

CHAIN IMPEX LIMITED

21ST ANNUAL REPORT

**FOR THE YEAR
2001-2002**

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CHAIN IMPEX LIMITED

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Auditors:

R. K. PATNIA & CO.

Chartered Accountants

1st Floor, Rathore Mansion

Bank More, Dhanbad

826 001.

Board of Directors :

J. N. GUPTA

A. K. ROY

S. N. SHARMA

Bankers:

UCO BANK

Rathore Mansion

Bank More, Dhanbad

826 001.

Registered Office:

4, Jagmohan Mullick Lane

2nd Floor

Kolkata - 700 007

Works :

Vill- Deoli

P.O.- Govindpur

Dhanbad - 828109

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CHAIN IMPEX LIMITED

DIRECTORS REPORT

The Directors presented to the members the Annual Report together with the Statement of Accounts of the Company for the year ended 31st March 2002 and the Auditor's Reports thereon

FINANCIAL HIGHLIGHTS

	Rs. In Lacs	
	March 31, 2002	March 31, 2001
TURNOVER	39.09	117.64
OTHER INCOME	16.19	17.60
ACCRETION(+)/DECRETION(-) TO STOCK	(+) 2.83	(+) 16.46
GROSS PROFIT	6.36	7.10
DEPRECIATION	6.25	6.90
PROFIT BEFORE TAX	0.11	0.20
PROVISION FOR TAX	0.01	0.02
PROFIT AFTER TAX	0.10	0.18
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	120.91	120.73
TRANSFER TO GENERAL RESERVE	-	-
BALANCE CARRIED FORWARD	121.01	120.91

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 Coal & Coke at cheaper rate. Your Company is faced with stiff and uneven competition from the imported Coal & 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

As a part of the poor trading results of the Company during the year under review your Directors are of the view that it would not be prudent to recommend any dividend for the year ended 31st March, 2002.

PUBLIC ISSUE OF EQUITY SHARES

Calls receivable as on 31st March, 2002 remained unchanged at Rs. 16,41,508.00.

FUTURE PROSPECTS

Your Directors fervently hope that in the near future the economic and industrial situation in the country will improve and the government will take suitable policy for distribution, pricing and protection for supply of indigenous coal which will benefit your companies operations.

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 the 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 are required to be furnished under section 217(2A) of the Companies Act, 1956, and the rules framed thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors Confirm :

- (i) that in the preparation of annual accounts, applicable Accounting Standards have been followed ;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 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 the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS

The term of office of the companies Auditors, R. K. Patnia & Co., Chartered Accountants, 1st Floor, Rathore Mansion, Bank More, Dhanbad - 826 001, 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 companies shareholders, customers, bankers and all other 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.

Place : Kolkata
Dated : The 22nd day of July, 2002.

BY ORDER OF THE BOARD
J. N. GUPTA S. N. SHARMA

Director

Director

COAL INDIA LIMITED**ANNEXURE TO DIRECTOR'S 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, 2002

(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 the 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 a specified industry as per schedule

(B) TECHNOLOGY ABSORPTION

1. (i) **RESEARCH AND DEVELOPMENT:** The company is continuously engaged in R & D activities and taking all care and steps to see that there is minimum wastage of raw materials and power, for protecting the 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 non polluting technology from Derek Parnaby Cyclones International Ltd., U.K. it has multifarious advantages. The technology has been adopted and absorbed in the process of manufacturing Washed Coal.

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings & outgo : NIL

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CHAIN IMPEX LIMITED

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

1. We have audited the attached balance sheet of M/s.Chain Impex Limited as at 31st March.2002 and the Profit &Loss Account of the Company for the year ended on the date annexed there to which we have signed under reference to this report.These financial statements are responsibility of the Company's management.Our responsibility is to express an opinion on these financial statements based on our Audit

2. We have conducted our audit in accordance with auditing standards generally accepted in India.Those tandards require that we plant and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatment An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An Audit also includes assessing the accounting principal used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(SA) of the Companies Act, 1956, we enclose in Annexure "A", a statement on the matters specified in the said order.

4. Further to our comments in the Annexure referred to above, we report that :

Fixed Assets relating to Coal Washery Plant having book value as on 31.03.2002 Rs. 96,10,011/- have already been dismantled after the date of Balance Sheet vide Board Resolution dated 19.07.2002 and transferred to Scrap Account. The loss on dismantal of aforesaid Fixed Assets has neither been determined nor provided for. (Refer Notes No. 7 of Schedule 16 of the Balance Sheet).

5. Subject to the above :

(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 detail with by the report are in agreement with the books of account.

(iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report are in compliances with the accounting standard (AS) referred to in section 211(3C) of the Companies Act, 1956, except accounting standard 15 regarding provisions in respect of retirement benefits to employees as mentioned in Annexure "B".

(v) On the basis of review of the confirmation received from the directors of the Company and the information and explanations given to us none of the directors of the Company as at 31st March, 2002 are disqualified from being appointed as the directors of the Company under clause(g) of sub-section(1) of section 274 of the Companies Act, 1956.

(vi) 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, 2002.

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

Place : Dhanbad

Dated, 19.07.2002

(R. K. Patnia)
Partner
M. No. - 71376