



**CHROMATIC INDIA LIMITED**

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**20th ANNUAL REPORT  
2006-2007**

CHROMATIC INDIA LIMITED

## CHROMATIC INDIA LIMITED

### Board of Directors

S. K. Sengupta : (Exe. Director)

A.W. Palekar : (Exe. 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 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.  
Society Ltd.,  
L.B.S. Marg, Vikhroli (W),  
Mumbai - 400 083.  
Tel. No. 2579 3345 / 2579 3367

Works

- (1) B-12/2, Lote Parshuram Ind. Area,  
Taluka : Khed,  
Dist. : Ratnagiri
- (2) W-34, Phase - II  
MIDC, Dombivli (E), 421204  
Dist - Thane

## CHROMATIC INDIA LIMITED

## CHROMATIC INDIA LIMITED

## NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Chromatic India Limited will be held at Shri. Sai Leela, A1/1, Rajwadi Hsg. Society, Ghatkopar (E), Mumbai 400 077. on Saturday, 29th September 2007 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 2007 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. A.W. Palekar 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 an 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. S.K. Sengupta as Executive Director of the Company, liable to retirement by rotation, for period from 1.04.2007 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 remuneration.

- 1) Salary : Rs. 40,000/- p.m.
- 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 month's 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."

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

"Resolved that pursuant to provisions of Sections 198,309,310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval be and is hereby accorded to the increased remuneration of Mr. S.K. Sengupta, Executive Director w.e.f.1.4.2007 for the remaining term of appointment as under :-

- 1) Salary : Rs. 60,000/- p.m.
- 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 month's 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."

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

"Resolved that pursuant to provisions of Sections 198,309,310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval be and is hereby accorded to the increased remuneration of Mr.Mr.K.R. Kamath, Executive Director w.e.f.1.4.2007 for the remaining term of appointment as under :-

- 1) Salary : Rs. 60,000/- p.m.
- 2) Perquisites :
  - (a) Medical Expense Re-imbursment :  
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 month's 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."

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

"Resolved that pursuant to provisions of Sections 198,309,310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval be and is hereby accorded to the increased remuneration of Mr. A.W. Palekar, Executive Director w.e.f.1.04.2007 for the remaining term of appointment as under :-

- 1) Salary : Rs. 60,000/- p.m.
- 2) Perquisites :
  - (a) Medical Expense Re-imbursment :  
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 month's 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."

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

"Resolved that pursuant to provisions of Sections 198,309,310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval be and is hereby accorded to the increased remuneration of Mr. Lt. Col. M.K. Sengupta(Retd.), Executive Director w.e.f.1.4.2007 for the remaining term of appointment as under :-

- 1) Salary : Rs. 60,000/- p.m.
- 2) Perquisites :
  - (a) Medical Expense Re-imbursment :  
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.

## CHROMATIC INDIA LIMITED

- (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 month's 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."

By order of the Board of Directors  
For Chromatic India Limited

Place : Mumbai  
Date : 29/08/2007

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 on 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 27th September 2007 to 29th September 2007 (both days inclusive)
- 4) Members are requested to inform the company any change of address.
- 5) Explanatory statement in respect of special business is annexed.

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

#### **Item No. 5**

The Board of Directors at their meeting held on 31/03/2007 appointed Mr. S.K. Sengupta as Executive Director of the Company for a period 1/04/2007 to 31/08/2009, consequent upon his ceasing to be a working Director of Arcoiris S.A, a subsidiary Company. The term of his appointment including remuneration are as mentioned in the resolution under item no.5 The remuneration committee has approved the remuneration. The Board considers the said appointment as expedient and in the interest of the company. The said appointment and remuneration require approval of the shareholders. Hence the resolution.

None of the Directors except Mr. S.K. Sengupta himself and Lt. Col. M.K. Sengupta as relative of Mr. S.K. Sengupta is interested in the said resolution.

#### **Item No. 6 to 9**

The Board of Directors at their meeting held on 30th April 2007 increased the remuneration of all the four Executive Directors w.e.f. 1.4.2007 for their remaining term of appointment. The increased remuneration of individual Executive Director is as mentioned in the resolution under items 6 to 9. The remuneration committee has approved the increased remuneration. The increase in remuneration requires approval of shareholders. Hence the resolution.

None of the Directors is interested in the said resolution except the interest of individual director in his own remuneration and interest of Mr. S.K. Sengupta & Lt. Col. M.K. Sengupta in each others remuneration as relatives.

By order of the Board of Directors  
For Chromatic India Limited

Place : Mumbai  
Date : 29/08/2007

K.R.Kamath  
Exe. Director

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## CHROMATIC INDIA LIMITED

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

## DIRECTOR'S REPORT

To the shareholders,

Your Director's have pleasure in presenting their 20th Annual report together with the Audited Accounts for the year ended on 31st March 2007.

	2006- 2007 (Rs.)	2005- 2006 (Rs.)
<b>1.Finacial Results :</b>		
Profit / (Loss) For the Year	11,728,756	2,107,455
Less : Prior year adjustment	—	18,082
Profit / (Loss) Before Tax	11,728,756	2,089,374
Less. : Deferred Tax Adjustments	(3,973,691)	3,564,135
Less : Current Income Tax	(1,331,581)	(57,000)
Less : Fringe Benefit Tax	(218,262)	(206,909)
Profit / (Loss) After Tax	6,205,222	5,389,600
Balance Brought Forward	(4,712,792)	8,606,622
Amount Available for Appropriation	<u>1,492,430</u>	<u>13,996,222</u>
Appropriations		
Add : Dividend Written Back	—	274,250
	<u>1,492,430</u>	<u>14,270,472</u>
Proposed Dividend	2,425,100	2,425,100
Provision for Tax on Dividend	412,146	340,120
Transfer to general reserve	—	—
Debit Balance of P & L A/c of Blue Rock Dyes & Chemicals Ltd. as per Amalgamation Scheme approved by High Court	—	16,218,044
Deficit Carried Forward	(1,344,816)	(4,712,792)
<b>Total</b>	<u><b>1,492,430</b></u>	<u><b>14,270,472</b></u>

**Operations :** During the year under review the turnover has increased by 27%, The improvement in the profits is on account of higher price realisation in respect of new products. However, for the current year, the margins are under pressure on account of appreciation of Rupee and steep increase in prices of basic raw materials.

**3. 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 shareholders whose names appear in the register of members as on 29/09/2007 or who are beneficial holder of the share as on that date with the depository.

**4. Auditors Observations :** The notes to the accounts adequately dealt with Auditors observations / Comments.

**5. Directors :** Mr. A.W. Palekar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Mr. S.K. Sengupta is appointed as Executive Director of the Company w.e.f. 1.04.2007. The remuneration of all Executive Directors is increased from 1.4.2007. The necessary

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items of business are included in the notice of AGM for the same.

**6. Auditors :** M/s. Haribhakti & Co.- Chartered Accountants, Statutory Auditors of the company hold office till the 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.

**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 to Arcoiris SA which is subsidiary of the company, are attached herewith along with necessary statement under the said section .

**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 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.

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

**12. Directors Responsibility :**

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) 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, 2007 and of the profit and loss of the company for that period.

c) 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

d) The accounts have been prepared on Going Concern basis.

**13. Acknowledgment :** Your Directors wish to place on record their sincere appreciation of the Govt. Of Maharashtra, MSEB, 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 : 29/08/2007

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 & 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	:	1638.51
Foreign exchange used	:	237.91

**FORM - 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.)	5,41,461	6,72,606
Total amount (Rs.)	30,72,620	25,14,740
Rate per unit (Rs.)	5.67	3.73

**2. Furnace Oil**

Quantity (K. Ltrs)	3,86,488	5,18,495
Total Amount (Rs.)	74,27,738	85,56,316
Average rate (Rs.)	19,218.55	16,502.21

**3. Light diesel Oil**

Quantity (K. Ltrs)	21,467	27,630
Total Amount (Rs.)	5,17,160	9,24,434
Average rate (Rs.)	24,090.93	33,457.61

**B. Consumption per unit of production :**

Current Year

Previous Years

Production Unit (In kg.)	8,91,717	6,87,626
Electricity	0.607	0.978
Furnace Oil	0.433	0.754
Light diesel Oil	0.024	0.040

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

The consumption of power & fuel per unit of production has come down due to increase in volume of production & different product mix.

**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.



## 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, 2007 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.
- 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. 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 31<sup>st</sup> March, 2007, 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, 2007 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 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.