

CH IPLUN FINE CHEMICALS LTD**17th****ANNUAL REPORT****1998-99****MANAGING DIRECTOR** : Shri. Arun H. Sukhtankar**CHAIRMAN** : Shri. Chhabildas H. Muchhala**DIRECTORS** : Shri. Chimanlal H. Muchhala

Dr. Gundiram Bapuji Ghodke

Shri. S. S. Shirolkar

Shri. S. Ravindranathan

Shri. S. P. Desai (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.

CHIDLUN FINE CHEMICALS LTD**NOTICE**

NOTICE is hereby given that the 17th Annual General Meeting of the Members of CHIDLUN FINE CHEMICALS LIMITED will be held at the Registered Office of the Company at E-25, Lote Parshuram, Taluka : Khed, Dist : Ratnagiri, Maharashtra - 415 722, on Saturday, September 25, 1999, 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, 1999 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. Ravindranathan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Chimanlal H. Muchhala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors & to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary Resolution :

"RESOLVED THAT pursuant Sections 198, 269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri Arun H. Sukhtankar as Managing Director of the Company for a period of Five years with effect from January 01, 2000 on the terms and conditions, including remuneration as are already circulated among the Members of the Company vide Abstract & Memorandum under Section 302 of the Companies Act, 1956."

6. For convenience of members, an attendance Slip is annexed to the proxy form. Members are requested 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'.
7. 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.
8. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, alongwith with Abstract of the terms and conditions as per Section 302 of the Companies Act, 1956, in respect of Item No. 5 & Item No. 6 of the notice set out is annexed hereto.
9. Members are requested to bring their copies of the Reports to Annual General Meeting.
10. 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.
11. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/correspondence. If any, directly to the Corporate Office of the Company :

Corporate Office :

CHIDLUN 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.
2. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 1999 to September 25, 1999, (both days inclusive).
4. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
5. 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.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 17th Annual Report together with the Audited Statements of Accounts of the Company for the year ended March 31, 1999.

	(Rs. in Lacs)	
	31.03.99	31.03.98
Gross Profit	(09.98)	(04.58)
Less : Depreciation	21.73	19.64
Net Profit before tax	(31.71)	(15.06)
Less : Amortisation of Exp	17.38	17.38
Balance Profit	(49.09)	(32.44)
Profit/Loss Brought Forward	(101.55)	(69.11)
Profit available for Appropriation	(150.64)	(101.55)
Appropriations :		
Bal carried to Balance Sheet	(150.64)	(101.55)
	(150.64)	(101.55)

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, 1999.

Operations : During the year under review the Company registered Sales Turnover of Rs. 282.08 Lakhs as against Rs.329.11 Lakhs for the previous year. Out of this export amounted to Rs.38.68 Lakhs (US\$ 91073) as compared to Rs.24.08 lakhs (US\$ 60075) in the previous year.

Lower capacity utilisation, sluggish and high competitive market conditions had an adverse effect on the performance of the Company. The Company has continued its efforts in the development of new products to come out of the present situation.

Y2K Compliance : The Company has already identified Y2K related requirements both hardware and software and necessary steps for meeting the same are being taken in consultation with the consultants to the company.

Directors : Pursuant to Article 41 of the Articles of Associations of the Company Shri S. Ravindranathan and Shri Chimanlal H. Muchhala 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 31/03/1999
Total Income	2811.06	300.66
Profit after Tax	352.46	(49.09)

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
Date : 30th July, 1999

CHHABILDAS MUCHHALA
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. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings : \$91073.00 Outgo : \$31,500.00

For and on behalf of the
Board of Directors,

Place : Mumbai CHHABILDAS MUCHHALA
Date : 30th July,1999 Chairman

ANNEXURE - FORM A

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

A. Power and fuel consumption	Current Year 1998-99	Previous Year 1997-98
1. Electricity Unit (KWH)	248486	326884
Total Amount (Rs.)	1152303.00	1352193
Rate/Unit (Rs.)	4.64	4.13
2. LDO Quantity (Litre)	140446	126101
Total Amount (Rs.)	1289294.00	1147519
Rate/Litre (Rs.)	9.18	9.11

For and on behalf of the
Board of Directors,

Place : Mumbai CHHABILDAS MUCHHALA
Date : 30th July,1999 Chairman

AUDITORS' REPORT

We have audited the attached Balance Sheet of **CHIPLUN FINE CHEMICALS LTD.** as at 31st March, 1999 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, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-Section [3C] of Section 211 of the Companies Act, 1956.
 - e. 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, 1999 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 : 30th July, 1999 Proprietor