



Chemcrown (India) Limited

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REPORT & ACCOUNTS

for the 18th months period ended 30th September, 1999

BOARD OF DIRECTORS : SHRI B. D. BHAIYA, *Chairman and Managing Director*
SHRI R. K. MAHESHWARI, *Whole-time Director*
SHRI B. K. MEHTA

REGISTERED OFFICE : 95, PARK STREET
CALCUTTA - 700 016

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

BRANCHES

Chennai

Real Chambers, III Floor
30, Maddox Street, Choolai
Chennai - 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,
Chennai - 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

NOTICE

NOTICE is hereby given that the Twenty-Fourth Annual General Meeting of the Members of Chemcrown (India) Limited will be held on Wednesday, the 22nd December, 1999 at 11.30 A.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 Account of the Company for the Eighteen Months Financial period ended 30th September, 1999, the Balance Sheet as at that date and the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Mr. R. K. Maheshwari, who retires by rotation and, being eligible, offers himself for re-appointment.
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 :

As an Special Resolution

"RESOLVED that, subject to compliance of necessary regulations, the consent of the Company be and is hereby accorded to the Board of Directors to for delisting of the shares of the Company from Delhi Stock Exchange Association Ltd."

"RESOLVED further that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, required or expedient to give effect to this resolution."

Registered Office : By Order of the Board
95, Park Street,
Calcutta - 700 016 B. D. Bhaiya
Date : 1st November, 1999 Managing Director

Notes :

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxy(s) to attend and vote on a pool instead of himself and such proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered office of the Company not less than 48 hours before the meeting.

2. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 15th December, 1999 to 21st December, 1999 (both days inclusive).
4. Members are requested to inform the Registrar and Share Transfer Agent about any changes in their addresses immediately so as to enable the Company to despatch any future communication at their correct addresses.
5. Members are requested to quote their Folio Number in all their correspondence with the Company or its Registrar and Share Transfer Agent.

EXPLANATORY STATEMENT**Pursuant to Section 173 (2) of the Companies Act, 1956****Item No.4**

Presently the shares of your Company are listed at Calcutta, Mumbai, Madras and Delhi Stock Exchanges. However, there has been hardly any trading of shares of the Company on the Delhi Stock Exchange for more than one year. Further as a measure of cost control, the Board of Directors has decided that it would be desirable if listing from the Delhi Stock Exchange is withdrawn. Further the number of shareholders and the holding of the equity capital base of the Company Delhi and surrounding region is negligible.

After the above delisting the shares of the company will remain listed at Calcutta, Mumbai and Madras Stock Exchanges.

The Lising agreement requires prior approval of shareholders by way of a Special resolution for applying to the Stock Exchange(s) for delistment. Hence, the resolution is proposed.

The Directors recommend the Resolution, as proposed, for your adoption.

None of the Directors of the Company is concerned or interested in the subject Resolution.

Registered Office : By Order of the Board
95, Park Street, B. D. Bhaiya
Calcutta - 700 016 Chairman and
Date : 1st November, 1999 Managing Director

CHEMCROWN (INDIA) LIMITED

DIRECTORS' REPORT**TO****THE MEMBERS**

Your Directors have pleasure in presenting their 24th Annual Report and together with audited accounts for the eighteen months period ended on 30th September, 1999.

FINANCIAL RESULTS

The summarised financial results for the 18th months period ended on 30th September, 1999 are as under :

	(Rs. in Lacs)
Sales including other Income	306.86
Profit before interest and depreciation	81.39
Less : Interest and other financial charges	854.98
Loss before depreciation	(773.59)
Less : Depreciation	68.57
Loss after depreciation	(842.16)
Loss before taxation	(842.16)
Net loss for the year	(842.16)
Add : Amount of Loss brought forward from earlier years	(2168.22)
Balance to be carried forward	(3010.38)

DIVIDEND

In view of the huge losses, your directors regret their inability to recommend payment of any dividend for the above period.

OPERATION & FUTURE PROSPECTS :

The period under review witnessed a turnover of Rs.307 lacs partly from manufacturing operations of shoe soles and partly from technological services. Your company has continued to sustain losses since 1994. Due to restructuring of business activities, using technical expertise and cost cutting, your company has been able to earn an income before provision of interest and depreciation to the extent of Rs.81 lacs. It would be observed that interest payable to institutions and banks and depreciation provision have remained a major component of the loss as reflected in the accounts.

Your Company had submitted a revival proposal to BIFR on the basis of One Time Settlement of the

dues payable to the banks, institutions and secured creditors. On the basis of such proposal, a Draft Rehabilitation Scheme (DRS) was circulated by BIFR. The DRS provided for infusion of funds to the extent of Rs.1665 lacs into the Company. The Company had been banking upon a major source of inflow from the pending arbitration matter, which could have formed a substantial part of the flow of funds into the Company. BIFR and involved institutions, banks did not agree to such contention of the Company and ultimately BIFR forwarded a reference to Calcutta High Court for winding up the Company. Being aggrieved by the said order, your Company preferred an appeal before the AAIFR. Meanwhile, the Ld. Arbitrator Hon'ble Justice A. N. Sen made and published an Award on 13th September, 1999 directing Wasgau Plast GmbH to pay a sum of DM 3,042,365 together with interest thereon @ 21% per annum from 1st August, 1996 and also costs of the arbitration proceedings. As of today, in terms of Indian Currency the value of the Award with interest would be Rs.1200 lacs approx.

The Hon'ble AAIFR in its meeting held on 20th October, 1999 admitted the appeal of the Company and also stayed the BIFR order for winding up of the Company in the light of major developments as detailed hereunder :

- The arbitration Award, which the Company hopes of enforce by initiating appropriate proceedings in the appropriate Court in Germany within a reasonable time.
- Another German Company had taken interest for investment upto DM 3.0 million in the Company's plant at Pondicherry. This negotiation was subject to the conclusion of the arbitration proceedings in the Company's favour. Now there is probability of a German Company coming forward for investment.
- The Company also proposes to dispose off its assets at Ambattur and Walajapet.
- It would be possible to settle the dues of the secured creditors subject to successful negotiations with them on realisation of amounts to be received by the Company as a result of the arbitration Award in its favour and the sale proceeds from the disposal of the assets.

The Hon'ble members of AAIFR also directed the Company to keep the sale proceeds from the disposal

of its assets as also the proceeds from the execution of the arbitration Award in a no-lien account with IDBI.

Your Company had initiated legal proceedings before the appropriate Courts for recovery of amounts due to it from a few major debtors aggregating to Rs.300 lacs. Your Company is hopeful of this recovery in very near future, subject to legal proceedings.

In the light of the foregoing developments, your Company now sees the possibility of its revival within a reasonable time. It would be worthwhile to mention here that upon settlement with secured creditors, your Company would be able to get waiver of a substantial portion of interest and consequently your Company's network would turn to positive.

INDUSTRIAL RELATIONS

The Industrial Relations continued to remain harmonious and healthy at all levels. Your Directors wish to record their appreciation of the dedication and hard work put in by the employees at all levels.

DIRECTORS

Mr. R. K. Maheshwari retires by rotation and being eligible, offers himself for reappointment.

AUDITORS' REPORT :

Observations of the Auditors as contained in their report read with Notes on Accounts are self-explanatory and do not warrant any further clarification or comment.

AUDITORS

Auditors M/s. L. B. Jha & Company, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

PUBLIC DEPOSIT

Your Company has not accepted or renewed any deposit from the public during the above period.

LISTING AGREEMENT

The shares of your Company are listed at Calcutta, Bombay, Madras and Delhi Stock Exchanges. Your Directors propose to delist the shares from Delhi Stock Exchange as there has been hardly any trading

during the last more than one year and also as a measure of cost control.

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

There was no employees who was in receipt or remuneration of Rs.50,000 or more per month during the above period and therefore, the particulars of employees as required to be given under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not required to be annexed to the Directors' Report.

Y2K COMPLIANCE

Your Company has taken appropriate measures to ensure that all its Computer Systems are Y2K Complaint. Your Company is pleased that the associated costs will not have any material impact on the Company's operations and with its competency plan in place the Company will be able to control any possible risk arising out of it.

APPRECIATION

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

For and on behalf of the Board

B. D. BHAIYA

Place : Calcutta

Chairman and

Date : 1st November, 1999

Managing Director

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 18 Months	Previous Period 12 Months
a) Power & Fuel Consumption :		
1. Electricity :		
a) Purchase (Unit)	533,243	215,870
Total	1,099,296	442,614
Rate/Unit (Rs.)	2.06	2.05
b) Own Generation	NIL	NIL
2. Furnace Oil/Diesel Oil		
Quantity (Ltrs.)	5,200	5,698
Total Cost (Rs.)	54,196	51,510
Average Rate (Rs.)	10.42	9.04
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)	4,440	1,349
HSD/Oil Per MT of Production (Ltrs.)	NIL	NIL

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	None
2. Benefits derived as a result of R & D	N A	N.A.
3. Future plan & action	None	None

ANNEXURE 'A' TO THE DIRECTORS' REPORT (Contd.)
FORM B (Contd.)

	Current Period	Previous Period
Technology absorption, Adaptation and Innovation		
1. Efforts, in brief, made towards, technology absorption, adaptation and innovation	NIL	NIL
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	NIL	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	NIL	NIL
b) Year of import		
c) Has technology been fully absorbed		
d) It not fully absorbed, areas where this has not taken place, reasons thereof and future plans and actions.		
C. FOREIGN EXCHANGE EARNINGS AND OUTGO		
Total foreign exchange used	NIL	64,208
Total foreign exchange earned	NIL	NIL

Report Junction

For and on behalf of the Board
 B. D. BHAIYA Chairman and Managing Director
 R. K. MAHESHWARI Director

1st November, 1999