

CHIPLUN FINE CHEMICALS LTD.

16th

ANNUAL REPORT

1997-98

MD	✓		BKC	✓
SS	NA		DPY	MA
PO	✓		DIV	MA
KA	✓		AC	✓
ACM	✓	✓	SH	✓
YE	✓	✓		

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CHAIRMAN & MANAGING DIRECTOR	:	Shri. Arun H. Sukhtankar
VICE CHAIRMAN	:	Shri. Chhabildas H. Muchhala
DIRECTORS	:	Shri. Chimanlal H. Muchhala Shri. Ramakant S. Angle Dr. Gundiram Bapuji Ghodke Shri. S. S. Shirolkar Shri. S. Ravindranathan Shri. J. Gopal (Sicom Nominee)
EXECUTIVE DIRECTOR	:	Shri. Nitesh C. Muchhala
AUDITORS	:	Kantee Pokarna & Associates, Chartered Accountants, Mumbai
BANKERS	:	State Bank Of India
REGISTERED OFFICE & WORKS	:	E-25, Lote Parshuram, Taluka : khed, Dist : Ratnagiri, Maharashtra 415 722.
CORPORATE OFFICE	:	11, Vijay Chambers, Tribhuvan Road, Mumbai - 400 004.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.

CHIPLUN FINE CHEMICALS LTD

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Members of CHIPLUN FINE CHEMICALS LTD. will be held at the Registered Office of the Company at E-25, Lote Parshuram, Taluka : Khed, Dist : Ratnagiri, Maharashtra - 415 722, on September 26, 1998, at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at March 31, 1998 and the Profit and loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. S. Shirolkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Gundiram B. Ghodke who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors & to fix their remuneration.

For and on behalf of the
Board of Directors.

Place : Mumbai

ARUN H. SUKHTANKAR

Date : 17th July, 1998

Mg. Director

Registered Office :

E-25, Lote Parshuram, Taluka: Khed, Dist: Ratnagiri,
Maharashtra - 415 722

to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as proxy.

5. If the members have any queries on the Audited Accounts, Directors' Report & Auditors' Report, The same should be forwarded to the Company in writing at its registered office atleast 10 days before the meeting so that the same can be replied at the time of Annual General Meeting to the members' satisfaction.
6. Members are requested to bring their copies of the Reports to Annual General Meeting.
7. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith share certificates to the Company.
8. Attention of the Members is invited to the fact that the Company has set up in house Share Transfer Department and M/s. Sarayu Issue Management Services Private Limited are no more the Registrar and Share Transfer Agents to the Company hence the Members of the Company be and hereby advised that in order to exercise strict control over the transfer documents, Members are requested to send the transfer documents/correspondence, if any, directly to :

Corporate Office :

CHIPLUN FINE CHEMICALS LTD

Share Department, 11, Vijay Chambers, Tribhuvan Road,
Mumbai - 400 004.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 1998 to September 26, 1998, both days inclusive.

2. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
3. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Saturday, Sunday & Public Holidays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
4. For convenience of members, an attendance Slip is annexed to the proxy form. Members are requested

DIRECTORS' REPORT

Your Directors hereby present the 16th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 1998.

(Rs. in Lacs)

	31.03.98	31.03.97
Gross Profit	04.58	(05.52)
Less : Depreciation	19.64	19.09
Net Profit before tax	(15.06)	(24.61)
Less : Amortisation of Exp	17.38	16.50
Balance Profit	(32.44)	(41.11)
Profit/Loss Brought Forward	(69.11)	(28.00)
Profit available for Appropriation	(101.55)	(69.11)
Appropriations :		
Bal carried to Balance Sheet	(101.55)	(69.11)
	<u>(101.55)</u>	<u>(69.11)</u>

CHIPLUN FINE CHEMICALS LTD

Dividends : Your Directors regret that they are unable to recommend any dividend in view of losses incurred by your Company for the year ended March 31, 1998.

Operations : The Company registered Sales Turnover of Rs.329.11 Lacs against Rs.353.60 Lacs for the previous year. Out of this exports amounted to Rs.24.08 Lacs (US\$ 60075) (previous year Rs.119.37 Lacs /US\$ 329050). The Company was not able to maintain the export performance due to falling prices in the International Market.

However as there is revival of the export prices and with the development of new products, the Company expects to do better this year.

Directors : Pursuant to Article 41 of the Articles of Associations of the Company Shri S. S. Shirolkar and Dr. Gundiram B. Ghodke retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Fixed Deposits : The Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to the Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and outgo forms part of this report and is given by way of Annexure.

Auditors : M/S. Kantee Pokarna & Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Particulars of Employees : The Company has no employees of the specified categories under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975

Information under Clause 43 of the Listing Agreement :

(Rs. in Lacs)

Particulars	Projections as per Prospectus dated 07/02/95	Performance as on 31/03/1998
Total Income	2707.89	367.28
Profit after Tax	341.58	(32.44)

Note : Due to depressed Bulk Drugs Market, the Company could not achieve the targeted results.

Acknowledgements : The Board of Directors wishes to place on record its sincere appreciation for due co-operation received from the Company's Bankers and from SICOM. The Directors are also thankful to the employees at all levels for their continued support.

For and on behalf of the
Board of Directors,

Place : Mumbai ARUN H. SUKHTANKAR CHHABILDAS MUCHHALA
Date : 17th July, 1998 Mg. Director Vice-Chairman

ANNEXURE TO DIRECTORS' REPORT

Information in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY :

Energy conservation features are inbuilt in the plant as reported in the previous years.

B. TECHNOLOGY ABSORPTION :

a) Research and Development : The Company has carried out Research & Development in the form of process innovation & development of new products.

b) Benefits derived : Improvement in process efficiencies and product quality.

c) Future Plan of action : Major thrust in development of new products & processes.

CHIPLUN FINE CHEMICALS LTD**TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION :**

- a. Technical absorption, adaption and Innovation have ensured through recruitment of qualified and capable personnel and placing great emphasis on young employees with right aptitudes and giving them appropriate training. Participative and open management style, which encourages idea generations, has greatly facilitated the technology absorption and innovation process.
- b. The benefits derived have been in the form of product development, improved quality, high productivity and lower costs.
- c. The Company has not imported any technology so far.

C. FORIEGN EXCHANGE EARNINGS AND OUTGO :

Earnings : \$60,075 Outgo : \$2,69,500

For and on behalf of the
Board of Directors,

Place : Mumbai ARUN H. SUKHTANKAR CHHABILDAS MUCHHALA
Date : 17th July, 1998 Mg. Director Vice-Chairman

ANNEXURE - FORM A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and fuel consumption	Current Year 1997-98	Previous Year 1996-97
1. Electricity Unit (KWH)	326884	300118
Total Amount (Rs.)	13,52,193	10,84,605
Rate/Unit (Rs.)	4.13	3.61
2. LDO Quantity (Litre)	126101	158048
Total Amount (Rs.)	11,47,519	13,03,340
Rate/Litre (Rs.)	9.11	8.24

For and on behalf of the
Board of Directors,

Place : Mumbai ARUN H. SUKHTANKAR CHHABILDAS MUCHHALA
Date : 17th July, 1998 Mg. Director Vice-Chairman

AUDITORS' REPORT

We have audited the attached Balance Sheet of **CHIPLUN FINE CHEMICALS LTD.** as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date annexed thereto and REPORT THAT :

1. 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 annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph [1] above, we REPORT 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 our 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 the Books.
 - c. The Balance Sheet and Profit & Loss Account referred to in this Report, are in agreement with the Books of Account.
 - d. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) In case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 1998 and
 - ii) In case of the Profit & Loss Account, of the LOSS of the Company for the year ended on that date.

For KANTEE POKARNA & ASSOCIATES
Chartered Accountants

Place : Mumbai KANTEELAL POKARNA
Dated : 17th July, 1998 Proprietor

CHIPLUN FINE CHEMICALS LTD

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our Report of even date to the Shareholders of CHIPLUN FINE CHEMICALS LTD. on the Accounts for the year ended on 31st March, 1998.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management at reasonable intervals. In our opinion, the frequency is reasonable. To the best of our knowledge, no material discrepancies have been noticed on verification.
2. None of the Fixed Assets have been revalued during the year.
3. Inventories have been physically verified by the management at reasonable intervals.
4. The procedure of physical verification followed by the management is in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
5. In our opinion, discrepancies noticed on verification between physical stock and book records were not material and have been properly dealt with in the Books of Account.
6. In our opinion, the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. There is no company under the same management, as defined under sub-section [1B] of Section 370 of the said Act.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There is no company under the same management, as defined under Sub Section (1B) of Section 370 of the said Act.
9. The Company has not granted any loans and/or advances in the nature of loans to anybody.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, packing materials including components, plant & 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 purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under

- section 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 are reasonable having regard to prevailing market prices for such goods, materials or services, where such prices are available with the Company or the prices at which transactions for similar goods or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted deposits from the Public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. There are no by-products so far, as explained to us.
15. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
16. As informed by the Company, provisions of maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, are not applicable to the Company so far.
17. Provident Fund and Employees State Insurance Schemes have been applied to the Company by the respective authorities with retrospective effect from 1.4.1995. The Company has made part payment during the year. The Company is not regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty, which are outstanding as on 31st March, 1998 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses have been charged to the Profit & Loss Account, other than those payable under the contractual obligations or in accordance with the generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of Clause (i) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. The Company has not done any trading activities during the year.

For KANTEE POKARNA & ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 17th July, 1998

KANTEELAL POKARNA
Proprietor