



16th ANNUAL REPORT
2002 - 2003

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-2/3, Ansa Industrial Estate,
Sakvihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.

Tel. No. : 2852 3474 & 2856 0852 / 53

Registered Office : 207, Vardhaman Service Industrial Estate,
L.B.S. Marg, Vikhroli (W),
Mumbai - 400 083.
Tel. No. 2579 3367 / 45

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

CHROMATIC INDIA LTD.

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 16th 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 Tuesday 30th day of September - 2003 at 4.00 p.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2003 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 Lt. Col. M. K. Sengupta (Retd.), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. S. Vartak, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Report Junction.com

Place : Mumbai
Date : 02/09/2003

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 - 2003.
 - 4) Members are requested to inform the company regarding any change of address.

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 Director's have pleasure in presenting their 16th Annual Report together with the Audited Accounts for the year ended 31st March, 2003.

1. Financial Results :	2002 - 2003 (Rs.)	2001 - 2002 (Rs.)
Profit/(Loss) for the year	(5,692,943)	(8,067,438)
Prior period adjustments	(903,211)	(98,935)
Deferred tax assets (Liability) (Current tax)	178,856	(33,627)
Profit / (Loss) after tax	(6,417,298)	(8,199,999)
Balance brought forward	1,410,261	9,610,261
Available for appropriation	(5,007,038)	1,410,261
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	(5,007,038)	1,410,261

2. Operations : The turnover for the year under review has increased by 16% to Rs. 915.41 compared to earlier year turnover of Rs. 787.23 and thus the loss has come down to Rs. 56.92 lacs compared to loss of Rs. 80.67 lacs for the earlier year. The margins - continues to be under pressure due to steep competition in the market. The management is striving hard to overcome the situation.

3. Auditors Observation : The notes to the accounts adequately deal with Auditors observations / comments.

4. Directors : Lt. Co. M. K. Sengupta (Retd.) and Mr. M. S. Vartak both Directors of the company will retire by rotation at the Sixteenth annual General Meeting and being eligible offers themselves for re-appointment.

5. Auditors : 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 & Arcoiris SA which are subsidiary of the company is appended herewith.

7. The Consolidated financial statement : The Consolidated financial statement of the company is being sent separately.

8. 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.

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

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

11. 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.

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

13. Directors Responsibility :

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- Appropriate accounting policies have been selected and applied them consistently and Directors have made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the states of affairs of the Company as at 31st March, 2003 and of the profit and loss of the company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The accounts have been prepared on going concern basis.

14. 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, shreholders and employees for their valuable guidance and support throught the year.

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

Place : Mumbai
Date : 02/09/2003

K. R. Kamath
(Executive Director)

Annexure VI 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 - 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. (Lakhs)

Foreign exchange earned	778.36
Foreign exchange used	119.13

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

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption

	Current Year	Previous Years
1. Electricity		
(a) Purchased		
Unit (k.w.h.)	603334	582870
Total amount (Rs.)	2502940	2463550
Rate per unit (Rs.)	4.15	4.23
2. Furnace Oil		
Quantity (K. Ltrs)	376015	370385
Total amount (Rs.)	5264210	4416819
Average rate (Rs.)	14000.00	11924.88
3. Light diesel Oil		
Quantity (K. Ltrs.)	26712	11784
Total Amount (Rs.)	480816	236402
Average rate (Rs.)	18000.00	20061.29
B. Consumption per unit of Production :	Current Year	Previous Years
Production Unit (In Metric Ton)	531765	487247
Electricity	1.134	1196.46
Furnace Oil	0.707	0.760
Light diesel Oil	0.050	0.024

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, 2003 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. 1 (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 2003, 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, 2003 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 except that as mention in Note No. 6, the estimation of dues to SSI creditors, which is available to the extent possible.
 - 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. 101.88 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) In respect of the company's subsidiary Arcolris SA, its networth as per its audited accounts on 31-12-02 is fully eroded. 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. 50.20 lakhs can be considered as fully recoverable.
 - v) The details of valuation of stock of finished goods and work in progress are not available for our review

We are unable to comment on the resulting effect of our observations in paragraph (g) above on relevant assets, liabilities and on loss for the year. Subject to this the said account give a true and fair view in conformity with the accounting policies generally accepted in India.

 - i) In case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2003 and.
 - ii) In case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.
 - iii) In case of Cash Flow statment, of the cash flows of the Company for the year ended on that date.

Place : Mumbai
Date : 02/09/2003

FOR HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS.

CHETAN DESAI
Partner

CHROMATIC INDIA LTD.

**ANNEXURE REFERRED TO IN PARAGRAPH I OF
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, no details are made available to us.
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 381 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. The existing Internal Control Procedures with regard to purchase of stores, raw materials including components, plant and machinery, and other assets and with regard to the sale of goods need to be strengthened to be commensurate with size of the Company and nature of its activities.
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, except for income tax (TDS) of Rs. 25777/-, no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty were outstanding as on 31st March, 2003 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 : 02/09/2003

CHETAN DESAI
Partner

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CHROMATIC INDIA LTD.

BALANCE SHEET AS AT MARCH 31, 2003

SOURCES OF FUNDS	Schedule No.	As at 31-03-03 (Rupees)	As at 31-03-02 (Rupees)
1. SHARE HOLDERS' FUNDS			
a) Share Capital	1	26,993,500	26,993,500
b) Reserves & Surplus	2	<u>56,802,500</u>	<u>62,403,838</u>
		83,796,000	89,397,338
2. LOAN FUNDS			
a) Secured Loans	3	<u>8,330,967</u>	<u>13,959,686</u>
		<u>8,330,967</u>	<u>13,959,686</u>
TOTAL		<u>92,126,967</u>	<u>103,357,025</u>
APPLICATION OF FUNDS			
3. FIXED ASSETS	4		
a) Gross Block		57,778,613	57,697,476
b) Depreciation		<u>31,457,314</u>	<u>27,241,905</u>
c) Net Block		<u>26,321,299</u>	<u>30,455,571</u>
4. INVESTMENTS	5	14,521,310	14,521,310
5. CURRENT ASSETS, LOANS AND ADVANCES	6		
a) Inventories		15,138,120	9,765,169
b) Sundry Debtors		9,310,198	15,986,616
c) Cash and Bank Balances		3,629,559	6,952,319
d) Other Current Assets		7,084,941	7,857,453
e) Loans and Advances		<u>38,092,420</u>	<u>36,312,815</u>
		73,235,239	76,874,371
6. CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	7	20,123,760	16,839,908
b) Provisions	8	<u>1,700,000</u>	<u>1,700,000</u>
		<u>21,823,760</u>	<u>18,539,908</u>
7. NET CURRENT ASSETS		51,411,478	58,334,463
8. DEFERRED TAX LIABILITY (NET)		3,278,871	3,457,727
9. MISCELLANEOUS EXPENDITURE	9		
(To the extent not written off or adjusted)			
DEFERRED REV. EXP./PUBLIC ISSUE EXP.		2,335,792	3,503,408
10. PROFIT AND LOSS ACCOUNT	10	<u>815,961</u>	<u>0</u>
TOTAL		<u>92,126,967</u>	<u>103,357,025</u>
NOTES TO ACCOUNTS	18		

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 : 02/09/2003

MR. M. S. VARTAK
Director

MR. A. W. PALEKAR
Director

CHROMATIC INDIA LTD.

CHROMATIC INDIA LTD.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31,2003**

INCOME	Schedule No.	2002-03 (Rupees)	2001-02 (Rupees)
Sales		91,541,024	78,723,224
Less : Excise duty paid		<u>8,930.074</u>	<u>7,686.472</u>
		82,610,950	71,036,752
Other Income	11	13,862,839	12,881,098
Increase / (Decrease) in stock	12	<u>4,329,088</u>	<u>(1,619,065)</u>
TOTAL		<u>100,802,873</u>	<u>82,298,786</u>
EXPENDITURE			
Raw Materials consumed	13	76,691,132	57,805,953
Purchase for Resale		128,543	863,530
Employee's Remuneration and Benefits	14	6,032,400	5,665,594
Expenses	15	17,899,035	20,908,132
Interest and Bank Charges	16	1,529,296	1,814,761
Depreciation		4,215,410	4,288,255
TOTAL		<u>1,06,495,816</u>	<u>90,366,224</u>
PROFIT / (LOSS) FOR THE YEAR		(5,692,943)	(8,067,438)
Adjustment in respect of prior years.	17	(903,211)	(98,935)
PROFIT / (LOSS) BEFORE TAX		(6,596,154)	(8,166,372)
Deferred Tax assets/(Liability) (Current Tax)		178,856	(33,627)
PROFIT / (LOSS) AFTER TAX		(6,417,298)	(8,199,999)
Balance brought forward		<u>1,410,261</u>	<u>9,610,261</u>
AMOUNT AVAILABLE FOR APPROPRIATION		<u>(5,007,038)</u>	<u>1,410,261</u>
APPROPRIATIONS :			
Proposed Dividend		0	0
Interim Dividend Paid		0	0
Provision for Tax on dividend distribution		0	0
Transfer to General Reserve		0	0
Surplus carried forward		<u>(5,007,038)</u>	<u>1,410,261</u>
TOTAL		<u>(5,007,038)</u>	<u>1,410,261</u>
Earning Per Share (Rs.)		(2.14)	(2.73)
NOTES TO ACCOUNTS	18		

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.

For and on behalf of the board

Chartered Accountants

CHETAN DESAI
PartnerMR. K. R. KAMATH
Exe. DirectorLT. COL. M. K. SENGUPTA (RETD)
Exe. DirectorPlace : Mumbai
Date : 02/09/2003MR. M. S. VARTAK
DirectorMR. A. W. PALEKAR
Director

SCHEDULE - 1	As at 31-03-03 (Rupees)	As at 31-03-02 (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 (Other than from Director's)	<u>3,044,500</u> <u>26,993,500</u>	<u>3,044,500</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 31-03-03 (Rupees)	As at 31-03-02 (Rupees)
RESERVES AND SURPLUS		
General Reserve		
Balance as per last Balance Sheet	41,91,077	7,191,737
Add : Investment Allowance Reserve Trf.	0	423,440
Less : Deferred tax liability	0	3,424,1000
Less : Profit & Loss A/c.	<u>41,91,077</u>	<u>0</u>
	0	4,191,077
Share Premium Reserve	56,802,500	56,802,500
Profit And Loss Account	<u>0</u>	<u>1,410,261</u>
	<u>56,802,500</u>	<u>62,403,838</u>

SCHEDULE 3	As at 31-03-03 (Rupees)	As at 31-03-02 (Rupees)
SECURED LOANS		
Cash Credit Facility	1,523,902	1,899,535
Foreign Bill Discounting / Purchase	807,065	6,656,151
Export packing credit	6,000,000	4,404,000
Loan agst. FDR with BOI - Bank.	<u>0</u>	<u>1,000,000</u>
	<u>8,330,967</u>	<u>13,959,686</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 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.