

MD	✓		BKC	—
CS	NE		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	NP		SHI	✓
YE	✓			

17TH
ANNUAL REPORT
FOR
THE YEAR 1997-98



CHAIN IMPEX LIMITED

CHAIN IMPEX LIMITED

BOARD OF DIRECTORS : AVINASH JALAN — Chairman
R. K. JALAN
J. N. GUPTA
A. K. ROY

BANKERS : UCO BANK
Rathore Mansion
Bank More
Dhanbad - 826 001

AUDITORS : R. K. PATNIA & CO.
Chartered Accountants
Hemant Apartment
174/16, N. S. Bose Road,
Calcutta - 700 040

REGISTERED OFFICE : 411, Todi Chambers
2, Lal Bazar Street
Calcutta - 700 001

WORKS : Village - Deoli
P. O. Govindpur
Dhanbad - 828 109

CHAIN IMPEX LIMITED**REPORT OF THE DIRECTORS**

The Directors present to the Members the Annual Report together with the Statement of Accounts of the Company for the year ended 31st March 1998 and the Auditors' Report thereon.

FINANCIAL HIGHLIGHTS

	(Rs.in lacs)	
	March 31,1998	March 31,1997
TURNOVER	415.14	485.09
OTHER INCOME	4.05	2.95
ACCRETION (+)/DECRETION(-) TO STOCK	(+) 6.00	(-) 28.80
GROSS PROFIT	4.65	6.87
DEPRECIATION	4.33	6.49
PROFIT BEFORE TAX	0.32	0.38
PROVISION FOR TAX	0.03	0.05
PROFIT AFTER TAX	0.29	0.33
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	120.24	119.91
TRANSFER TO GENERAL RESERVE	-	-
BALANCE CARRIED FORWARD	120.53	120.24

PERFORMANCE

During the period under review, the economic activities in the Country slowed down to a state of stagnancy. Marked fall in the scale of operations of industries consuming the products of your Company caused reduction of orders placed on your Company, resulting in lower capacity utilisation, and substantial fall in production and turnover. Secondly, the price of indigenous coal fixed by the Government continues to be high resulting in increase in the cost of production. In a highly competitive market situation, your Company is unable to pass on adverse impact on the cost of production to the customer and is forced to absorb the impact to a large extent causing erosion of margin. Thirdly, taking advantage of the Government's policy of import liberalisation several countries are dumping coke at cheaper price. Your Company is faced with stiff and uneven competition from the imported coke. The cumulative effect of all these factors has taken a heavy toll on the profit of the Company.

FINANCE & MANAGEMENT

As a part of its prudent resource management, the Company has not availed of the loan facility of Rs.90 lacs sanctioned by the Bihar State Credit & Investment Corporation Ltd., and thus has not incurred any interest charges. The Company also exercised strict cost control in all areas.

DIVIDEND

Considering the unfavourable trading conditions and low profit earned during the year ended 31st March 1998, your Directors consider that it would not be prudent to recommend any dividend.

PUBLIC ISSUE OF EQUITY SHARES

Calls Receivable as on 31st March 1998 remained unchanged at Rs.16,41,508.00.

FUTURE PROSPECTS

Your Directors sincerely hope that under the regime of the present Government at the Centre, there will be a favourable all round change in the economic scenario which will boost the activities of all industrial enterprises including your Company.

FIXED DEPOSITS

During the year under report the Company has not accepted any fixed deposits under the Companies (Acceptance of Deposits) Rules, 1975 from the shareholders and the public. As on date of this report, there is, therefore, no matured and/or unclaimed deposits.

PARTICULARS OF EMPLOYEES

There are no employees in respect of whom particulars under Section 217 (2A) of the Companies Act, 1956 and the Rules framed thereunder are required to be furnished.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO

A statement giving information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217 (1) (e) of the Companies Act, 1956, is annexed hereto and forms a part of this Report.

CHAIN IMPEX LIMITED

DIRECTORS

Sri L.H. Chauhan resigned from the Board. The Board accepted his resignation on 28.2.98 and placed on record its deep appreciation for the service rendered by Sri L.H. Chauhan during the tenure of his office.

Sri J.N.Gupta retires from the Board by rotation and, being eligible, offers himself for re-appointment.

AUDITORS

The term of office of the Company's Auditors Messrs. R.K. Patnia & Co., Chartered Accountants., Hemant Apartment, 174/16, N.S. Bose Road, Calcutta - 700 040, will expire at the conclusion of the ensuing Annual General Meeting and they, being eligible offer themselves for re-appointment. They have furnished a certificate to the effect that the proposed re-appointment, if made, will be in accordance with Section 224 (1B) of the Act.

ACKNOWLEDGEMENT

Your Directors are pleased to place on record their thanks to the Company's shareholders, customers, suppliers, bankers and all benefactors of the Company. Your Directors also wish to place on record their appreciation for the devoted service rendered by the employees of the Company.

BY ORDER OF THE BOARD

AVINASH JALAN
Chairman

Place : Calcutta

Dated : 11th August, 1998.

ANNEXURE TO DIRECTORS' REPORT :

INFORMATION UNDER SEC. 217 (i) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988, FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

A. CONSERVATION OF ENERGY :

a) Energy conservation measures taken :-

The Coal Washery Plant has been in operation since 8th November 1994. But due to inadequate and irregular supply of coal, it has not so far been possible to operate at its optimum capacity. Measures for energy conservation will be taken when the Washery will operate at the optimum capacity. The Company does not envisage any measure to be taken at this stage.

b) Additional investment & Proposals, if any, being implemented for reduction of consumption of energy :

Further investment at present not required.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The measures required, if any, will be considered in due course of time and efforts for reduction of energy consumption and cost of production will be made.

d) Total energy consumption and energy consumption per unit of production as per Form A: Not applicable as the Company is not specified industry as per schedule.

B. TECHNOLOGY ABSORPTION :

1. i) RESEARCH & DEVELOPMENT :

The Company has taken care for R & D activities and all care and steps are being taken to see that there is minimum wastage of raw materials, power and for protecting environment.

ii) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION :

The latest technology has been/is being adopted in various ways for improving productivity and product quality and reducing the consumption of scarce raw materials and energy.

2. The Company has set up facilities for the manufacture of Washed Coal based on latest nonpolluting technology from Derek Parnaby Cyclones International Limited, U.K. It has multifarious advantages. The technology has been adopted and absorbed in the process of manufacturing Washed Coal.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information on foreign exchange earnings and outgo is nil.

CHAIN IMPEX LIMITED

AUDITORS' REPORT TO THE MEMBERS OF M/S. CHAIN IMPEX LIMITED

We have audited the annexed Balance sheet of M/S. CHAIN IMPEX LIMITED as at 31st March, 1998 and also the annexed Profit & Loss Account of the Company for the year ended on that date and we report as follows :

- 1) As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in Annexure 'A' a statement on the matters specified in the said order.
- 2) Further to our comments in Annexure 'A' referred to in paragraph (1) above, we report that :
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - (iii) The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account.
 - (iv) In our opinion and to the best of our information and according to the explanations given to us, the accounts (together with the notes thereon) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1998;

A n d

- b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.

For R.K. PATNIA & CO.
Chartered Accountants

Hemant Apartment, 174/16, N.S. Bose Road,
Calcutta - 700 040.

Dated the 11th day of August, 1998

(R.K.PATNIA)
PARTNER

ANNEXURE 'A' TO THE AUDITORS REPORT ON THE ACCOUNTS OF M/S. CHAIN IMPEX LIMITED FOR THE YEAR ENDED 31ST MARCH, 1998.

(referred to in paragraph (1) of our Report of even date)

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company have been physically verified by the management and no discrepancy was noticed on such verification.
- (ii) None of the fixed assets have been revalued during the year.
- (iii) The Stock of goods and stores have been physically verified during the period by the management. In our opinion the frequency of such verification is reasonable.
- (iv) In our opinion, the procedure of physical verification of stocks & stores followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business .
- (v) No discrepancies have been noticed on verification between the physical stock and the book records for which adjustment is necessary.
- (vi) In our opinion, the basis of valuation of stock is fair and proper in accordance with the normally accepted accounting principles .
- (vii) As the Company has neither taken any loan from firms, Companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956 nor any loan has been taken from the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956, hence this clause is not applicable.
- (viii) The Company has neither granted any loan to firms, Companies or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 nor any loan has been stated to be granted to the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
- (ix) No stipulation for repayment have been prescribed by the Company for interest free advances in the nature of loans given to/on behalf of staff by the Company. However, the parties were repaying the principal amounts and interest as and when the same were demanded.
- (x) On the basis of our evaluation of the internal control procedure and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of the stores, plant and machinery, equipment and other assets and for the sale of goods.