

CHIPLUN FINE CHEMICALS LTD**20th****ANNUAL REPORT****2001-2002**

CHAIRMAN	: Shri. Ramakant S. Angle
MANAGING DIRECTOR	: Shri. Arun H. Sukhtankar
DIRECTORS	: Shri. Chhabildas Muchhala Shri. Chimanlal H. Muchhala Shri. Devendra Kamat Dr. G. B. Ghodke Shri. S. S. Shirolkar Shri. Ravindranathan
EXECUTIVE DIRECTOR	: Shri. Nitesh C. Muchhala
AUDITORS	: Kantee Pokarna & Associates, Chartered Accountants, Mumbai
BANKERS	: State Bank Of India
REGISTERED OFFICE & WORKS	: P-25, Laxmi Park, 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 20th Annual General Meeting of the Members of **CHIPLUN 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 28, 2002, at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2002 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 retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. S. Ravindranathan who retire by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :-

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as on Ordinary Resolution :

"RESOLVED THAT M/s. Sanzgiri Acharya & Associates. Chartered Accountant, Mumbai, be and are hereby appointed as the Statutory Auditors of the company in place of M/s. Kantee Pokarna & Associates, Chartered Accountants, Mumbai, the retiring Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration to be fixed in consultation with the Board of Directors plus re-imbursement of out of pocket expenses."

5. To consider, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Ramakant S. Angle, who was appointed by the Board as Additional Director of the Company on 22nd January, 2002 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company whose tenure of office shall be liable to retire by rotation."

6. To consider and if thought fit, to pass with or without

modification(s) the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Devendra N. Kamat, who was appointed by the Board as Additional Director of the Company on 22nd January, 2002 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company whose tenure of office shall be liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956, and as approved by the remuneration committee vide its resolution passed today, i.e. on 28.08.2002, the Company hereby approve the appointment of Dr. Guruprasad R. Wader as wholetime Director designated as Director - Technical of the Company for a period of Five years with effect from August 28, 2002 on the terms and conditions, as circulated amongst the Members of the Company vide Abstract and Memorandum under Section 302 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors shall be at liberty to alter, vary and modify the terms and conditions subject to the confirmation of remuneration committee of the said appointment as stated in the Abstract and Memorandum under Section 302 of the Companies Act, 1956 in such manner as may be agreed to between the Board of Directors and Dr. Guruprasad R. Wader within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment thereto or any re-enactment thereof (and, if necessary, as may be agreed to amendment there to between the Board of Directors and Dr. Guruprasad R. Wader) and further that in the event of the amendment or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, or as provided in any re-enactment, repeal or modification thereof, the Board of Directors be and is hereby authorised to vary or increase the remuneration subject to the confirmation of remuneration committee including perquisites, within the prescribed limits or ceiling and the aforesaid terms the conditions between the Company and Dr. Guruprasad R. Wader be suitably amended to give effect to such modifications, relaxation or re-enactment without requiring any further resolutions or consent of the Shareholders of the Company and that the Board of Directors of the Company be

CHIPLUN FINE CHEMICALS LTD

and is hereby authorised to take such steps as may be necessary, desirable and /or expedient to give effect to this resolution."

For and on behalf of the
Board of Directors.

Place : Mumbai **RAMAKANMT S. ANGLE**
Date : 28th August, 2002 **CHAIRMAN**

Registered Office :

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

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.

2. The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2002 to September 28, 2002 (both days inclusive).
3. Members are requested to promptly notify any changes in their addresses, to the Company at its Registered Office.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business, is annexed hereto.
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 Saturdays, Sundays & Public Holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
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 at least 10 days before the meeting so that the same can be replied at the time of Annual General Meeting to the members Satisfaction.
8. Members are requested to bring their copies of the Reports to Annual General Meeting.
9. 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.
10. 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 :

CHIPLUN FINE CHEMICALS LTD.

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :

Item No. : 4

The members of the Company are requested to note that the Company has not received eligibility certificate under section 224 (1) of the Companies Act, 1956, from the existing Statutory Auditors M/s Kantee Pokarna & Associates, Chartered Accountants, Mumbai. There after, your Board of Directors had discussions with M/s. Sanzgiri Acharya & Associates, Chartered Accountants, Mumbai.

Further, as per the Resolution passed by your Board of Directors on 30.07.2002, proposed the name of M/s. Sanzgiri Acharya & Associates, Chartered Accountants, Mumbai as the Statutory Auditors of your Company for the Financial year 2002-03. Consequently, in reply to the offer letter made by your Board of Directors, M/s. Sanzgiri Acharya & Associates, Chartered Accountants,

CHIPLUN FINE CHEMICALS LTD

Mumbai have accepted the offer for their appointment as the Statutory Auditors of your Company for the Financial Year 2002-03 and has also confirmed by way of their letter of appointment dt. 06.08.2002 as the Statutory Auditors of the Company for the Financial Year 2002.03.

You are requested to accord your assent for the aforesaid change in the Statutory Auditors of the Company and fix their remuneration accordingly.

None of the Directors of the Company may be deemed to be concerned or interested in passing the said resolution.

Item No. : 5

The Board of Directors of your Company (the Board) appointed Shri Ramakant S. Angle as Additional Director of your Company with effect from January 22, 2002.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri Ramakant S. Angle will hold office until the date of the forthcoming Annual General Meeting. Your Company has received notice in writing from a member in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri Ramakant S. Angle for the Office of Director of the Company.

He is B.Sc. and is also engaged in the Business of Mining Activities.

Shri Ramakant S. Angle is willing to act as a Director of your Company, if so appointed and he has filed with your Company his consent pursuant to Section 264(1) of the Companies Act, 1956.

None of the Directors of the Company except Shri Ramakant S. Angle may be deemed to be concerned or interested in passing of this resolution since it is concerning his appointment.

Item No. : 6

The Board of Directors of your Company (the Board) appointed Shri Devendra N. Kamat as Additional Director of your Company with effect from January 22, 2002.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri Devendra N. Kamat will hold office until the date of the forthcoming Annual General Meeting. Your Company has received notice in writing from a member in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment

of Shri Devendra N. Kamat for the Office of Director of the Company.

He is M.B.A. (Finance) and is also engaged in the Business of Mining Activities.

Shri Devendra N. Kamat is willing to act as a Director of your Company, if so appointed and he has filed with your Company his consent pursuant to Section 264(1) of the Companies Act, 1956.

None of the Directors of the Company except Shri Devendra N. Kamat may be deemed to be concerned or interested in passing of this resolution since it is concerning his appointment.

Item No. : 7

The Board of Directors of your Company (the Board) appointed Dr. Guruprasad R. Wader, (herein after referred to as the said Director) as Additional Director of your Company with effect from August 28, 2002. Subsequently, the said Director was appointed as the whole time Director designated as the Director - Technical for a period of five years w.e.f. August 28, 2002.

The Said Director is B.Sc. first class (Hons.) with Chemistry, Physic, University of Bombay, M.Sc. Medicinal Chemistry, from Haffkine Institute Bombay and Ph.d Organic Chemistry from U.D.C. Kalina, University of Bombay.

The said Director being highly qualified and having vast work experience will be a great asset to your Company's future prospects and thus his appointment will be greatly beneficial to your Company.

Abstract of the terms and conditions as per Section 302 of The Companies Act, 1956.

SALARY :

Monthly salary Rs. 25,000.00 (Rupees twenty five thousand only) inclusive of all perquisites.

None of the Directors of the Company except Dr. Guruprasad R. Wader may be deemed to be concerned or interested in passing of this resolution since it is concerning his appointment.

For and on behalf of the
Board of Directors

Place : Mumbai
Date : August 28, 2002

RAMAKANT S. ANGLE
Chairman

CHIPLUN FINE CHEMICALS LTD**DIRECTORS' REPORT**

Your Directors hereby present the Twentieth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2002.

(Rs. In Lacs)

	31.03.2002	31.03.2001
Gross Profit	(10.60)	(18.24)
Less : Depreciation	24.70	24.10
Net Profit before tax	(35.30)	(40.34)
Less : Amortisation of Exp.	12.67	14.12
Balance Profit	(47.97)	(54.46)
Profit/Loss Brought Forward	(259.32)	(204.86)
Profit available for Appropriation	(307.29)	(259.32)
Appropriations :		
Balance carried to Balance Sheet	(307.29)	(259.32)
	(307.29)	(259.32)

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, 2001.

OPERATIONS : During the year under review, the Company registered Sales Turnover of Rs. 252.14 Lacs against Rs.242.51 Lacs for the previous year. Out of this exports amounted to Rs. 65.73 Lacs (US\$ 1,36,388.00) (previous year Rs. 66.82 Lacs i.e. (US\$ 146131).

The general economic condition remained lukewarm during the year 2001-2002, particularly in the Chemical Industry. Also the restrictive Government Policies has adversely affected the Chemical Industry in general. In spite of the continued clouds of recession hovering over the Chemical Industry, your Board of Directors has aggressively continued its efforts in the progress, development and marketing of its existing and new products. Your Board is confident that the Company will soon tide over its current Financial crises and emerge more strongly in near future.

DIRECTORS : Pursuant to Article 41 of the Articles of Associations of the Company Shri S.S. Shirolkar and Shri. S. Ravindranathan retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

Shri Ramakant S. Angle and Shri Devendra N. Kamat were appointed as Additional Directors of the Company

w.e.f. January 22, 2002.

Dr. Guruprasad R. Wader was appointed as Additional Director of the Company w.e.f. August 28, 2002 and subsequently appointed as the whole time Director, designated as Director - Technical on the same day on the terms and conditions as finalised by remuneration committee which was appointed in accordance to schedule XIII of Companies Act 1956 duly amended.

Shri Sandeep P. Desai, Nominee of SICOM ceased to be Nominee Director of the Company w.e.f. 29.01.2002 vide SICOM'S withdrawal letter no. CSD/ND/AB2 dated 29.01.2002.

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 : As the Company has not received eligibility certificate under section 224 (1) of the Companies Act, 1956 from M/S. Kantee Pokarna & Associates, Chartered Accountants, Mumbai, for their appointment as the Statutory Auditors of the Company for the F.Y. 2002-03. Consequently, the said Auditors accepted their appointment as the Statutory Auditors of the Company for the F.Y. 2003-03 vide their letter dt. 06.08.2002.

Thus the Board proposes to appoint M/s. Samzgiri Acharya & Associates, Chartered Accountants, Mumbai as the statutory Auditors of the Company for the Financial year 2002-03.

CORPORATE GOVERNANCE : Pursuant to Clause 49 of the Listing Agreement, (hereinafter referred to as the said Clause) all Listed Companies will have to incorporate the provisions of the said Clause before the last date specified in the said Clause and as may be applicable to the respective Companies.

CHIPLUN FINE CHEMICALS LTD

With reference to the same, your Company will have to adhere to the provisions of the said Clause before March 31, 2003. The Board of Directors of your Company are in the process of initiating and implementing the provisions of the said Clause as may be applicable to your Company before March 31, 2003.

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.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956 :

As stipulated in Section 217 (2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :

(i) That in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures :

(ii) That the Directors had selected such accounting policies and applied them consistently and made judgments 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 or loss of the Company for that period :

(iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities :

(iv) That the Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENTS :

The Board of Directors wishes to place on record its sincere appreciation for due co-operation received from the Company's Bankers. 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 : 28th August, 2002

RAMAKANT S. ANGLE
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 year.

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.

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION :

a. Technical absorption, adaption and Innovation have insured 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 : \$ 1,36,388.00 Outgo : \$ 50,515.00

For and on behalf of the
Board of Directors.

Place : Mumbai
Date : 28th August, 2002

RAMAKANT S. ANGLE
Chairman