



CHROMATIC INDIA LIMITED

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22nd ANNUAL REPORT
2008-2009

CHROMATIC INDIA LIMITED

Board of Directors

S. K. Sengupta	: (Director)
A.W. Palekar	: (Director)
K.R. Kamath	: (Director)
Lt. Col. M.K. Sengupta (Retd.)	: (Director)
Nitin Sethi	: (Director)
V. K. Kaushik	: (Wholetime Director)

Auditors : M/s. Haribhakti & Co.
Chartered Accountants

Bankers : 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 22nd Annual General Meeting of the Members of Chromatic India Limited will be held at **207 Vardhaman Complex Premises Co.op. Soc. Ltd., Fitwell Compound, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, on Tuesday, 29th September 2009 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 2009 and the Profit and Loss Account for the year ended on that date along with the Director's Report & 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 reappointment.
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 an ordinary resolution : -
"Resolved that Mr. V. K. Kaushik, be and is hereby appointed as Director of the Company."
 6. To consider and if thought fit to pass with or without modification, the following resolution as an ordinary resolution : -
"Resolved that pursuant to the provisions of section 198, 269, 309, 310, 311, Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if required, approval be and is hereby accorded to the appointment of Mr. V. K. Kaushik, as Wholetime Director for a period of 5 years with effect from April 1st, 2009, to discharge such functions and responsibilities 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 the Directors on the following remuneration.
- a) Salary :
Rs. 40,000/- per month
- b) Perquisites :
i) Contribution to Provident Fund up to 12% of Basic Salary or any other rate applicable from time to time.
ii) Gratuity :
Gratuity at a rate not exceeding half month's salary for each completed year of service rendered.
iii) Leave Travel Assistance :
Rs. 15,000/- per annum for self and family as per other rules applicable to Senior Executive.
- iv) Other Perquisites :
Subject to overall ceiling on remuneration mentioned herein below, the Whole-time Director may be given any other allowance, benefits and perquisites as the Board of Directors, which includes, any committee thereof, may from time to time decide.

Explanation :

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

RESOLVED FURTHER THAT the aggregate amount of remuneration payable to Mr. V. K. Kaushik in a particular financial year will be subject to the ceiling limit laid down as per Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof be and are hereby authorized to increase / alter / modify / vary the terms of remuneration of Mr. V. K. Kaushik within the ceiling limit laid down in Schedule XIII of the Companies Act, 1956.

*RESOLVED FURTHER THAT during his tenure as Whole time Director, Mr. V. K. Kaushik shall not be liable to retire by rotation."

7. "RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the companies Act, 1956, and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors (which term shall be deemed to include any Committee which the Board may constitute for this purpose), borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and / or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 50 Crores (Rupees Fifty crores only) exclusive of interest, and the Directors are hereby, further authorized to execute such deeds of debentures and debenture trust deeds or mortgage, charge,

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hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Directors may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate these powers to any of the Committee of the Board of Directors of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

Place : Mumbai

Date : 26/08/2009

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

V. K. Kaushik
(Wholetime 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 28th September 2009 to 29th September 2009 (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.
 - 6) Consequent to change in control over the management of the Company by acquisition of shares in compliance with Take Over Regulation of SEBI, Mr. S.K. Sengupta, Mr. A.W. Palekar, Mr. K.R. Kamath and Lt. Col. M.K. Sengupta (Retd.) have resigned as executive directors w.e.f. 7/8/2009 and they continue as Directors .

Explanatory statement pursuant to Section 173 of the Companies Act, 1956.

Item No. 5 & 6

Mr. V. K. Kaushik was appointed as Additional Director on 01/04/2009 to hold the office upto the next Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a shareholder, of the intention to propose the appointment of Mr. V. K. Kaushik as Director of the Company, at the Annual General Meeting. Hence the Resolution under item no. 5

The Board of Directors have appointed Mr. V.K. Kaushik as Whole-Time Director for a period of 5 years w.e.f. 01/04/2009. His appointment and remuneration are subject to approval of Shareholders. Hence the resolution under Item no. 6.

Mr. V. K. Kaushik is post graduate in mathematics with about 40 years experience in the field of education.

Item No. 7

In terms of the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose and mortgage its assets as contemplated in the said section.

Keeping in view of the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits etc to Rs 50 crores and to give powers to the Board of Directors or Committee thereof to mortgage or create charge on the assets of the Company for the purposes of taking financial facility from the Banks, financial institutions etc.

The Board of Directors accordingly recommends the ordinary resolutions set out at Item No. 7 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Place : Mumbai

Date : 26/08/2009

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

V.K. Kaushik
(Wholetime Director)

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

DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting their 22nd Annual Report together with the Audited Accounts for the year ended on 31st March 2009.

	<u>2008-2009</u>	<u>2007-2008</u>
	(Rupees)	(Rupees)
1. Financial Results :		
Profit / (Loss) Before Tax	(6,785,495)	3,933,068
Add/(Less) : Deferred Tax Adjustments	338,226	289,543
Less : Current Income Tax	—	(1,151,541)
Less : Fringe Benefit Tax	(249,506)	(248,384)
Less : Wealth Tax	(3,052)	(5,204)
Profit / (Loss) After Tax	(6,699,787)	2,817,482
Less : Prior year short provision for Tax	—	(72,650)
Balance Brought Forward	<u>1,400,016</u>	<u>(1,344,816)</u>
Amount Available for Appropriation	<u>(5,299,771)</u>	<u>1,400,016</u>
Appropriations		
Surplus/(Deficit) Carried Forward	<u>(5,299,771)</u>	<u>1,400,016</u>
Total	<u>(5,299,771)</u>	<u>1,400,016</u>

2. Operations : During the year there has been substantial reduction in the turnover, due to global recession. This has resulted the operations in to the loss. This trend continued for the 1st quarter of the current year. However in the second quarter there is an improvement in order booking.

3. Dividend : Due to non-availability of adequate profit, the Directors do not recommend dividend for the financial year 2008-2009.

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

5. Directors : Lt. Col. M.K. Sengupta (Retd.) & Mr. S. K. Sengupta retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment . Consequent to change in control over the management of the Company by acquisition of shares in compliance with Take Over Regulation of SEBI. Mr. V.K. Kaushik was appointed as an Additional Director during the year to hold office till the date of ensuing Annual General Meeting and he is eligible for appointment at the Annual General Meeting. He is also appointed as Whole-time Director for a period of 5 years w.e.f. 1st April 2009. Necessary resolutions in that regard will be included in the notice of ensuing AGM.

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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 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. Demat : Equity Shares of your Company are available for dematrealisation w.e.f. 10th 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 state of affairs of the Company as at 31 st March, 2009 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 : 30/06/2009

V.K. Kaushik
(Wholtime Director)

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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	:	1151.27
Foreign exchange used	:	104.26

FORM - A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and fuel consumption:**1. Electricity:**

	Current Year	Previous Year
Unit (k.w.h.)	442,539	563,950
Total amount (Rs.)	2,025,636	3,015,660
Rate per unit (Rs.)	4.58	5.35

2. Furnace Oil:

Quantity (Ltrs)	39,322	83,989
Total Amount (Rs.)	905,317	1,751,726
Average rate (Rs.)	23.02	20.85

3. Light Diesel Oil:

Quantity (Ltrs)	5,055	15,611
Total Amount (Rs.)	156,757	458,799
Average rate (Rs.)	31.01	29.38

4. Briquets/Fire Wood:

Quantity (Kgs.)	1,036,120	1,445,890
Total Amount (Rs.)	3,342,437	3,989,364
Average rate (Rs.)	3.22	2.76

B. Consumption per unit of production:

	Current Year	Previous Year
Production Unit (In kg.)	586,129	1,078,522
Electricity Unit	0.755	0.522
Furnace Oil (Ltrs)	0.067	0.077
Light Diesel Oil (Ltrs)	0.008	0.014
Briquets/Firewood (Kgs.)	1.767	1.340

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

The consumption of electricity per unit of production has increase due to decrease in volume of production whereas consumption of furnace Oil & L.D.O. has come down due to increase in the use of Briquets & firewood.

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.

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AUDITORS' REPORT
TO THE MEMBERS OF CHROMATIC INDIA LIMITED

We have audited the attached Balance Sheet of CHROMATIC INDIA LIMITED as at 31st March 2009, the Profit and Loss Account for the year ended on that date and also Cash Flow statement attached thereto.

The 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.

I. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we enclose 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 explanations 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 it appears from our examinations of those books;
- (c) the Balance Sheet, Profit and 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 and Loss Account, the Balance Sheet and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent they are applicable to the Company, except non-compliance of Accounting Standard 15 (Revised) on "Employee Benefits".
- (e) On the basis of the written representations received from the directors of the Company as on 31st March, 2009 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, 2009 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 our information and according to the explanations given to us, the said Financial Statements read together with Notes thereon give the information required by the 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 kind and 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 not recoverable.
 - (iii) Note no.5 regarding amount due on bills discounted of Rs.152.95 lacs, which is subject to confirmation.
 - (iv) The net worth of the Wholly Owned Subsidiary Arcoiris SA is eroded and it does not have any realizable assets. No provision is made for diminishing in value of investment of Rs.26.23 lacs and advances and interest receivable of Rs.95.63 lacs which is doubtful of recovery.

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

- (i) in case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
- (ii) in case of Profit and Loss Account, of the loss 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 : 30th June, 2009

RAKESH RATHI
Partner
Membership No. 45228

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
2. We are informed that the fixed assets have been physically verified by the Management during the year. There is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancy was noticed on such verification.
3. During the year, a substantial part of fixed assets have not been disposed off by the Company.
4. The management has physically verified the stocks of stores, spares, raw materials, packing materials and finished goods. In our opinion, the frequency of verification is reasonable.
5. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
6. The Company has maintained proper records of inventories and the discrepancies between the physical stocks and the book stocks, noticed on physical verification, as mentioned in paragraph 4, not being material, were properly dealt with.
7. The Company has neither granted nor taken any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, clauses iii(b),(c),(d),(f) and (g) are not applicable to the Company and hence, not reported upon.
8. There is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in internal control system.
9. On the basis of our examination of relevant records and on the basis of representation received from the management, particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
10. On the basis of our examination of the books of account, relevant information and explanations and representations as provided by the Company, the transactions exceeding Rs. 5 lacs made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
11. The Company has not accepted any deposits under the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
12. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
13. We are informed that maintenance of cost records has been prescribed by the Central Government under clause (d) of sub section (1) of Section 209 of the Act for the activities carried on by the Company. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate and complete.