



**15th ANNUAL REPORT
2001 - 2002**

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CHROMATIC INDIA LIMITED**Board of Directors**

S. K. Sengupta.	:	(Director)
M. S. Vartak.	:	(Director)
A. W. Palekar.	:	(Director)
K. R. Kamath.	:	(Exe. Director)
Lt. Col. M. K. Sengupta (Retd.)	:	(Exe. Director)

Auditors : M/s Haribhakti & Co.
Chartered Accountants

Banker : Bank of India

**Registrar & Share
Transfer Agent** : M/s. Big Share Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.

Tel. No. : 852 3474 & 856 0652 / 53

Registered Office : 207, Vardhaman Service Industrial Estate,
L.B.S. Marg, Vikhroli (W),
Mumbai - 400 083.

Works : B-12/2, Lote Parshuram Ind. Area,
Taluka : Khed,
Dist. : Ratnagiri.

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CHROMATIC INDIA LIMITED

207, Vardhaman Service Ind. Estate, Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of Chromatic India Limited will be held at 207, Vardhaman Service Ind. Estate, Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, on Monday 30th day of September - 2002 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 2002 and the profit and loss Account for the year ended on that date along with the Director's report and Auditors' report thereon.
2. To appoint a Director in place of Mr. A. W. Palekar, who retires by rotation and being eligible offers himself for re-appointment.
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 Auditors and to fix their remuneration.

Place : Mumbai
Date : 30/08/2002

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

K. R. Kamath
Exe. Director

- 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 on 30th September - 2002.
 - 4) Members are requested to inform the company regarding any change of address.

CHROMATIC INDIA LTD.

CHROMATIC INDIA LIMITED

207, Vardhaman Service Ind. Estate, Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083

DIRECTOR'S REPORT**To the shareholders,**

Your Directors have pleasure in presenting their 15th Annual Report together with the Audited Accounts for the year ended 31st March, 2002.

1. Financial Results :	2001 - 2002 (Rs.)	2000 - 2001 (Rs.)
Profit/(loss) before tax	(8,067,438)	(4,845,714)
Prior period adjustments	(98,935)	(1,963,274)
Provision for taxation	0	0
Balance brought forward	9,610,261	16,419,249
Available for appropriation	1,410,261	9,610,261
Appropriations :		
Dividend / Interim Dividend	0	0
Provision for tax on	0	0
Dividend distribution	0	0
Transfer to general reserve	0	0
Balance carried to balance sheet	1,410,261	9,610,261

2. **Appropriations and Reserves** : The Board recommends not to transfer any amount to the General Reserve.

3. **Operations** : Sales for the current year ended 31st March - 2002 is Rs. 787.23 lacs againsts Rs. 696.05 lacs during the previous year. Turnover for the year under review has declined substantially. Main reason for this is gradual recession during the period globally as well as locally, apart from price reduction on a continuous basis. Mainly as a result of above your company has incurred loss to the tune of Rs. 81.66 lacs.

4. **Directors** : Mr. A. W. Palekar and Mr. K. R. Kamath both Directors of the company will retire by rotation at the fourteenth annual General Meeting and being eligible offers themselves for re - appointment.

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

6. **Subsidiary** : 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 the Blue Rock Dyes & Chemicals Limited, forward Infotech Ltd. & Arcoiris SA which are subsidiary of the company is appended here with.

7. **Conservation of energy, Technology absorption & Foreign earnings and outgo** : Information in accordance with the provision 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.

8. **Particulars of employees** : There are no employees drawing remuneration beyond prescribed amount requiring disclosure under section 217 (2A) of the companies Act, 1956.

9. **Insurance** : All the insurable interest of the company including inventories, Building, Plant and Machinery are adequately insured.

10. **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 2001-2002 is paid by the company in time.

11. **Demat** : Equity Shares of your Company are available for dematerialisation w.e.f. 10th January, 2001. Relevant ISIN No. is INE662C01015.

Acknowledgement : Your Directors wish to place on record their sincere appreciation to the Govt. of Maharashtra, MSEB, MPCB, MTNL, BSES, Company's customers, suppliers, Bankers and shareholders for their valuable guidance and support through the year.

By order of the Board of Directors
For Chromatic India Ltd

Place : Mumbai

Date : 30/08/2002

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 :**

No fresh measures to conserve taken up during the year. As a result no additional investment incurred on this account and measures taken in the previous year is continuing.

(b) Total energy consumption & energy consumption per unit of production (as per form - annexed hereto).**B. Technology Absorption :**

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

C. Foreign exchange earnings and outgo :

Rs. (Lakhs)

Foreing exchange earned	697.01
Foreing exchange used	7.30

FORM - A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption

1. Electricity	Current Year	Previous Years
(a) Purchased		
Unit (k.w.h.)	582,970	551,382
Total amount (Rs.)	2,463,550	2,622,306
Rate per unit (Rs.)	4.23	4.75
2. Furnace Oil		
Quantity (K. Ltrs)	370,395	319,774
Total amount (Rs.)	4,416,919	3,796,796
Average rate (Rs.)	11924.88	11,873.37
3. Light diesel Oil		
Quantity (K. Ltrs.)	11,784	16,979
Total Amount (Rs.)	236,402	251,584
Average rate (Rs.)	20,061.29	14,817.36
B. Consumption per unit of Production :	Current Year	Previous Years
Production Unit (In Metric Ton)	487.247	436.974
Electricity	1196.46	1,261.82
Furnace Oil	0.760	0.732
Light diesel Oil	0.024	0.039

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

Lower consumption of power per unit of production is mainly due to the production efficiency. Lower consumption of L.D.O. per unit of production is on account of burning of small spray dryer by furnace oil instead of L.D.O. and same is the reason for slightly higher consumption of furnace oil per unit of production.

FORM - B

(See Rule - 2)

(Form for disclosure of particulars with respect to absorption)

Research and Development (R & D)

- Research and development in the area of new value added products is continuing.
- As a result of last years R & D efforts the new products are already running in the market.

AUDITOR'S REPORT TO THE MEMBERS OF CHROMATIC INDIA LIMITED

We have audited the attached Balance Sheet of Chromatic India Limited, as at 31st March, 2002 and the Profit and Loss Account of the Company for the year ended on that annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. And audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as under :

- I. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by Central Government 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 explanation, 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, the Profit & Loss Account and the Balance Sheet comply with 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 for retirement benefits in financial statements of employers."
 - e) On the basis of the written representations received from the directors of the Company as on 31st March 2002, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - 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.
 - g) Subject to
 - i) 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.
 - ii) Note No. 4 regarding amount due on bills discount of Rs. 101.68 lakhs, which appears to be not fully recoverable,
 - iii) Note No. 5 regarding amount due on bills discounted of Rs. 168.00 lakhs, which is subject to confirmation.
 - iv) Note No. 6 regarding the information of dues of SSI creditors, which is available to the extent possible.
 - v) In respect of the company's subsidiary Arcoiris SA, its networth as per its audited accounts on 31-12-01 is eroded 89%. The company has not made any profit since its incorporation. In view of this, we are unable to comment whether there is a permanent fall in the value of company's investment of Rs. 26.23 lakhs in this subsidiary and whether the loan of Rs. 29.36 lakhs can be considered as fully recoverable.
 - vi) The valuation of stock of finished goods and work in progress has been done on selling price, without determining the exact cost of individual items.
- The said accounts give a true and fair view in conformity with the accounting policies generally accepted in India.
- i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2002 and.
 - ii) In the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.

Place : Mumbai
Date : 30/08/2002

FOR HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS.

CHETAN DESAI
Partner

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

I) Fixed Assets :

1. The Company has maintained a Fixed Asset register showing adequate particulars including quantitative details & situation of its fixed assets. The tangible fixed assets of the company were physically verified by the Management during the year. We are informed that no discrepancies between the book records and the physical verification have been noticed.
2. None of the fixed assets was revalued during the year.

II Stock :

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 except for the valuation of stock of finished goods and work in progress which has been done based on selling price, without determining the exact cost of individual items.
7. 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.
8. 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.

III Loans and Advances :

9. 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.
10. In respect of other loans given by the Company, the loan instalments and the interest thereon, wherever applicable, have been recovered as stipulated.

IV. Internal Controls :

11. 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.
12. 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.

V. Deposits :

13. The Company has not accepted any deposit from "public" attracting provisions of Sections 58A of the Companies Act, 1956 or the rules framed thereunder.

VI. Staff Welfare :

14. The Company has generally regularly deposited during the year, Provident Fund dues with the appropriate authorities ESIC was not applicable during the year.

VII. Taxation :

15. 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, 2002 for a period of more than six months from the date became payable.

VIII. Miscellaneous:

16. According to the information and explanations given to us, the prices in respect of transactions of sale and purchase of goods, made in pursuance of contracts to be entered in the Register required to be maintained under section 301 of the companies Act, 1956 and aggregating during the year to 50,000/- or more in respect of each party are not comparable, as there are no similar transactions with any other parties.
17. 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.
18. According to the information and explanation 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 (i) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

FOR HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS.

Place : Mumbai
Date : 30/08/2002

CHETAN DESAI
Partner

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CHROMATIC INDIA LTD.

BALANCE SHEET AS AT MARCH 31, 2002

	Schedule	As at 31-03-02 (Rupees)	As at 31-03-01 (Rupees)
SOURCES OF FUNDS	No.		
1. SHARE HOLDERS' FUNDS			
a) Share Capital	1	26,993,500	26,993,500
b) Reserves & Surplus	2	<u>62,403,838</u>	<u>74,027,937</u>
		89,397,338	101,021,437
2. LOAN FUNDS			
a) Secured Loans	3	<u>13,959,686</u>	<u>11,658,807</u>
		<u>13,959,686</u>	<u>11,658,807</u>
TOTAL		<u>103,357,024</u>	<u>112,680,244</u>
APPLICATION OF FUNDS			
3. FIXED ASSETS	4		
a) Gross Block		57,697,476	57,365,624
b) Depreciation		<u>27,241,905</u>	<u>23,033,650</u>
c) Net Block		<u>30,455,571</u>	<u>34,331,974</u>
4. INVESTMENT	5	14,521,310	15,196,410
5. CURRENT ASSETS, LOANS AND ADVANCES	6		
a) Inventories		9,765,168	11,343,539
b) Sundry Debtors		15,986,616	14,330,625
c) Cash and Bank Balances		6,952,319	8,891,660
d) Other Current Assets		7,857,453	6,169,004
e) Loans and Advances		<u>36,312,815</u>	<u>32,908,447</u>
		<u>76,874,370</u>	<u>73,643,275</u>
6. CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	7	17,539,908	14,162,440
b) Provisions	8	<u>1,000,000</u>	<u>1,000,000</u>
		<u>18,539,908</u>	<u>15,162,440</u>
7. NET CURRENT ASSETS		58,334,462	58,480,836
8. DEFERRED TAX LIABILITY (NET)		3,457,727	0
9. MISCELLANEOUS EXPENDITURE	9		
(To the extent not written off or adjusted)			
DEFERRED REV. EXP./PUBLIC ISSUE EXP.		<u>3,503,408</u>	<u>4,671,025</u>
TOTAL		<u>103,357,024</u>	<u>112,680,244</u>
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 Haribhakti & Co For and on behalf of the board
Chartered Accountants

CHETAN DESAI
Partner

MR. K. R. KAMATH
Exe. Director

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

Place : Mumbai
Date : 30/08/2002

MR. M. S. VARTAK
Director

MR. A. W. PALEKAR
Director

CHROMATIC INDIA LTD.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2002**

INCOME	Schedule No.	2001-02 (Rupees)	2000-01 (Rupees)
Sales		78,723,224	69,605,227
Less : Excise duty paid		<u>7,686,472</u>	<u>6,850,662</u>
		71,036,752	62,754,565
Other Income	10	12,881,098	12,703,325
Increase / (Decrease) in stock	11	<u>(1,619,065)</u>	<u>2,789,482</u>
TOTAL		<u>82,298,786</u>	<u>78,227,372</u>
EXPENDITURE			
Raw Materials consumed	12	57,805,953	48,602,747
Purchase for Resale		863,530	4,090,455
Employee's Remuneration and Benefits	13	5,665,594	6,005,836
Expences	14	20,008,132	18,700,132
Interest and Bank Charges	15	1,814,761	1,512,594
Depreciation		<u>4,208,255</u>	<u>4,161,322</u>
TOTAL		<u>90,366,224</u>	<u>83,073,086</u>
PROFIT / (LOSS) FOR THE YEAR		(8,067,438)	(4,845,714)
Adjustment in respect of prior years.	16	(98,935)	(1,963,274)
PROFIT / (LOSS) BEFORE TAX		(8,166,372)	(6,808,987)
Deferred Tax		(33,627)	0
PROFIT / (LOSS) AFTER TAX		(8,199,999)	(6,808,987)
Balance brought forward		<u>9,610,261</u>	<u>16,419,249</u>
AMOUNT AVAILABLE FOR APPROPRIATION		<u>1,410,261</u>	<u>9,610,261</u>
APPROPRIATIONS :			
Surplus carried forward		<u>1,410,261</u>	<u>9,610,261</u>
TOTAL		<u>1,410,261</u>	<u>9,610,261</u>
Earning Per Share (Rs.)		(2.73)	(2.27)
NOTES TO ACCOUNTS	17		

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the board

CHETAN DESAI
Partner

MR. K. R. KAMATH
Exe. Director

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

Place : Mumbai
Date : 30/08/2002

MR. M. S. VARTAK
Director

MR. A. W. PALEKAR
Director

SCHEDULE - 1	As at 31-03-02 (Rupees)	As at 31-03-01 (Rupees)
SHARE CAPITAL		
AUTHORISED :		
50,00,000 Equity Shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
30,03,800 Equity Shares of Rs. 10/- each.	30,038,000	30,038,000
Less : Allotment & Calls in arrears	<u>3,044,500</u>	<u>3,044,500</u>
(Other than from Director's)	<u>26,993,500</u>	<u>26,993,500</u>
(Out of above, 12,73,800 Eq. Shares of Rs. 10/- each were issued as fully paid up bonus shares)		
SCHEDULE 2	As at 31-03-02 (Rupees)	As at 31-03-01 (Rupees)
RESERVES AND SURPLUS		
Investment allowance (Utilised) Reserve	0	423,440
General Reserve		
Balance as per last Balance Sheet	71,91,737	7,191,737
Add : Investment Allowance Reserve Trf.	423,440	0
Less : Deferred tax liability	<u>3,424,100</u>	<u>0</u>
	4,191,077	7,191,737
Share Premium Reserve	56,802,500	56,802,500
Profit And Loss Account	<u>1,410,261</u>	<u>9,610,260</u>
	<u>62,403,838</u>	<u>74,027,937</u>
SCHEDULE 3	As at 31-03-02 (Rupees)	As at 31-03-01 (Rupees)
SECURED LOANS		
Cash Credit Facility	1,899,535	897,300
Foreign Bill Discounting / Purchase	6,656,151	5,060,507
Export packing credit	4,404,000	3,451,000
Loan agst. FDR with BOI - Bank.	<u>1,000,000</u>	<u>2,250,000</u>
	<u>13,959,686</u>	<u>11,658,807</u>

1. Cash credit facility from the bank are secured by hypothecation of stocks of Raw materials, Work in progress, Finished goods and stores and spares. It is also secured by personal guarantees provided by the Directors of the Company to the Banker.
2. Export Packing Credit facility is secured by First Charge over Company all moveable/immovable fixed assets and hypothecation of stocks and by pledge of shipping documents & Personal guarantees from Directors of the Company.
3. Foreign Bills Discounting / Purchase and are secured by pledge over shipping documents and personal guarantee of Directors of the Company.
4. Loan given by Bank is secured by Fixed Deposit with bank of Rs. 30 Lakhs.