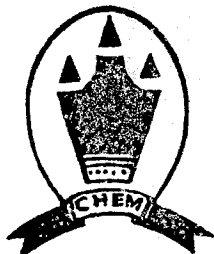


MD	✓			BKC	✓
CS	✓			EFY	✓
RO	✓			DFI	✓
TRA	✓			AC	✓
AGM	✓	✓		SH	✓
YE	✓	✓	✓		✓



Chemcrown (India) Limited

ANNUAL REPORT

for the year ended 31st March, 1998

Report  Junction.com

SALES OFFICE

Madras

Real Chambers, III Floor
30, Maddox Street, Choolai
Madras - 600 112

New Delhi

E-9, Naraina Vihar,
(Ground Floor)
Opposite Community Centre
New Delhi - 110 028

Mumbai

D-3, Poonam Apartment
Dr. Annie Besant Road, Worli,
Mumbai - 400 018

FACTORIES

Walajapet
North Arcot District
Tamilnadu

86, Athupattu, Ambattur,
Madras - 600 058

19/1 & 4/4, Mylam Pondicherry
Road
Sedarapet,
Pondicherry - 605 101

RESEARCH AND DEVELOPMENT CENTRES

60, Debendra Chandra Dey Road,
Calcutta - 700 015

Walajapet
North Arcot District
Tamilnadu

BOARD OF DIRECTORS : SHRI B. D. BHAIYA, *Managing Director*
SHRI R. K. MAHESHWARI
SHRI B. K. MEHTA

SECRETARY : SHRI R. LAKSHMI NARAYANAN

REGISTERED OFFICE : 95, PARK STREET
CALCUTTA - 700 016

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AUDITORS : M/S L. B. JHA & CO.
8, NETAJI SUBHAS ROAD
CALCUTTA - 700 001

BANKERS : CANARA BANK
STATE BANK OF BIKANER & JAIPUR

REGISTRARS : ABC COMPUTERS PVT. LTD.
NATIONAL COUNCIL OF EDUCATION, BENGAL BUILDING
JADAVPUR UNIVERSITY CAMPUS
2ND & 3RD FLOOR
CALCUTTA - 700 032

CHEMCROWN (INDIA) LIMITED

NOTICE

NOTICE is hereby given that the Twentythird Annual General Meeting of the Members of Chemcrown (India) Limited will be held on Monday, the 21st September, 1998 at 3.30 P.M. at Sangeet Kala Mandir, Kala Kunj, 48 Shakespeare Sarani, Calcutta-700 017, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss A/c of the Company for the year ended 31st March, 1998 and the Balance Sheet as on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B. K. Mehta who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider, and if thought fit, to pass with or without modification(s), the following resolution :

4. As an ordinary Resolution :-

"RESOLVED that in accordance with Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, consent of the Company be and is hereby accorded to the reappointment of Mr. Bulaki Das Bhaiya as the Managing Director of the Company with effect from 1st July, 1998 on terms and conditions including remuneration as set out in the agreement dated 24th June, 1998 between the Company and Mr. Bhaiya and also set out in the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 with liberty to the Board of Directors of the Company ("the Board") to alter and vary such remuneration within the limits specified in Part II of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time, as may be agreed to by the Board and Mr. Bhaiya."

Registered Office : By Order of the Board
95, Park Street,
Calcutta - 700 016 R. Lakshminarayanan
Date : 17th August, 1998 Secretary

Notes :

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A Member entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of himself and a Proxy need not be a member.
3. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
4. The Register of Members in respect of Equity Shares and Equity Share Transfer Book of the Company will remain closed from 15th September, 1998 to 21st September, 1998 (both days inclusive).
5. Members are requested to intimate immediately to the Company, the changes, if any, in their Registered address alongwith Pin Code Number.
6. Members are requested to quote Folio Number in all their correspondence.

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

Item No.4

The Board of Directors of the Company in its meeting held on 24th June, 1998 reappointed Mr. Bulaki Das Bhaiya as the Managing Director of the Company. The said reappointment is, however, subject to the approval of the Members of the Company.

The material terms of the agreement dated 24th June, 1998 between the Company and Mr. B. D. Bhaiya are as under :-

1. Mr. Bhaiya shall subject to the superintendence, control and direction of the Board perform such duties as may be called upon by the Board of Directors from time to time.
2. Period of Agreement :
5 years with effect from 1st July, 1998.
3. Remuneration :
(A) Salary : Rs.35,000/- per month.
(B) Commission : At the rate of one percent of the Net Profits of the company computed in accordance with the Provisions of the Companies Act, 1956.

4. Perquisites :

In addition to the salary and commission, Mr. Bhaiya will be allowed perquisites as specified in Categories A, B & C below :

Such perquisites shall be restricted to an amount equal to the annual salary or Rs. 4,50,000 which ever is less.

Category 'A'

i) Housing - I :

The expenditure by the Company on hiring unfurnished accommodation for Mr. Bhaiya will be subject to the ceiling of sixty percent of the salary over and above ten percent payable by Mr. Bhaiya.

Housing - II :

In case the accommodation is owned by the Company, ten percent of the salary of Mr. Bhaiya will be deducted by the company.

Housing - III :

In case no accommodation is provided by the Company, Mr. Bhaiya shall be entitled to House Rent Allowance subject to the ceilings laid down in Housing-I.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of Mr. Bhaiya.

ii) Medical Reimbursement :

Expenses incurred for Mr. Bhaiya and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

iii) Leave Travel Concession :

For Mr. Bhaiya and his family, once in a year incurred in accordance with any Rules specified by the Company.

iv) Club Fees :

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

v) Personal Accident Insurance :

Premium not exceeding Rs. 4,000/- per annum. For the purpose of Category 'A' 'family' means spouse, dependent children and dependent parents.

Category 'B'

i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.

ii) Gratuity not exceeding half a month's salary for each completed year of service.

Category 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to Mr. Bhaiya.

Leave :

Mr. Bhaiya shall be entitled to leave on full pay and allowance as per rules of the Company but not exceeding one month's leave for every eleven months of service, subject to the condition that leave accumulated but not availed of shall be dealt with as per the Rules of the Company and the Income Tax Rules, 1962.

Nature of duties :

Mr. Bhaiya will devote his wholetime and attention to the affairs of the Company and perform such duties as may be assigned to him from time to time by the Board of Directors.

Other Conditions :

Mr. Bhaiya shall not be entitled to any sitting fee for attending the meetings of the Board of Directors or Committees thereof. Each party has the right of terminating the appointment upon giving three month's notice in writing to the other.

The Ordinary Resolution being Item Number 4 set out in the notice convening the Annual General Meeting is intended for the purpose.

The Board of Directors recommends the resolution for approval.

CHEMCROWN (INDIA) LIMITED

Save and except Mr. Bulaki Das Bhaiya and Mr. R. K. Maheshwari, no director of the Company is concerned or interested in the resolution.

The above statement may be treated as an abstract under Section 302 of the Companies Act, 1956.

INSPECTION OF DOCUMENTS

The Agreement which has been referred to in the resolution set out in Item Number 4 of the Notice will be available for inspection to the Members at the Registered Office of the Company between 10.00 A.M. and 12.00 Noon during working days and also at the Annual General Meeting.

Registered Office : By Order of the Board
95, Park Street,
Calcutta - 700 016 R. Lakshminarayanan
Date : 17th August, 1998 Secretary

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present herewith the Twentythird Annual Report together with the audited accounts for the twelve months ended 31st March, 1998.

FINANCIAL RESULTS

The summarised financial results for the twelve months ended 31st March, 1998 are as under :-

	(Rs. in Lacs)
Sales including other Income	400.26
Profit before interest and depreciation	126.15
Less : Interest and other financial charges	471.73
Loss before depreciation	(345.58)
Less : Depreciation	81.46
Loss after depreciation	(427.04)
Less : Doubtful debts and Advances written off	16.14
Less : Provision for diminution in value of Investment	0.84
Loss before taxation	(444.02)
Net loss for the year	(444.02)
Add : Amount of Loss brought forward from earlier years	(1724.20)
Balance to be carried forward	(2168.22)

DIVIDEND -

In view of the huge loss, your directors regret their inability to recommened payment of any dividend for the twelve months ended 31st March, 1998.

OPERATION & FUTURE PROSPECTS :

Your Company registered a turnover of Rs. 400 lacs during the year under report. Your Company has continued to sustain losses since 1994. However, due to substantial reduction in various expenses, your company's profit before interest and depreciation has gone-up to Rs. 126 lacs as against Rs. 74 lacs during the preceding 15 months period on 31st March, 1997.

As you are aware, your company had been declared a "Sick Industrial Company" by the Board for Industrial & Financial Reconstruction (BIFR) and IDBI was appointed as Operating Agency of the company. Your company had submitted a revival package on the basis of one Time Settlement (OTS) of the dues of Institutions, Banks and the secured creditors, wherein your company had sought waiver of entire accumulated outstanding interest payable to the Financial Institutions, Banks and Secured creditors. Your directors are pleased to inform you that after the recently concluded hearing of BIFR held on 25th June, 1998, the Hon'ble Bench has directed the Operating Agency (OA) to prepare a draft rehabilitation scheme (DRS) based on the following :-

- One Time Settlement of the dues of all the involved Banks and Institutions covering full principal plus 20% of the simple interest. 80% of the simple interest and the entire compound and penal interest to be waived.
- The amounts so crystallised should be made payable over a period of two years, with 25% down payment.
- The Promoters' contribution should be minimum 30% of the cost of the scheme plus the monetary value of sacrifices.
- In case the company receives any compensation for the supply of defective machines from its erstwhile foreign collaborator, Wasgau Plast GmbH against whom arbitration proceedings have been initiated by the company, the same amount would be utilised to recompensate the Banks and Institutions for their sacrifices.

In view of the above guidelines, your company is hopeful to make its networth positive within a time bound period. your company is making all out efforts to have a quick turn-around.

In view of the recent planned revamp of 100% EOU scheme by the Government of India, your company is seriously considering to debond its 100% EOU of unit soles to cater to the domestic footwear industry where exceptional demand - supply gap exists. Your company has given serious thought in reviving the 100% EOU unit sole division, which in turn, alongwith the existing TPR/PVC sole unit would help in turning around the company.

Upon approval and implementation of the scheme by the BIFR, your company's networth would immediately turn positive from the present Rs. 1000 lacs (negative) to Rs. 500 lacs, approximately, without considering further investment of funds. This would be mainly on account of waiver of interest to the extent of Rs. 1500 lacs by the Institutions and Banks.

To go ahead with the proposed scheme as well as to implement Shoe Sole Project on revival track, your Company would require immediate injection of funds to the extent of Rs. 650 lacs. Your company seeks support from the existing shareholders in this regard.

Your company had filed a petition before Hon'ble Supreme Court of India for arbitration proceedings against its erstwhile foreign collaborator, Wasgau Plast GmbH. The Hon'ble Supreme Court has appointed Justice Shri A. N. Sen (Ex-Justice of Supreme Court of India) as Arbitrator. The arbitration proceedings are at an advanced stage.

INDUSTRIAL RELATIONS

The Industrial Relations in your company continued to be harmonious and cordial. Your Directors wish to record their appreciation of the dedication, loyalty and hard work put in by the employees at all levels.

PUBLIC DEPOSITS :

Your Company has not received any deposit from the public during the year ended 31st march, 1998.

AUDITORS' REPORT :

The comments made by the auditors in their report are self explanatory and as such donot warrant any comment.

ENVIRONMENT, SAFETY AND ENERGY CONSERVATION:

The statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' forming part of this report.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'B' forming part of this report.

DIRECTORS

Mr. B.K.Mehta retires by rotation pursuant to the provisions of Section 262 of the Companies Act, 1956 and being eligible, has offered himself for reappointment.

AUDITORS

M/s L B Jha & Co., Chartered Accountants, retired and being eligible have signified their willingness to be reappointed.

APPRECIATION

Your Directors gratefully acknowledge the continued co-operation and support of the financial institutions, the Company's bankers, and the Central and State Governments. Your Directors also take this opportunity of acknowledging with gratitude the continued support given by the Members of the Company.

On behalf of the Board

B. D. BHAIYA *Managing Director*

R. K. MAHESHWARI *Director*

Place : Calcutta

Date : 17th August, 1998

CHEMCROWN (INDIA) LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT**Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.****A. CONSERVATION OF ENERGY**

a) Energy Conservation measures taken	N A	
b) Additional investment and proposals if any, being implemented for conservation of energy	N A	
c) Impact of measures (a) & (b) above for energy conservation and subsequent impact on the cost of production of goods.	N A	
d) FORM A	Current Period	Previous Period
a) Power & Fuel Consumption :		
1. Electricity :		
a) Purchase (Unit)	2,15,870	3,98,034
Total	4,42,614	8,84,285
Rate/Unit (Rs.)	2.05	2.22
b) Own Generation	NIL	NIL
2. Furnace Oil/Diesel Oil		
Quantity (Ltrs.)	5,698	31,916
Total Cost (Rs.)	51,510	1,85,779
Average Rate (Rs.)	9.04	5.82
b) Consumption per unit of Production		
Production of Sodium Nitrate		
Electricity Per MT of Production (Units)	NIL	NIL
HSD/Oil-Per MT of Production (Ltrs.)	NIL	NIL
Production of Sodium Nitrite		
Electricity Per MT of Production (Units)	NIL	NIL
HSD/Oil-Per MT of Production (Ltrs.)	NIL	NIL
Production of Liquid Dyes		
Electricity Per MT of Production (Units)	NIL	NIL
Production of Leather Chemicals		
Electricity Per MT of Production (Units)	NIL	NIL
Production of Shoe Soles & Heels		
Electricity Per MT of Production (Units)	1,349	3,536
HSD/Oil Per MT of Production (Ltrs.)	NIL	37

B. TECHNOLOGY ABSORPTION**e) FORM B**

Form of disclosure of particulars with respect to absorption, research and development (R & D)

1. Specific area in which R & D were carried out by the Company	None
2. Benefits derived as a result of R & D	N A
3. Future plan & action	None

ANNEXURE 'A' TO THE DIRECTORS' REPORT (Contd.)**FORM B (Contd.)****Current
Period****Technology absorption, Adaptation and Innovation**

1. Efforts, in brief, made towards, technology absorption, adaptation and innovation **NIL**
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. **NIL**
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished.
 - a) Technology imported
 - b) Year of import
 - c) Has technology been fully absorbed
 - d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans and actions.**NIL**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used **64,208**
 Total foreign exchange earned **NIL**

On behalf of the Board

B. D. BHAIYA

Managing Director

17th August, 1998

R. K. MAHESHWARI

Director

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Company's Financial year ended 31st March, 1998.

- A) Employees who were employed throughout the financial year under review and were in receipt of remuneration in the aggregate of not less than Rs.3,00,000 per annum.

Sl. No.	Name	Age	Designation	Gross Remuneration	Qualification	Experience	Date of Employment	Previous Employment
1.	Mr. B. D. Bhैया	54	Managing Director	Rs. 4,77,790	Matriculate	36	1.4.77	—

Notes :

- 1) The above employee is on a contractual basis
- 2) Condition of employment provides for termination of services by notice on either side.
- 3) Remuneration including salaries, allowances and perquisites.

On behalf of the Board

B. D. BHAIYA

Managing Director

17th August, 1998

R. K. MAHESHWARI

Director