



CHROMATIC INDIA LIMITED



**18th ANNUAL REPORT
2004 - 2005**

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 Agents : M/s. Big Share Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.

Tel. No. : 2847 3474 & 2847 0652 / 63

Registered Office : 207, Vardhaman Complex Premises Co.op. Society Ltd.,
L.B.S. Marg, Vikhroli (W),
Mumbai - 400 083.
Tel. No. 2579 3345 / 67

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

CHROMATIC INDIA LTD

CHROMATIC INDIA LIMITED

117, Vardhaman Complex Premises Co.op. Society Ltd., Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai -83

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of Chromatic India Limited will be held at 207, Vardhaman Complex Premises Co.op. Society, Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, on Friday 30th day of September - 2005 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 2005 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 declare dividend.
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.

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

K. R. Kamath
Exe. Director

Place : Mumbai
Date : 3/09/2005

- 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 28th September - 2005 to 30th September - 2005 (both days inclusive)
 - 4) Members are requested to inform the company any change of address.

CHROMATIC INDIA LIMITED**CHROMATIC INDIA LTD.**

207, Vardhaman Complex Premises Co.op. Society Ltd., Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai -83.

To the shareholders,

DIRECTOR'S REPORT

Your Directors have pleasure in presenting their 18th Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

1. Financial Results :

	2004 - 2005 (Rs.)	2003 - 2004 (Rs.)
Profit for the year	6,078,825	6,680,236
Adjustments in respect of Prior years	(33,640)	6,077
Profit / (Loss) Before Tax	6,045,185	6686313
Deferred Tax Adjustments	251,013	328,006
Current Income Tax	(410,000)	(400,000)
Income Tax of Earlier years	--	--
Profit / (Loss) After Tax	5,886,198	6,614,319
Balance Brought Forward	<u>5,798,358</u>	<u>(815,961)</u>
Amount Available for Appropriation	<u>11,684,556</u>	<u>5,798,358</u>
Appropriations :		
Proposed Dividend	2,699,350	-
Interim Dividend Paid	--	--
Provision for Tax on Dividend Distribution	378,584	--
Transfer to general reserve	--	--
Surplus Carried Forward	<u>8,606,622</u>	<u>5,798,358</u>
Total	<u>11,684,556</u>	<u>5,798,358</u>

2. **Operations :** During the year under review the turnover has increased by 14% over the earlier years. However, the margin has been less due to stiff competition and increase in cost of material.
3. **Operations :** The Board of Directors recommend dividend at 10% i.e. Rs. 1 per share. The partly paid-up shares will be eligible for proportionate dividend. The dividend if declared will be paid to the shareholders whose names appear in the register of members as on 30/9/2005 or who are beneficial holder of the share as on that date with the depository.
4. **Auditors Observations :** The notes to the accounts adequately deal with Auditors observations / comments.
5. **Directors :** Mr. K. R. Kamath and Lt.Col. M. K. Sengupta (Retd.) retire by rotation at the ensuing AGM and being eligible offer themselves for reappointments.
6. **Auditors :** M/s. Haribhakti & Co. - Chartered Accounts, Statutory Auditor of the company will retire at the conclusion of this annual general meeting and being eligible offer themselves for re-appointment. Necessary certificates under section 224 (1-B) of the Companies Act, 1956 has been received from the auditors.
7. **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 are appended herewith.
8. **Scheme of Amalgamation :** A Scheme of Amalgamation of Blue Rock Dyes & Chemicals Limited, wholly owned subsidiary with the company is approved by the Board of Directors and necessary steps for obtaining sanction of the High Court to the scheme are being taken.
9. **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.
10. **Particulars of employees :** There are no employees drawing remuneration beyond prescribed amount requiring disclosure under section 217 (2A) of the companies Act, 1956.
11. **Insurance :** All the insurable interest of the Company including Inventories, Building, Plant and Machinery are adequately insured.
12. **Demat :** Equity Shares of your Company are available for demat realisation 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, 2005 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, BSSE, Company's customers, suppliers, Bankers and Shreholders for their valuable guidance and support through the year

By order of the Board of Directors
For, Chromatic India Ltd.Place Mumbai
Date : 3/09/2005K. R. Kamath
(Executive Director)

CHROMATIC INDIA LTD.

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 the energy taken up during the year. As a result no additional investment incurred on this account and measures taken in the earlier years 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	:	1057.51
Foreign exchange used	:	179.55

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.)	609378	567830
	Total amount (Rs.)	2258600	2197336
	Rate per unit (Rs.)	3.71	3.87
2.	Furnace Oil		
	Quantity (K. Ltrs)	511428	413040
	Total amount (Rs.)	6219953	5791224
	Average rate (Rs.)	12161.93	14020.97
3.	Light diesel Oil		
	Quantity (K. Ltrs.)	27307	31141
	Total Amount (Rs.)	444416	610335
	Average rate (Rs.)	16274.60	19599.08
B.	Consumption per unit of Production :	Current Year	Previous Years
	Production Unit (In Metric Ton)	689236	569.303
	Electricity	0.884	0.997
	Furnace Oil	0.742	0.709
	Light diesel Oil	0.039	0.036

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. The increase in per unit consumption of LDO is marginal.

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

(Form for disclosure of particulars with respect to absorption)

Research and Development (R & D)

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

AUDITORS' REPORT**CHROMATIC INDIA LTD.****TO THE MEMBERS OF CHROMATIC INDIA LIMITED**

We have audited the attached Balance Sheet of **CHROMATIC INDIA LIMITED**, as at 31st March, 2005 and the Profit & Loss Account and also cash flow statement 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. An 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. Our report as required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of section 227(4A) of 'the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us by the management, we give in the Annexure 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 & Loss Account and Cash flow statement 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 and Cash Flow Statement 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 for Retirement Benefits in Financial Statements of Employers.'
 - e) On the basis of written representations received from the Directors of the Company as on 31st March, 2005, 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, 2005 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 discounted of Rs. 101.68 lacs, which appears to be fully not recoverable.
 - iii) Note no. 5 regarding amount due on bills discounted of Rs. 168 lacs, which is subject to confirmation.

We are unable to comment on the resulting effect of our observations in paragraph (g) above on relevant assets, liabilities and on profit for the year. Subject to this, the said accounts 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, 2005 and
- ii) In case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
- iii) In case of Cash Flow statement, of the cash flows of the Company for the year ended on that date.

FOR HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS.

Place : Mumbai
Date : 3/09/2005

CHETAN DESAI
Partner

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

Fixed Assets:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

CHROMATIC INDIA LTD.

We are informed that these assets have been physically verified by the Management at reasonable intervals, which in our opinion, is appropriate having regard to the size of the Company and nature of its assets. No material discrepancies was noticed on such verification.

During the year, the Company has not disposed off a major part of its fixed assets.

Inventories:

We are informed that the Management has physically verified the stocks of stores, spares, raw materials and finished goods during the year. In our opinion, the frequency of verification is reasonable.

The procedures for physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical and book records were not material.

Related party transactions:

The company has neither taken nor given 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.

In our opinion and according to the information and explanations given to us, the transactions that need to be entered onto a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.

Each of these transactions are made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

Internal Controls:

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods. During the course of audit, no major weakness has been noticed in the internal controls.

The Company has an adequate internal audit system commensurate with its size and nature of its business.

Deposits:

The Company has not accepted any deposits from the 'public' to which the provisions of section 58A and section 58AA of the Companies Act, 1956, and the rules framed thereunder apply.

Taxation:

The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, ESIC dues, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Excise duty and other statutory dues, if any, applicable to it.

According to the information and explanations given to us, there were no dues of Income tax, custom duty, wealth tax, excise duty and sales tax that have not been deposited on account of any dispute except as mentioned below:

Name of the statute	Amount (Rs)	Forum where dispute is pending
Income Tax Act Penalty under Section 271 (1)(C)	30,13,777	CIT (Appeals)

MISCELLANEOUS:

We are informed that the Central Government has prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that, prima facie, the prescribed accounts and records are being made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate and complete.

The Company neither has accumulated losses as at 31st March, 2004 nor it has incurred cash losses during the financial year covered by our audit as well as in the immediately preceding financial year.

Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

The Company has not dealt or traded in shares, securities, debentures, or other investments during the year.

The company has not given guarantees for loans taken by others from banks or financial institutions.

Based on our examination of the balance sheet of the company as at March 31, 2005 on an overall basis and as per the information and explanation given to us, we find that the no funds raised on short term basis were utilized for long term purpose.

The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

During the period covered by our audit report, the company has not issued any debentures for which security needs to be created.

The Company has not raised any money by public issue during the year.

Based upon the audit procedures performed and information and explanations given by the management we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR HARIBHAKTI & CO
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 3/09/2005

CHETAN DESAI
Partner

CHROMATIC INDIA LTD

CHROMATIC INDIA LTD.

BALANCE SHEET AS AT MARCH 31, 2005

	Schedule No.	As at 31-03-05 (Rupees)	As at 31-03-04 (Rupees)
SOURCES OF FUNDS			
1. SHARE HOLDERS' FUNDS			
a) Share Capital	1	26,993,500	26,993,500
b) Reserves & Surplus	2	65,406,622	62,600,858
		<u>92,400,122</u>	<u>89,594,358</u>
2.. LOAN FUNDS			
a) Secured Loans	3	14,363,931	15,894,383
3. DEFERRED TAX LIABILITY (NET)		2,699,852	2,950,865
		<u>17,063,783</u>	<u>18,845,248</u>
TOTAL		<u>109,463,905</u>	<u>108,439,606</u>
APPLICATION OF FUNDS			
4. FIXED ASSETS	4		
a) Gross Block		58,652,367	58,256,674
b) Depreciation		<u>37,454,538</u>	<u>35,716,661</u>
c) Net Block		<u>21,197,829</u>	<u>22,540,013</u>
5. INVESTMENTS	5	14,521,310	14,521,310
6. CURRENT ASSETS, LOANS AND ADVANCES	6		
a) Inventories		28,692,664	16,607,480
b) Sundry Debtors		13,629,697	20,146,891
c) Cash and Bank Balances		3,196,679	5,519,967
d) Other Current Assets		12,687,496	7,415,437
e) Loans and Advances		<u>48,002,732</u>	<u>40,711,454</u>
		<u>106,209,267</u>	<u>90,401,230</u>
7. CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	7	26,876,566	16,922,945
b) Provisions	8	<u>5,587,934</u>	<u>2,100,000</u>
		<u>32,464,500</u>	<u>19,022,945</u>
8. NET CURRENT ASSETS		<u>73,744,767</u>	<u>71,378,285</u>
9. PROFIT AND LOSS ACCOUNT	9	-	-
TOTAL		<u>109,463,905</u>	<u>108,439,606</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.
Chartered Accountants

For and on behalf of the board

CHETAN DESAI
Partner

MR. K. R. KAMATH
Exe. Director

LT. COL. M. K. SENGUPTA (Retd.)
Director

Place : Mumbai
Date : 3/09/2005

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, 2005**

INCOME	Schedule No.	2004-05 (Rupees)	2003-04 (Rupees)
Sales		117,428,766	102,688,394
Sales of Raw Materials		<u>338,201</u>	<u>430,632</u>
		117,766,967	103,119,026
Less : Excise duty paid		<u>12,026,995</u>	<u>8,956,335</u>
Other Income	10	23,867,052	14,374,002
Increase / (Decrease) in stock	11	<u>8,061,357</u>	<u>(2,590,773)</u>
TOTAL		<u>137,668,382</u>	<u>105,945,920</u>
EXPENDITURE			
Raw Materials consumed	12	98,698,623	67,263,502
Purchase for Resale		-	64,595
Employee's Remuneration and Benefits	13	7,213,769	6,138,100
Other Expenses	14	22,716,403	19,966,376
Interest and Bank Charges	15	1,254,525	1,573,763
Depreciation		<u>1,706,236</u>	<u>4,259,348</u>
TOTAL		<u>131,589,557</u>	<u>99,265,684</u>
PROFIT / (LOSS) FOR THE YEAR		6,078,825	6,680,236
Adjustment in respect of prior years.	16	(33,640)	6,077
PROFIT / (LOSS) BEFORE TAX		6,045,185	6,686,313
Deferred Tax Adjustment		251,013	328,006
Current Income Tax		(410,000)	(400,000)
Income Tax of Earlier years		-	-
PROFIT / (LOSS) AFTER TAX		5,886,198	6,614,319
Balance brought forward		<u>5,798,358</u>	<u>(815,961)</u>
AMOUNT AVAILABLE FOR APPROPRIATION		<u>11,684,556</u>	<u>5,798,358</u>
APPROPRIATIONS :			
Proposed Dividend		2,699,350	-
Interim Dividend Paid		-	-
Provision for Tax on dividend distribution		378,584	-
Transfer to General Reserve		-	-
Surplus carried forward		<u>8,606,622</u>	<u>5,798,358</u>
TOTAL		<u>11,684,556</u>	<u>5,798,358</u>
Earning Per Share (Rs.)		2.01	2.20
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
PartnerMR. K. R. KAMATH
Exe. DirectorLT. COL. M. K. SENGUPTA (Retd.)
Exe. DirectorPlace : Mumbai
Date : 3/09/2005MR. M. S. VARTAK
DirectorMR. A. W. PALEKAR
Director

SCHEDULE - 1As at 31-03-05
(Rupees)As at 31-03-04
(Rupees)**SHARE CAPITAL****AUTHORISED :**

50,00,000 Equity Shares of Rs. 10/- each

50,000,00050,000,000**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)3,044,5003,044,50026,993,50026,993,500(Out of above 12,73,800 Eq. Shares of Rs. 10/- each
were issued as fully paid up bonus shares)**SCHEDULE 2****RESERVES AND SURPLUS**

Profit & Loss A/c.

8,606,622

5,798,358

Share Premium Reserve

56,800,00056,802,50065,406,62262,600,858**SCHEDULE 3****SECURED LOANS**

Cash Credit Facility

1,631,496

2,053,005

Foreign Bill Discounting / Purchase

5,232,435

8,101,378

Export packing credit

7,500,0005,740,00014,363,93115,894,383

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/immoveable 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.