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For Arochem Silvassa Ltd.



Authorised Signatory/Director



AROCHER SILVASSA LIMITED

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**25th
ANNUAL REPORT
2000 - 2001**



Board of Directors :

DR. SURESH JAIN - Chairman & Managing Director
DR. RAKESH JAIN - Whole Time Director
MR. YOGESH JAIN - Director

Auditors :

GUPTA SAHARIA & CO.,
Chartered Accountants
Mumbai.

Bankers :

DENA BANK

Registered Office :

33, Amli Industrial Estate,
Silvassa (Dadra & Nagar Haveli),
Pin - 396 230.

Corporate Office :

Scent House, P. B. No. 7507,
Station Road, Goregaon (W),
Mumbai - 400 062.

Registrar & Transfer Agent :

AARTHI CONSULTANTS PVT. LTD.,
1-2-285, Domalguda
Hyderabad - 500 029.



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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING OF THE MEMBERS OF "AROCHEM SILVASSA LIMITED" WILL BE HELD ON SATURDAY THE 29TH SEPTEMBER, 2001 AT 11.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 33, AMLI INDUSTRIAL ESTATE, SILVASSA 396 230 TO TRANSACT THE FOLLOWING BUSINESS.

1. To receive, consider and adopt the Audited accounts for the year ended 31st March, 2001 alongwith notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint Auditors and to authorise Board to fix their remuneration.
3. To appoint a Director in place of Mr. Yogesh Jain who retires by rotation and being eligible offers himself for re appointment.
4. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) for the time being in force the Articles of Association of the Company be and are hereby altered as under."

- (A) The Article No. 2 of Articles of Association be amended by adding following new sub Articles after the existing Article No. 2 (c)

"derivative" has the same meaning as in clause (aa) of section of Securities contracts (Regulation) Act. 1956"

"dividend" includes shares & interm dividend.

"employees stock option means the option given to the wholtime directors officers or employees the benefit or right to purchase or subscribe at a future date the securities offered by the Company at a pre determined price."

"hybrid" means any security which has the character of more than one type of security including their derivatives".

"information memorandum" means a process undertaken prior to the filing of prospectus by which a demand for the securities proposed to be issued by a Company is elicited and the price and the terms of issue for such securities is assessed by means of a notice. Circular advertisement or document".

- (B) Following Article be added after the existing article No. 140 and all the Articles be renumbered.


POWER TO ISSUE DIFFERENTIAL VOTING RIGHTS SHARES

Company can issue share capital with differential voting rights after complying with the issue of share capital with differential voting rights rule 2001.

- (C) Following Articles be added after the addition of above mentioned Article & all the Articles be renumbered

Notwithstanding anything contained in the Articles of Association of the Company & pursuant to section 192-A of the companies Act. 1956 the Company do adopt the mode of passing a resolution by the members of the Company by means of postal ballot and/or other ways as may be prescribed by the central Government from time to time in respect of any business that can be transacted by the Company in general meeting and particularly resolutions relating to such business as the Central Government may by notification declare to be conducted only by postal ballot.

By Order of the Board
For **AROCHEM SILVASSA LIMITED**

Sd/-

Date : 03/09/2001
Place : SILVASSA

S. C. JAIN
(CHAIRMAN & MANAGING DIRECTOR)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY
A Proxy form to be effective must be lodged with the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. The Register of members and share transfer books of the Company will remain closed from Thursday the 1st November, 2001 to Thursday 8th November, 2001. (Both day's inclusives).
3. Members are requested to bring their own copies of Annual Report to the meeting.
4. Members desiring of having information about the Account of the Company are requested to write to the company at least 15 days in advance to the date of meeting.



DIRECTOR'S REPORT

The Members,

AROCHEM SILVASSA LIMITED

Your Directors have great pleasure in presenting 25th Annual Report together with the Audited accounts for the year ended 31st March, 2001.

1. FINANCIAL HIGHLIGHTS :

	(Amount in Rs.)	
	31/03/2001	31/03/2000
Gross Sales	14,43,22,219	17,73,23,002
Depreciation	57,11,828	54,93,357
PROFIT/(LOSS) BEFORE TAX	(6,51,493)	(53,65,664)
Provision for Taxation	—	—
PROFIT/(LOSS) AFTER TAX	(6,51,493)	(53,65,664)

APPRECIATION

Profit Brought forward	(2,77,39,838)	(2,23,03,523)
Profit/(Loss) for the year	(6,51,493)	(53,65,664)
Proposed Dividend	—	—
Transferred to General Reserve	—	—
Extra Ordinary Items	—	(70,650)
Balance in Profit & Loss A/c.	(2,83,91,331)	(2,77,39,837)
Carried to Balance Sheet		

2. FINANCIAL PERFORMANCE :

During the year, your Company reported improved financial results as after making all the appropriations the loss of the year is reduced to Rs. 6,51,493/- (Rupees Six lacs fiftyone thousand four hundred ninetythree only) from Rs. 53,65,664/- (Fifty three lacs sixtyfive thousand six hundred sixtyfour only.) In the coming year your directors expect further reduction of losses.

3. DIVIDEND :

In the absence of profits, no dividend is recommended this year.

4. DIRECTORS :

During the year, Mr. Yogesh Jain, a Director retiring by rotation and being eligible offer himself for re-appointment.



5. DEPOSITS :

During the year your Company has not accepted any deposits from the public.

6. DIRECTOR'S RESPONSIBILITY STATEMENT :

The Board of Directors hereby confirm

- (i) that in the preparation of the annual accounts the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are 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 that period.
- (iii) that the directors have 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.
- (iv) That the directors have prepared the annual accounts on a going concern basis.

7. EMPLOYEES :

Particulars of employees as required by Section 217 (A) of the Companies (Particulars of employees) Rules, 1975 are not given as no employees are drawing salary in excess of the limits of the Section 217(2A).

8. AUDITORS :

M/s.GUPTA SAHARIA & CO., Chartered Accountants, Mumbai Statutory Auditors of your Company holds office until the conclusion of the forthcoming Annual General Meeting. They Signified their willingness to accept re-appointment and have further confirmed their eligibility under section 224(1-B) of the Companies Act, 1956.

The significant Accounting Policies & Notes on Account are self explanatory hence no further explanations are required.

9. PARTICULARS OF CONSERVATION OF ENERGY :

Your Company is making all efforts to optimise usage of energy.

A) POWER AND FUEL CONSUMPTION :

	31-03-2001	31-03-2000
1. Electricity		
(a) Purchased		
UNIT (Kwh)	5,00,936	4,03,285
Total Amount	19,49,330	12,67,792


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	Rate/Unit	3.89	3.14
2. Coal		--	--
3. Light Diesel Oil.(Rs.)		18,32,878	19,64,686
(Ltr.)		1,83,288	2,28,000
4. Other/Internal generation		Nil	Nil
B) CONSUMPTION PER UNIT OF PRODUCTION :			
Electricity (KWH per MT)		198.23	111.730
Light Diesel Oil (Ltrs per MT)		72.53	63.17
Own generation		Nil	Nil

(C) FOREIGN EXCHANGE EARNINGS & OUTGOINGS :

The details of Foreign Exchange Earnings & Outgo is as follow :

	Rs.(In Lakhs)	
	31.03.2001	31.03.2000
Foreign Exchange Earnings	257.19	166.49
Foreign Exchange Outgo	48.41	35.71
C.I.F. Value of Imports	64.46	51.25
Travelling Expenses	0.94	0.43

10. TECHNOLOGY ABSORPTION :

Your Company has not imported any technology, hence no details are given.

11. ENVIRONMENT & SAFETY :

Adequate Safety measures have been adopted by the Directors at the Silvassa Plant and also at the office premises.

12. SUBSIDIARIES :

Since the Company has no subsidiaries, Section 212 of the Companies Act, 1956 does not apply.

13. APPRECIATION :

Your Directors wish to take this opportunity to thank the shareholders, Bankers for their co-operation and support extended to company.

By Order of the Board
For **AROCHEM SILVASSA LIMITED**

Sd/-

S. C. JAIN
(CHAIRMAN)

Date : 01/09/2001
Place : SILVASSA


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AUDITORS' REPORT

We have audited the attached Balance Sheet of M/s. AROCHEM SILVASSA LIMITED as at 31st March, 2001 and the Profit & Loss accounts of the company for the year ended on that date annexed hereto and report that:

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to in paragraph 1 above, we state that :

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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 books of the Company.
- c) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and are in agreement with the books of account.
- d) Based on representations made by all the Directors of the Company and the information and explanations as made available, directors of the Company do not prima facie have any disqualification as referred to in clause (g) of subsection (1) of Section 274 of the Act.
- e) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account.

In our opinion and according to the explanations given to us, the said accounts give a true and fair view subject to Note No. 6 in Schedule 18 for non provision of Doubtful Debts amounting to Rs. 75,22,020/- consequently the loss for the year has been understated to that extent, and other notes thereon gives the information required by the Companies Act, 1956 :

- i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2001, and
- ii) In the case of Profit & Loss Account, of the Loss for the year ended on that date.

As per our report of even Date

For GUPTA SAHARIA & CO.
Chartered Accountants

Sd/-

(Pawan Gupta)
Partner

Dated : 01/09/2001
Place : SILVASSA

**ANNEXURE OF AUDITORS' REPORT**

Referred to in paragraph (1) of our report of even date :

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals during the period and no material discrepancies have been noticed on such verification.
 2. None of the Fixed Assets have been revalued during the year.
 3. The stock of finished goods, raw materials and packing material except stock in transit have been physically verified by the management at reasonable intervals.
 4. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 5. The discrepancies noticed on such verification between the physical stocks and the books and records were not material.
 6. In our opinion the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 7. The company has taken unsecured loan from parties listed in the register maintained under section 301 of the Companies Act, 1956, where the rate of interest and other terms and conditions are in our opinion, prima facie not prejudicial to the interest of the Company.
 8. The Company has not granted loan to Companies listed in the register under section 301 of the Companies Act., 1956 during the year and to the Company under the same management as defined under sub-section (1B) of Section 370 of the Companies Act., 1956.
 9. In respect of loans and advances in the nature of loans given by the company where stipulation have been made, the parties are generally repaying the principal amounts as stipulated or as rescheduled and have also been regular in the payment of interest where applicable.
 10. In our opinion and according to the information and explanations given to us, the Company is having adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods.
 11. In our opinion and according to the information and explanations given to us the transactions of purchase and sale of the goods, material or services, made in pursuance to contracts or arrangements entered in register maintained u/s 301 of the Companies Act., 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which
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