
Issued :			
40,00,000 Equity Shares of Rs.10/- each	10/-	<u>40,000,000</u>	<u>40,000,000</u>
		<u>40,000,000</u>	<u>40,000,000</u>
Subscribed & Fully Paid-up :			
40,00,000 Equity Shares of Rs.10/- each fully	10/-	<u>40,000,000</u>	<u>40,000,000</u>
Paid In cash		<u>40,000,000</u>	<u>40,000,000</u>

2.1 Terms and rights attached to Equity Shares :

The Company has only one class of Equity Shares having a par value of Rs.10/- per shares. Each Holder of Equity share is entitled to one vote per share. In the event of liquidation, the Eq. Share holders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

2.3 Reconciliation of Number of Shares

	No. of shares	No. of shares
Outstanding at the beginning of the year (No. of Shares)	4,000,000	4,000,000
Add : Issued and Allotted during the year	---	---
Outstanding at the end of the year (No. of Shares)	<u>4,000,000</u>	<u>4,000,000</u>

Particulars	31.03.2014		31.03.2013	
	No.	% holding	No.	% holding
Sri Satya Narayan Kabra	414600	10.37	414600	10.37
Sri Binod Sharma	339600	8.49	339600	8.49
M/s Kasturi Fiscal Pvt. Ltd.	479500	11.99	478000	11.99
M/s Nivedan Mercantiles Pvt. Ltd.	268800	6.72	268800	6.72
	<u>1,602,600</u>	<u>37.57</u>	<u>1,501,000</u>	<u>37.57</u>

3. RESERVE & SURPLUS

General Reserve			
As per Last Year		10,105,696	10,105,696
Surplus in Statement of Profit and Loss			
As per Last Balance Sheet	12,723,110		11,638,204
Add : Profit for the year	<u>879,161</u>		<u>1,084,906</u>
		<u>13,602,271</u>	<u>12,723,110</u>
		<u>23,707,967</u>	<u>22,828,806</u>

**Sreechem Resins Ltd.****Notes to the Financial Statements (Contd...)**

	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
4. BORROWINGS		
A) Long Term Borrowings		
Vehicle Finance-From ICICI Bank	---	96,163
Car Finance-From ICICI Bank	507,732	507,097
	<u>507,732</u>	<u>603,260</u>
B) Short Term Borrowings		
From Allahabad Bank - on Cash Credit Account *	35,913,785	41,341,384
Vehicle Finance-From ICICI Bank Ltd.	507,444	723,203
Vehicle Finance from Kotak Mahindra Prime Ltd.	---	113,813
	<u>36,421,229</u>	<u>42,178,400</u>
Total Secured Borrowings (A +B)	<u>36,928,961</u>	<u>42,781,660</u>

Loans from ICICI Bank Ltd [total outstanding - Rs.10.15 Lacs (Previous Year Rs.14.40 Lacs)] are secured by first charge on the Vehicles against which respective loans are taken. These loans are repayable by FY 2016-17. The loans are repayable in equal monthly Instalments from the date of loan.

* The Loan from Allahabad Bank is secured by (a) Equitable mortgage by way of deposit of the title deeds of Land & Building, Structures and fixtures thereon both present & future of both Rajgangpur & Raigarh plants of the company, (b) first charge by way of hypothecation of all movable properties - raw material, work in progress, finished goods, book debts, both present & future.

(C) Personal guarantee of Managing Director & Joint Managing Director of the company.

Loans from ICICI Bank are secured by hypothecation of the relevant motor vehicles.

5. OTHER LONG TERM LIABILITIES

Trade Deposits	---	50,000
	<u>---</u>	<u>50,000</u>

6. DEFERRED TAX LIABILITIES

On Account of Difference between Book Value of Depreciable Assets as per Books of Account and Written Down Value for Tax purposes	2,478,866	3,146,036
Net Incremental Liability Charged to Profit & Loss Account	(687,684)	(667,170)
	<u>1,791,182</u>	<u>2,478,866</u>

7. TRADE PAYABLES

Sundry creditors for goods	34,091,164	35,040,126
	<u>34,091,164</u>	<u>35,040,126</u>

There are no dues to Micro and Small Enterprises, determined to the extent such parties have been identified on the basis of information available with the Company, as at March, 31, 2014, which requires disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

8. OTHER CURRENT LIABILITIES

(A) CURRENT LIABILITIES		
Advance From Related Parties	4,800,000	4,400,000
Advance from Customers	---	4,857
Employees benefits liabilities	402,303	503,506
Differential Excise Duty on F.G Stock	1,290,400	1,093,485
Creditors for other liabilities	473,866	758,774
	<u>6,966,569</u>	<u>6,760,622</u>
(B) CURRENT PROVISIONS		
Provision For Income Tax	61,727	(9,693)



Sreechem Resins Ltd.

SCHEDULE TO ACCOUNTS

9. FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31st March, 2013	Additions during the year	Adjustment/ Sales	As at 31st March, 2013	For the year	Adjustment/ Sales	As at 31st March, 2014	WDV as at 31st March, 2014	WDV as at 31st March, 2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets									
Land	749,660	---	---	749,660	---	---	---	749,660	749,660
Building	15,369,726	---	---	15,369,726	513,349	---	8,426,255	6,943,471	7,013,392
Plant & Machinery	56,936,002	841,400	---	57,777,402	3,023,829	---	48,049,640	9,527,762	14,593,651
Electrical Installation	2,079,821	---	---	2,079,821	---	---	2,079,819	2	23,407
Laboratory Equipments	608,266	---	---	608,266	19,631	---	598,614	9,452	51,945
Furniture & Fixture	2,991,803	22,000	---	3,013,803	94,960	---	2,713,472	300,331	393,252
Computer	879,566	56,388	---	935,954	11,302	---	847,907	88,067	3
Motor Vehicle	5,810,515	770,366	552,240	6,028,641	617,008	320,671	3,793,157	2,235,484	2,119,207
Motor Vehicle-Goods	2,599,962	---	---	2,598,982	293,945	---	916,256	1,682,726	2,270,616
	88,024,361	1,490,164	552,240	89,982,275	63,171,967	4,574,024	320,671	67,425,320	21,636,965
Previous Year	86,182,215	2,376,795	534,649	89,024,361	66,987,082	4,441,172	236,287	63,171,967	24,882,394

R.C.JHAVER

*Proprietor
Membership No. 17704
For and on behalf of
R C Jhaver & Co.
Chartered Accountants
F.R. No. 31/0068E*

Kolkata-700001

Dated : The 16th day of August, 2014

S. N. KABRA

Managing Director

B. SHARMA

Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

VIBHOR SHARMA - Director

**Sreechem Resins Ltd.****Notes to the Financial Statements (Contd...)**

	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
10. NON CURRENT INVESTMENTS (Non Trade UnQuoted)		
6 Year National saving Certificate VII *	29,000	29,000
3000 (P.Y.-3000) Fully paid up Equity shares of Rs 10/- each in Sreechem Industries Pvt. Ltd.	150,000	150,000
10000 (P.Y.-10000) Fully paid up Equity shares of Rs 10/- each in Orind Exports Limited	100,000	100,000
Total	279,000	279,000
* Certificate are lodged with sales Tax & Excise Authorities		
11. INVENTORIES		
Raw Materials	55,821,970	39,030,811
Finished Goods	11,730,525	9,940,447
Stock-in-transit	---	413,344
Packing Materials	3,052,461	2,863,089
Stores and Spares	517,215	518,246
	71,122,171	62,765,937
12. TRADE RECEIVABLE (Unsecured, Considered Good)		
Outstanding for a period exceeding 6 months	2,002,877	1,522,502
Others	38,316,231	60,112,443
	40,319,108	61,634,945
13. CASH AND CASH EQUIVALENTS -		
Cash in Hand	1,387,623	1,348,977
Balance in Current Account with Scheduled Banks	585,044	2,800,164
	1,972,667	4,149,141
14. SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Advance to Related Parties	800,000	600,000
Advance- Others	760,000	822,172
Advance to Suppliers	228,336	364,262
I T refund Receivable	6,580	---
Prepaid Expenses	319,090	298,934
Security Deposit	698,445	547,762
Claim Receivable	---	722,937
Taxes and Duties Receivable	893,811	649,003
Input Tax Receivable	43,863	277,890
CENVAT Receivable	4,488,987	1,561,187
Staff Advances	278,557	404,823
	8,317,669	6,248,970
15. REVENUE FROM OPERATIONS -		
Sale of Goods*	342,038,803	319,381,356
	342,038,803	319,381,356
* Net off Sales Returns & Discounts		



Sreechem Resins Ltd.

Notes to the Financial Statements (Contd...)

	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
16. OTHER INCOME		
Interest Income	34,120	24,391
Other Non-operating Income	308,777	457,666
	<u>342,897</u>	<u>482,057</u>
17. COST OF MATERIAL CONSUMED		
Opening Stock	39,030,811	35,657,085
Add: Purchases	271,936,753	236,796,509
Less : Closing Stock	55,821,970	39,030,811
Consumption	<u>255,145,594</u>	<u>233,422,783</u>
18. CHANGES IN INVENTORIES		
Opening Stock :		
Finished Goods	9,940,447	11,178,226
Work-in-Progress	---	---
Sub-total (I)	<u>9,940,447</u>	<u>11,178,226</u>
Closing Stock :		
Finished Goods	11,730,525	9,940,447
Work-in-Progress	---	---
Sub-total (II)	<u>11,730,525</u>	<u>9,940,447</u>
Total (I-II)	<u>(1,790,078)</u>	<u>1,237,779</u>
19. EMPLOYEES BENEFITS EXPENSES		
Salaries, Wages, Bonus etc.	8,637,953	7,548,564
Contribution to Provident, Gratuity & other funds	929,408	2,028,862
Employees Welfare Expenses	260,098	273,517
	<u>9,827,459</u>	<u>9,850,943</u>
20. FINANCE COSTS		
Interest on Working Capital Loan to Banks	4,788,240	4,989,635
Interest on Other Finances	289,904	417,471
	<u>5,078,144</u>	<u>5,407,106</u>

**Sreechem Resins Ltd.****Notes to the Financial Statements (Contd...)**

	As at 31st March, 2014 Rs.	As at 31st March, 2013 Rs.
21. OTHER EXPENSES		
Power & Fuel	13,773,143	13,174,017
Consumption of Stores & Spares parts	1,481,133	1,048,560
Consumption of Packing Material	3,303,837	3,030,402
Directors' Remuneration	1,698,000	1,698,000
Bank Charges	235,254	220,087
Auditors' Remuneration	64,607	64,607
Repairs - Building	465,400	390,534
- Machinery	422,526	371,428
- Others	80,825	90,060
Maintenance and upkeep	232,944	242,839
Motor Car Maintenance Expenses	1,217,126	924,716
Insurance	682,909	792,420
Advertising/business promotion	162,804	124,252
Transportation Expenses	973,328	1,091,234
Motor vehicle expenses-Goods	1,514,976	1,069,088
Consultancy/professional fees	91,900	98,838
Travelling & Conveyance Expenses	587,660	512,062
Printing and Stationery	240,880	188,876
Commission on Sales	373,180	560,775
Postage & Courier Expenses	129,403	111,565
Telephone Expenses	220,604	219,553
Rent	147,516	141,780
Rates & Taxes	1,677,804	1,998,133
Miscellaneous Expenses	3,400,848	1,930,629
	<u>33,178,687</u>	<u>30,094,456</u>

22. FOREIGN CURRENCY TRANSACTION

- a) i. **Value of direct imports on CIF Basis**
- | | | |
|--|-----|-----|
| Raw Materials | --- | --- |
| Store & Spare parts (incl. Components) | --- | --- |
- ii. **Expenditure in foreign currency** ---
- iii. **Earnings in foreign exchange**
- | | | |
|---|-----------|-----------|
| Export (including Deemed) of goods (on FOB basis) | 5,694,000 | 3,450,150 |
|---|-----------|-----------|
- iv. **Foreign Currency Exposure** ---
- b) Foreign Exchange Gain of Rs.68118/- (previous year : Rs.193760/-) has been included in respective heads of the Statement of Profit and Loss.
- c) **Value of consumptions of directly imported & indigenously obtained raw materials, stores & spares & percentage of each to the total consumption :**

	2013-14		2012-13	
	(Rs. In lacs)	%	(Rs. In lacs)	%
Raw Materials				
Directly Imported	---	---	---	---
Indigenously Obtained	2,551.46	100.00	2,334.23	100.00
	<u>2,551.46</u>	<u>100.00</u>	<u>2,334.23</u>	<u>100.00</u>
Components, Stores & Spares				
Directly Imported	---	---	---	---
Indigenously Obtained	14.81	100.00	10.49	100.00
	<u>14.81</u>	<u>100.00</u>	<u>10.49</u>	<u>100.00</u>

**Sreechem Resins Ltd.**

Notes to the Financial Statements (Contd...)

As at 31st
March, 2014
Rs.As at 31st
March, 2013
Rs.**23. SEGMENT INFORMATION**

(in terms of AS 17)

The Company operates in a single business segment " Phenolic Resins & Derivatives ". The segment information in terms of AS 17 are not required to be given. The information based on location of customers are as under :

	(Rs. In lacs) 2013-14	(Rs. In lacs) 2012-13
Revenue from Operations		
Within India	3,363.45	3,159.31
Outside India	56.94	34.50
Total	3,420.39	3,193.81

24. RELATED PARTY DISCLOSURES

(In terms of AS 18)

(a) List of Related Parties and description of relationship**(i) Key Management Personnel**

Sri Satya Narayan Kabra - Managing Director
Sri Binod Sharma - Jt. Managing Director
Sri Vikram Kabra - Director
Sri Vibhor Sharma - Director

(ii) Relatives of KMP

Sri Krishna Kumar Kabra

(iii) Enterprises in which Key Management Personnel are Interested

Kasturi Fiscal Pvt. Ltd.
Nivedan Mercantiles Pvt. Ltd.
Sreechem Finance Pvt. Ltd.

		31.03.2014 Rs.	31.03.2013 Rs.
Remuneration paid to KMP -	Sri Satya Narayan Kabra	639,582	635,952
	Sri Binod Sharma	620,550	625,001
	Sri Vikram Kabra	330,000	330,291
	Sri B. M. Banerjee	198,000	198,000
	Sri Vibhor Sharma	180,000	180,000
Salary paid to Relatives of KMP -	Sri Krishna Kumar Kabra	284,472	269,880

**Details of Transaction with Enterprise-
Loans & Advances**

	Op. Balance	Received	Repayment	Outstanding
Kasturi Fiscal Pvt. Ltd.	600,000	400,000	---	1,000,000 Cr
Nivedan Mercantiles Pvt. Ltd.	2,300,000	---	---	2,300,000 Cr
Sreechem Finance Pvt. Ltd.	1,500,000	---	---	1,500,000 Cr
Satya Narayan Kabra(M.D.)	600,000	---	---	600,000 Dr

**Sreechem Resins Ltd.****Notes to the Financial Statements (Contd...)**

	<u>2013-14</u>	<u>2012-13</u>
25. EARNINGS PER SHARE		
(In terms of AS 20)		
Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.)	879,161	1,084,906
Weighted Average number of Equity Shares	4,000,000	4,000,000
Basic and Diluted Earnings per share (Rs.)	0.22	0.27
Face Value per Equity Share (Rs.)	10	10
 26. CONTINGENT LIABILITIES		
(not provided for)		
Matter under appeal like Income Tax, Sales Tax, Excise etc.	<u>NIL</u>	<u>102,547</u>
	<u>NIL</u>	<u>102,547</u>

27. The previous period's figures have been regrouped/reclassified whenever required.

R C JHAWER*Proprietor*

Membership No. 17704

*For and on behalf of***R C Jhawer & Co.***Chartered Accountants**F.R. No.310088E*

Kolkata-700001

Dated : The 16th day of August, 2014**S. N. KABRA**

Managing Director

B. SHARMA

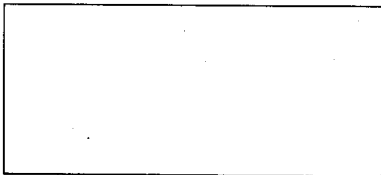
Jt. Managing Director

B.M. BANERJEE - Technical Director

VIKRAM KABRA - Director

VIBHOR SHARMA - Director

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