



# **19th ANNUAL REPORT 2005-2006**

# CHROMATIC INDIA LIMITED

## Board of Directors

<b>S. K. Sengupta</b>	:	(Director)
<b>A.W. Palekar</b>	:	(Exe. Director)
<b>K.R. Kamath</b>	:	(Exe. Director)
<b>Lt. Col. M.K. Sengupta (Retd.)</b>	:	(Exe. Director)
<b>Auditors</b>	:	M/s. Haribhakti & Co. Chartered Accountants
<b>Banker</b>	:	Bank of India
<b>Registrar &amp; Share Transfer Agents</b>	:	M/s. Big Share Service Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072.

Tel. No. : 2847 3474 & 2847 0652 / 53

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

**Works** : W-34, Phase - II  
MIDC, Dombivali (E), 421204  
Dist - Thane

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

## CHROMATIC INDIA LIMITED

## CHROMATIC INDIA LIMITED

## NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of Chromatic India Limited will be held at 207, Vardhaman Complex Premises Co.op. Society Limited, Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, on Friday, 10th November - 2006 at 11.00 a.m. to transact the following business :

**Ordinary Business :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2006 and the Profit and Loss Account for the year ended on that date along with the Director's Report & Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. S.K. Sengupta who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

**Special Business :**

5. To consider and if thought fit to pass with or without modification, the following resolution as on ordinary resolution.

"Resolved that pursuant to provisions of sections 198, 269, 309, schedule XIII and other applicable provisions of the Companies Act, 1956 approval of the company be and is hereby accorded to the appointment of Mr. A.W. Palekar, as Executive Director of the Company, liable to retirement by rotation, for period from 24.08.2006 to 31.08.2009 to discharge such responsibilities and functions as may be assigned by the Board of Directors from time to time and to act subject to superintendence, control and direction of the Board of Directors on the following remunerations

- 1) Salary : Rs. 40,000/- Per Month
- 2) Perquisites :
  - (a) Medical Expense Re-imburement  
Rs. 15,000/- p.a. towards medical expenses incurred for self and family, as per other rules applicable to Senior Executives.
  - (b) Leave Travel Assistance  
Rs. 15,000/- p.a. for self and family, as per other rules applicable to Senior Executives.
  - (c) Fees for club :  
Reimbursement of expenses towards fees of two clubs excluding admission and life membership fees.
  - (d) Insurance :  
Reimbursement of premium towards mediclaim policy, limited to Rs. 4,000/- per annum.
  - (e) Provident Fund :  
Contribution to provident Fund at 12% of Salary or any other rate applicable from time to time.
  - (f) Gratuity :  
At a rate not exceeding half months salary for each completed years of service rendered.
  - (g) Car and Telephone :  
Provision of car and telephone at residence for official duties. Long distance personal calls are excluded.

The above remuneration shall be minimum remuneration."

Place : Mumbai  
Date : 6/10/2006

By order of the Board of Directors  
For Chromatic India Limited

K.R.Kamath  
Executive Director

## CHROMATIC INDIA LIMITED

- 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 8th November 2006 to 10th November 2006.
  - 4) Members are requested to inform the company any change of address.
  - 5) Explanatory statement in respect of special business is annexed.
  - 6) The Accounts for the year 2005-06 are prepared after giving effect to amalgamation of Blue Rock Dyes & Chemicals Ltd, a subsidiary company.
  - 7) The Registrar of Companies Maharashtra has granted extension of time for holding this AGM up to 30.12.2006.

### Explanatory statement pursuant to section 173 of the Companies Act, 1956

Item No. 5

Mr. A. W. Palekar, was executive director of Blue Rock Dyes & Chemicals Ltd., 100% subsidiary of the company. The amalgamation of said subsidiary with the company, has become effective from 24.08.2006 and as such he ceased to be director of said subsidiary from that date. Mr. A.W. Palekar is already a director of the company. Considering the fact that upon amalgamation there is increase in the work and responsibilities in the company, the Board of Directors have appointed MR. A.W. Palekar as Executive Director of the company effective from 24.08.2006 till the expiry of period of appointment of other executive directors. The terms of his appointment including remuneration are as mentioned in the resolutions under above item. The remuneration is approved by remuneration committee. His appointment and remuneration requires approval of the members. Hence the resolution. The Board commends the resolution for approval.

None of the Directors, except Mr. A..W. Palekar himself, is interested in the said resolution.

By order of the Board of Directors  
For Chromatic India Limited

Place : Mumbai  
Date : 6/10/2006

K.R.Kamath  
Exe. Director

# CHROMATIC INDIA LIMITED

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 Director's have pleasure in presenting their 19th Annual report together with the Audited Accounts for the year ended on 31st March 2006.

	2005- 2006 (Rs.)	2004-2005 (Rs.)
<b>1.Finacial Results :</b>		
Profit / (Loss) For the Year	2,107,455	6,078,825
Less : Prior year adjustment	18,082	33,640
Profit / (Loss) Before Tax	2,089,374	6,045,185
Add : Deferred Tax Adjustments	3,564,135	251,013
Less : Current Income Tax	57,000	410,000
Less : Fringe Benefit Tax	206,909	-
Profit / (Loss) After Tax	5,389,600	5,886,198
Balance Brought Forward	8,606,622	5,798,358
Amount Available for Appropriation	<u>13,996,222</u>	<u>11,684,556</u>
Appropriations		
Add : Dividend Written Back (Refer Note 9 (X))	2,74,250	-
	<u>14,270,472</u>	<u>11,684,556</u>
Proposed Dividend	2,425,100	2,699,350
Provision for Tax on Dividend	340,120	378,584
Transfer to general reserve	-	-
Surplus Carried Forward	<u>11,505,252</u>	<u>8,606,622</u>
Total	<u>14,270,472</u>	<u>11,684,556</u>

- Operations :** During the year under review the turnover has increased by 15% over the earlier years. However, the margin has been less due to stiff competition and increase in cost of material.
- Dividend :** 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 shares holders whose names appear in the register of members as on 30/9/2006 or who are beneficial holder of the share as on that date with the depository.
- Auditors Observations :** The notes to the accounts adequately dealt with Auditors observations / Comments.
- Directors :** Mr. M.S. Vartak one of the directors of the company expired on 30/1/06. The Board has placed on record its sincere appreciation for valuable contribution made by him for the company. Mr. S.K. Sengupta retires by rotation at the next AGM and being eligible offers himself for reappointment. Mr. A.W. Palekar is appointed as Executive Director w.e.f.24.08.2006 and necessary resolution in respect thereof is included in the notice of AGM for approval by the members.
- Auditors :** M/s. Haribhakti & Co.- Chartered Accountants, Statutory Auditors of the company will retire at the conclusion of next 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.
- 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 to Anarbit SA which is subsidiary of the company, are attached herewith along with necessary statement under the said section.
- Amalgamation of Blue Rock Dyes & Chemicals Limited :** A Scheme of amalgamation of Blue Rock Dyes & Chemicals Limited with the company has been sanctioned by the Honourable High Court on 11th August 2006. Upon filing of a copy of High Court order with Register of Companies on 24.08.2006, the scheme has become effective from that date. The scheme is operative from 1.4.2005. The accounts for the financial year 2005-2006 are made after giving effect to scheme of amalgamation.
- 19th AGM of the Company :** Consequent upon amalgamation scheme becoming effective it was necessary to prepare accounts of merged entity which required some more time. Hence the Company sought the extension of time from Registrar of Companies for holding this AGM, Which has been granted up to 30/12/2006.
- 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 particular 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 this report.
- Particulars of employees :** There are no employees drawing remuneration beyond prescribed amount requiring disclosure under section 217 (2A) of the Companies Act. 1956.
- Insurance :** All the insurable interest of the Company including Inventories, Building, Plant and Machinery are adequately insured.
- De-mat :** Equity Shares of your Company are available for demat realization w.e.f. 10 th January, 2001. Relevant ISIN No. Is INE662C01015
- Directors Responsibility :**
  - In the preparation of the annual accounts, the applicable accounting standards have been followed along with 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 31 st March, 2006 and of the profit and loss of the company for that period.
  - Proper and sufficient care has been taken for the maintenance of the 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.
- Acknowledgment :** Your Directors wish to place on record their sincere appreciation of the Govt. Of Maharashtra, MSEP, MPCB, MTNL, BSES, Company's Customers, suppliers, Bankers and Shareholders for their valuable guidance and support during the year.

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

Place : Mumbai  
Date : 6/10/06

K.R. Kamath  
(Executive Director)

## CHROMATIC INDIA LIMITED

**Annexure 'A' to Director's Report**

Particulars required under 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 &amp; 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 : 1200.02

Foreign exchange used : 169.21

**FROM - A**

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.)	6,72,606	6,09,378
	Total amount (Rs.)	25,14,740	22,58,600
	Rate per unit (Rs.)	3.73	3.71
2.	Furnace Oil		
	Quantity (K. Ltrs)	5,18,495	5,11,428
	Total Amount (Rs.)	85,56,316	62,19,953
	Average rate (Rs.)	16,502.21	12,161.93
3.	Light diesel Oil		
	Quantity (K. Ltrs)	27,630	27,307
	Total Amount (Rs.)	9,24,434	4,44,416
	Average rate (Rs.)	33,457.61	16,274.80
<b>B. Consumption per unit of production :</b>		<b>Current Year</b>	<b>Previous Years</b>
	Production Unit (In Metric Ton)	6,87,626	6,89,236
	Electricity	0.978	0.884
	Furnace Oil	0.754	0.742
	Light diesel Oil	0.040	0.039

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

Higher consumption of power per unit of production is mainly due to the production of various product mix . The increase in per unit Consumption of LDO/FO is marginal.

**FROM - 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.

## CHROMATIC INDIA LIMITED

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

We have audited the attached Balance Sheet of **CHROMATIC INDIA LIMITED**, as at 31<sup>st</sup> March, 2006 and the Profit & Loss Account and also Cash Flow Statement of the company for the year ended on that annexed thereto.

**Respective Responsibility of the Management and the Auditors:**

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.

**Basis of Opinion:**

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.

**Opinion:**

We report as under:

- I. Our report as required by the Companies (Auditors' 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 explanation 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.
  - 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 explanation 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, 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, 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. 1 (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 31<sup>st</sup> March, 2006, and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2006 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
      - 1) 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.
      - 2) Note no. 4 regarding amount due on bills discounted of Rs. 101.68 lacs, which appears to be fully not recoverable
      - 3) Note no. 5 regarding amount due on bills discounted of Rs. 161 lacs, which is subject to confirmation.
      - 4) The network of the Wholly Owned Subsidiary Arcoiris SA is eroded and it does not have any realizable assets. No provision is made for the investment of Rs.26.23 lacs and dues of Rs.80.82 lacs which is doubtful of recovery.
- 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 31<sup>st</sup> March, 2006,
  - ii) in case of the Profit & Loss Account, of the profit of the Company for the year ended on that date. And
  - 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 : 6<sup>th</sup> October, 2006

CHETAN DESAI  
Partner  
Membership No.17000

**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.
2. 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 were noticed on such verification.
3. During the year, the Company has not disposed off a major part of its fixed assets.

**Inventories:**

4. 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.
5. 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.
6. 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:**

7. 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.
8. 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.
9. Each of these transactions are made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

**Internal Controls:**

10. 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.
11. The Company has an adequate internal audit system commensurate with its size and nature of its business.

**Deposits:**

12. 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:**

13. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, ESIC dues, Investor Education and Protection Fund, Sales tax, Wealth tax, Excise duty and other statutory dues, if any, applicable to it, except for income tax of Rs.423495/-.
14. 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 Ac Penalty under Section 271 (1) (C)	36,53,613	(TAT(Appeals) (Appeal order in favour of the Assessee after March 31, 2006

**Miscellaneous:**

15. 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.
16. The Company neither has accumulated losses as at 31<sup>st</sup> March, 2006 nor it has incurred cash losses during the financial year covered by our audit as well as in the immediately preceding financial year.
17. 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.
18. 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.
19. The Company has not dealt or traded in shares, securities, debentures, or other investments during the year.
20. The company has not given guarantees for loans taken by others from banks or financial institutions.
21. Based on our examination of the balance sheet of the company as at March 31, 2006 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.
22. 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.
23. During the period covered by our audit report, the company has not issued any debentures for which security needs to be created.
24. The Company has not raised any money by public issue during the year.
25. 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

CHETAN DESAI  
Partner  
Membership No. 17C00

Place : Mumbai  
Date : 6<sup>th</sup> October, 2006