



**13th Annual Report
1999-2000**

CHROMATIC INDIA LIMITED

(Formerly known as Chromatic Dyestuff Limited)

Board of Directors

S. K. Sengupta. : (Director)

M. S. Vartak. : (Director)

A. W. Palekar. : (Director)

K. R. Kamath. : (Director)

Lt. Col. M. K. Sengupta(Retd.) : (Director)

Company Secretary : B.R.Tarafdar**Auditors** : M/s Haribhakti & Co.
Chartered Accountants**Banker** : Bank of India**Registrar & Share
Transfer Agent** : M/s PCS Industries Limited,
Hyfa bldg No.2 Safed Pool,
Andheri-Kurla Road,
Mumbai-400012.

Tel. No. 8510 446 & 852 4091.

Registered Office : 207, Vardhaman Service Industrial Estate,
L.B.S.Marg, Vikhroli (West),
Mumbai 400083.**Works** : B-12/2, Lote Parshuram Ind.Area,
Taluka -Khed,
Dist: Ratnagiri.

CHROMATIC INDIA LTD.

CHROMATIC INDIA LIMITED

(Formerly known as Chromatic Dyestuff Limited)

207, Vardhaman Service Ind.Estate, Fitwell Compound, L.B.S.Marg, Vikhroli (West), Mumbai-400083.

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of Chromatic India Limited will be held at **Shree Sai Leela, A/11, Rajwadi housing society, Ghatkopar**, on Friday, the 29th September, 2000 at 10.00 a.m. to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2000 and the profit and loss account for the year ended on that date along with the Directors' report and Auditors' report thereon.
2. To confirm the Interim dividend declared and paid @ 10 % , on the paid up equity capital of the company as final dividend which was approved by the Board of Directors at its meeting held on 30th day of March -2000.
3. To appoint a Director in place of Mr K.R.Kamath , who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint a Director in place of Lt. Col.M.K.Sengupta (retd.) , who retires by rotation and being eligible offers himself for re- appointment.
5. To appoint Auditors and to fix their remuneration.

Place :Mumbai
Date :18.08.2000.



By order of the Board of Directors
For, Chromatic India Ltd.

B.R.Tarafdar
Company Secretary

Notes: (1) A member entitled to attend and vote at the Annual general meeting is entitled to appoint a proxy to attend and vote in his/her behalf and the proxy need not be a member of the company.

(2) Instrument appointing proxy must be deposited at the registered office of the company at least forty eight hours before the time fixed for the annual general meeting.

(3) The share transfer books and the register of members of the company will remain closed from 25th September-2000 to 29th September-2000 (both days inclusive).

(4). Members are requested to inform the company immediately regarding any change of address .

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DIRECTORS' REPORT**To the shareholders,**

Your Directors' have pleasure in presenting their 13th Annual Report together with the Audited Accounts for the year ended 31st March, 2000.

1. Financial Results :	1999-2000	1998-99
	(Rs)	(Rs)
Profit/(loss) before tax	32,68,413	1,47,20,734
Prior period adjustments	(2,52,363)	(4,40,644)
Provision for taxation	nil	(10,00,000)
Balance brought forward from previous year	1,63,99,479	1,40,27,245
Available for appropriation	1,94,15,528	2,73,07,335
Appropriations :		
Dividend (Interim & Proposed)	26,99,350	80,98,050
Provision for tax on Dividend distribution	2,96,929	8,09,806
Transfer to general reserve	nil	20,00,000
Balance carried to balance sheet	1,64,19,249	1,63,99,479

2.Dividend : Interim dividend declared by the Board of Directors and paid during the year @ 10% on the paid up capital of the company to be regularised by the shareholders at the 13th Annual general meeting.

3.Appropriations and Reserves : The Board recommends not to transfer any amount to the General Reserve and after the appropriations mentioned above, Rs 1,64,19,249 is proposed to be carried forward to the next years account.

4.Operations : Sales for the current year ended 31st March - 2000 is Rs.1366.56 lacs against Rs.1257.93 lacs during the previous year. Though the turnover for the year under review has increased, the profit before tax and extra ordinary items have been reduced drastically due to continuous price cut by almost all the parties and increased price of raw materials and other inputs.

5. Directors : Mr. K.R.Kamath and Lt. Col.M.K.Sengupta (retd.) both Directors of the company will retire by rotation at the Thirteenth Annual General Meeting and being eligible offers themselves for re appointment.

6. Auditors : M/s Haribhakti & Co - Chartered Accountants, Statutory Auditor of the company will retire at the conclusion of this annual general meeting and being eligible offer themselves for re-appointment at the thirteenth Annual general meeting. Necessary certificates under section 224 (1-B) of the companies Act, 1956 obtained from the auditors.

7. Change of name : During the year name of your company have been changed from Chromatic Dyestuff Limited to Chromatic India Limited as approved by the Registrar of companies - Mumbai, Maharashtra.

8. Introduction of new object clause in the Memorandum of association of the company : During May -2000 your company has altered its object clause to enable it to carry out the business related to Software, hardware, and other IT related services either on client's site or otherwise.

9. Subsidiary : (A) During the year 2000-2001 your company has acquired a U.K. based company i.e; Forward Infotech Limited by way of purchasing shares of that company and made it a 100% subsidiary of Chromatic India Limited. Your company has further plan to infuse capital in Forward Infotech Limited as equity in a phased manner. For which the company has already obtained the approval of the Board of Directors of the company for investment in that company and also obtained the approval of the authorised person (delegated authority of R.B.I) for contributing towards the equity capital of the company. Company is planning to serve the foreign clients through this wholly owned subsidiary. During 2000-2001 your company has also been registered with the Software Technology Parks of India – Mumbai to avail Tax benefits against future earnings.

(B) In compliance with the requirement of section 212 of the companies Act, 1956, the balance sheet, profit & loss account, report of the Board of Directors and the auditors report relating to Blue Rock Dyes & Chemicals limited, which is a 100% subsidiary of the company is appended herewith.

10. Conservation of energy, Technology absorption & Foreign exchange earnings and outgo : Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of the Board of Directors) Rule 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are as per annexure - A and forms part of this report.

11. Particulars of employees : Particulars of employees as per section 217(2A) of the Companies Act, 1956 read with companies (particulars of employees rule) 1975, as amended from time to time are given in annexure -B and forms part of this report.

12. Insurance : All the insurable interest of the company including Inventories, Building, Plant and Machinery are adequately insured.

13. Listing status : Company's equity shares are listed with (1) The Stock exchange - Mumbai & (2) The Stock exchange - Ahmedabad. Annual listing fees for the year 2000-2001 paid by the company in time.

Acknowledgement : Your Directors wish to place on record their gratitude to the Govt. of Maharashtra, MSEB, MPCB, MTNL, BSES, Company's customers, suppliers, Bankers and shareholders for their valuable guidance and support throughout the year. Your Directors also wish to place on record their appreciation for the efforts put in by the employees of the company.

Place : Mumbai
Date : 18.08.2000

On behalf of the Board of Directors
of Chromatic India limited

K.R.Kamath
(Executive Director)

Annexure 'A' to Director's Report

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of Energy

(a) Energy Conservation measures taken :

To conserve energy hot air generator of the 300 kg/hr spray dryer has been changed to make it compatible with the furnace oil instead of LDO.

(b) Additional Investments and proposals for reduction of consumption of energy :

Nozzle of the existing Boiler also to be changed for firing furnace oil instead of LDO.

(c) Impact of the above measures :

As a result of measures taken as at (a) and also proposed as at (b) above, cost of energy per unit of production will reduce 25% (approximately).

(d) Total energy consumption & energy consumption per unit of production (as per Form - A annexed hereto)

B. Technology Absorption :

Efforts made on technology absorption are as per Form - B annexed hereto.

C. Foreign exchange earnings and outgo :

		Rs.
Foreign exchange earned	:	11,89,68,101
Foreign exchange used	:	15,29,665

FORM - A

(see rule 2)

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption

	Current year	Previous year
1. Electricity		
(a) Purchased		
Unit (kwh)	8,04,992	5,57,504
Total amount (Rs)	33,21,544	23,85,625
Rate per unit (Rs)	4.13/unit	4.28/Unit
2. Furnace Oil		
Quantity (K.ltrs)	543.91	351.10
Total amount (Rs)	44,75,024	18,98,700
Average rate (Rs)	8227.51	5,407.86
3. Light diesel oil		
Quantity (K.ltrs)	31.54	116.65
Total amount (Rs)	2,70,360	9,60,074
Average rate (Rs)	8,571.97	8,230.38

B. Consumption per unit of Production:

	Current year	Previous year
Production Unit (In Metric Ton)	774.375	600.306
Electricity	1039.540	928.700
Furnace Oil	0.702	0.585
Light diesel oil	0.041	0.194

Reasons for variation in the consumption of Power & Fuel from the previous year :

The quantity of production during the year under review were more than the earlier year. On account of salt free component comprised in the total production the equivalent production is more than the actual figure shown above in M.T. and consequent consumption of more power per unit of production. Reason for increased per unit consumption of Furnace Oil is the lesser solid contents in the slurry of Salt free products. Moreover, additional process (ultra filtration) involved in the manufacture of salt free products is also responsible for the higher per unit consumption of Power. The burning of furnace oil instead of LDO in the hot air generator also causes to increase the per unit consumption of furnace oil and decrease in consumption of LDO.

FORM - B**(See Rule -2)**

(Form for disclosure of particulars with respect to absorption)

Research and Development (R&D)**1. Specific areas in which R&D carried out by the Company :**

R&D carried out by the company for development of new value added product with the existing resources available in the company, hence no further capital expenditure incurred by the company during the year and minor revenue expenditure incurred by the company towards R&D has not been booked separately.

2. Benefits derived as a result of the above R&D :

As a result of above R&D exercise several new products has emerged. company has already started commercial production and marketing of few products. Continuous monitoring of Yield has also improved productivity of some existing products.

3. Future plan of action :

Development of further products depending upon the trend and requirement of the customers and also to study and improve the yield of existing products.

Annexure 'B' to Director's Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Name	Age (Years)	Design.	gross remuneration	qualifications	total experience (Years)	date of commencement of employment	Last employment
1.	Mr. K.R.Kamath -	54	Executive Director	3,51,000	B.E(Chem.) Chartered Engr.	30 yrs	01.10.1988	Somaiya Organics Ltd.
2.	Lt.Col.M.K.Sengupta - 58 (Retd)		Executive Director	3,63,784	B.Com.	32 yrs	01.12.1992	Lt.Col. in the Indian Armed forces

Notes : 1. Above remuneration includes salary, company's contribution to provident fund and re-imbursement of medical expenses only. Since, the company has not contributed to any gratuity fund & group insurance scheme it has not been taken for above computation.

2. Except Lt. Col. M.K.Sengupta (who is a relative of Mr. S.K.Sengupta -Director of the company) none of the employees are related to any Director of the Company.

AUDITORS' REPORT
TO THE MEMBERS OF CHROMATIC INDIA LIMITED

We have audited the attached Balance Sheet of Chromatic India Limited, as at 31st March, 2000 and the Profit and Loss Account of the Company for the year ended on that annexed thereto.

- I. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by 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 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above :
 - 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 appears from our examination of the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by 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 except that as mentioned in Note No.6 the information of dues of SSI creditors is not available.
 - e) In our opinion, the Profit & 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 to the extent they are applicable to the Company, except as mentioned in Note No. I(A) regarding non compliance with Accounting Standard 15 on Accounting policy on "accounting of retirement benefits to employees".
 - f) In our opinion and to the best of information and according to the explanations given to us, the said accounts give the information required by Companies Act, 1956 in the manner so required subject to Note No.3 regarding non confirmation of balances in respect of Advances recoverable in cash or in kind and of amounts due from/to sundry debtors/sundry creditors and Note No. 4 regarding amount due on bills discounted of Rs. 101.68 lakhs which appears to be not fully recoverable, the said accounts give a true and fair view :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2000 and
 - ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

FOR HARIBHAKTI & CO.,
CHARTERED ACCOUNTANTS,

CHETAN DESAI
Partner

MUMBAI,
DATED : 18th August 2000

**ANNEXURE REFERRED TO IN PARAGRAPH I OF
OUR REPORT OF EVEN DATE TO THE MEMBERS OF
CHROMATIC INDIA LIMITED**

1. We are informed that the Company is in process of updating records showing full particulars, including quantitative details & situation of fixed assets and that all the fixed assets have been physically verified by the Management during the year & that no material discrepancies were noticed on verification.
2. None of the fixed assets was revalued during the year.
3. We are informed that the stock of finished goods, spare parts and raw materials have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
4. The procedure and method of physical verification of stocks followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
5. The discrepancies noticed on verification between the physical stock and book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken/given any loans or advances in the nature of loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from the Companies under the same management as defined under Section 370 of the Companies Act, 1956.
8. In respect of other loans given by the Company, the loan instalments and the interest thereon, wherever applicable, have been recovered as stipulated.
9. 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 including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
10. The transactions of purchase & sale of goods made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the year to 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the quotations for similar goods obtained from other parties.
11. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials and finished goods. Adequate provision has been made in the accounts for loss arising on items so determined.
12. The Company has not accepted any deposit from "public" attracting provisions of Section 58A of the Companies Act, 1956 or the rules framed thereunder.
13. Reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any realisable by-product.
14. The Company has an adequate internal audit system commensurate with its size and nature of its business. However there is a scope of increasing the frequency and reporting of the audit.
15. Under section 209(1) (d) of the Companies Act, 1956, the Central Government has prescribed maintenance of cost records. We are informed that such records are being compiled.
16. The Company has generally regularly deposited during the year, Provident Fund & Employees State Insurance dues with the appropriate authorities. However, there were arrears of Rs. 5191/- as on 31st March, 2000.
17. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty were outstanding as on 31st March, 2000 for a period of more than six months from the date became payable.
18. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The Company is not a 'sick industrial company' within the meaning of clause (0) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act., 1985.

FOR HARIBHAKTI & CO.,
CHARTERED ACCOUNTANTS,

CHETAN DESAI
Partner

MUMBAI,
DATED : 18th August 2000

CHROMATIC INDIA LIMITED
BALANCE SHEET AS AT MARCH 31, 2000.

CHROMATIC INDIA LTD.

	Schedule No.	As at 31-03-00 (Rupees)	As at 31-03-99 (Rupees)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	1	26,993,500	26,993,500
b) Reserves & Surplus	2	80,836,926	80,817,156
		107,830,426	107,810,656
2. LOAN FUNDS			
(a) Secured Loans	3	11,785,239	10,374,442
		11,785,239	10,374,442
TOTAL		119,615,665	118,185,098
APPLICATION OF FUNDS			
3. FIXED ASSETS	4		
a) Gross Block		56,949,151	50,654,195
b) Depreciation		18,872,326	15,024,071
c) Net Block		38,076,825	35,630,124
d) Capital work in progress		0	3,095,487
		38,076,825	38,725,611
4. INVESTMENTS	5	11,898,310	11,898,310
5. CURRENT ASSETS, LOANS AND ADVANCES	6		
a) Inventories		8,817,539	6,018,717
b) Sundry Debtors		17,563,975	13,678,461
c) Cash and Bank Balances		1,340,614	2,114,617
d) Other Current Assets		11,408,887	9,270,872
e) Loans and Advances		43,026,989	45,835,974
		82,158,004	76,918,641
6. CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	7	12,478,154	8,927,662
b) Provisions	8	3,996,279	5,453,928
		16,474,433	14,381,590
7. NET CURRENT ASSETS		65,683,571	62,537,051
8. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	9	3,956,959	5,024,126
DEFERRED REV. EXP/ PUBLIC ISSUE EXP.			
TOTAL		119,615,665	118,185,098
NOTES TO ACCOUNTS	17		

The Schedules referred to above form an integral part of the Balance Sheet.
As per our attached report of even date

For and on behalf of the board

For Haribhakti & Co.
Chartered Accountants

MR. K.R. KAMATH
Exe. Director

LT. COL. M.K. SENGUPTA (RETD)
Exe. Director

MR. M.S. VARTAK
Director

CHETAN DESAI
Partner
Mumbai
Dated : 18th August 2000

MR. A.W. PALEKAR
Director

MR. B.R. TARAFDAR
G.M. (SECRETARIAL & FINANCE)