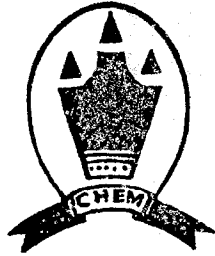


MD	✓		BKC	✓
CS	✓		EFY	✓
RO	✓		DFY	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓



Chemcrown (India) Limited

ANNUAL REPORT

for the year ended 31st March, 1998

SALES OFFICE

Madras

Real Chambers, III Floor
30, Maddox Street, Choolai
Madras - 600 112

New Delhi

E-9, Naraina Vihar,
(Ground Floor)
Opposite Community Centre
New Delhi - 110 028

Mumbai

D-3, Poonam Apartment
Dr. Annie Besant Road, Worli,
Mumbai - 400 018

FACTORIES

Walajapet
North Arcot District
Tamilnadu

86, Athupattu, Ambattur,
Madras - 600 058

19/1 & 4/4, Mylam Pondicherry
Road
Sedarapet,
Pondicherry - 605 101

RESEARCH AND DEVELOPMENT CENTRES

60, Debendra Chandra Dey Road,
Calcutta - 700 015

Walajapet
North Arcot District
Tamilnadu

BOARD OF DIRECTORS : SHRI B. D. BHAIYA, *Managing Director*
SHRI R. K. MAHESHWARI
SHRI B. K. MEHTA

SECRETARY : SHRI R. LAKSHMI NARAYANAN

REGISTERED OFFICE : 95, PARK STREET
CALCUTTA - 700 016

AUDITORS : M/S L. B. JHA & CO.
8, NETAJI SUBHAS ROAD
CALCUTTA - 700 001

BANKERS : CANARA BANK
STATE BANK OF BIKANER & JAIPUR

REGISTRARS : ABC COMPUTERS PVT. LTD.
NATIONAL COUNCIL OF EDUCATION, BENGAL BUILDING
JADAVPUR UNIVERSITY CAMPUS
2ND & 3RD FLOOR
CALCUTTA - 700 032

NOTICE

NOTICE is hereby given that the Twentythird Annual General Meeting of the Members of Chemcrown (India) Limited will be held on Monday, the 21st September, 1998 at 3.30 P.M. at Sangeet Kala Mandir, Kala Kunj, 48 Shakespeare Sarani, Calcutta-700 017, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss A/c of the Company for the year ended 31st March, 1998 and the Balance Sheet as on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B. K. Mehta who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider, and if thought fit, to pass with or without modification(s), the following resolution :

4. As an ordinary Resolution :-

"RESOLVED that in accordance with Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, consent of the Company be and is hereby accorded to the reappointment of Mr. Bulaki Das Bhaiya as the Managing Director of the Company with effect from 1st July, 1998 on terms and conditions including remuneration as set out in the agreement dated 24th June, 1998 between the Company and Mr. Bhaiya and also set out in the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 with liberty to the Board of Directors of the Company ("the Board") to alter and vary such remuneration within the limits specified in Part II of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time, as may be agreed to by the Board and Mr. Bhaiya."

Registered Office : By Order of the Board
95, Park Street,
Calcutta - 700 016 R. Lakshminarayanan
Date : 17th August, 1998 Secretary

Notes :

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A Member entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of himself and a Proxy need not be a member.
3. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
4. The Register of Members in respect of Equity Shares and Equity Share Transfer Book of the Company will remain closed from 15th September, 1998 to 21st September, 1998 (both days inclusive).
5. Members are requested to intimate immediately to the Company, the changes, if any, in their Registered address alongwith Pin Code Number.
6. Members are requested to quote Folio Number in all their correspondence.

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

Item No.4

The Board of Directors of the Company in its meeting held on 24th June, 1998 reappointed Mr. Bulaki Das Bhaiya as the Managing Director of the Company. The said reappointment is, however, subject to the approval of the Members of the Company.

The material terms of the agreement dated 24th June, 1998 between the Company and Mr. B. D. Bhaiya are as under :-

1. Mr. Bhaiya shall subject to the superintendence, control and direction of the Board perform such duties as may be called upon by the Board of Directors from time to time.
2. Period of Agreement :
5 years with effect from 1st July, 1998.
3. Remuneration :
 - (A) Salary : Rs.35,000/- per month.
 - (B) Commission : At the rate of one percent of the Net Profits of the company computed in accordance with the Provisions of the Companies Act, 1956.

4. Perquisites :

In addition to the salary and commission, Mr. Bhaiya will be allowed perquisites as specified in Categories A, B & C below :

Such perquisites shall be restricted to an amount equal to the annual salary or Rs, 4,50,000 which ever is less.

Category 'A'

i) Housing - I :

The expenditure by the Company on hiring unfurnished accommodation for Mr. Bhaiya will be subject to the ceiling of sixty percent of the salary over and above ten percent payable by Mr. Bhaiya.

Housing - II :

In case the accommodation is owned by the Company, ten percent of the salary of Mr. Bhaiya will be deducted by the company.

Housing - III :

In case no accommodation is provided by the Company, Mr. Bhaiya shall be entitled to House Rent Allowance subject to the ceilings laid down in Housing-I.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of Mr. Bhaiya.

ii) Medical Reimbursement :

Expenses incurred for Mr. Bhaiya and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

iii) Leave Travel Concession :

For Mr. Bhaiya and his family, once in a year incurred in accordance with any Rules specified by the Company.

iv) Club Fees :

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

v) Personal Accident Insurance :

Premium not exceeding Rs. 4,000/- per annum. For the purpose of Category 'A' 'family' means spouse, dependent children and dependent parents.

Category 'B'

i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.

ii) Gratuity not exceeding half a month's salary for each completed year of service.

Category 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to Mr. Bhaiya.

Leave :

Mr. Bhaiya shall be entitled to leave on full pay and allowance as per rules of the Company but not exceeding one month's leave for every eleven months of service, subject to the condition that leave accumulated but not availed of shall be dealt with as per the Rules of the Company and the Income Tax Rules, 1962.

Nature of duties :

Mr. Bhaiya will devote his wholetime and attention to the affairs of the Company and perform such duties as may be assigned to him from time to time by the Board of Directors.

Other Conditions :

Mr. Bhaiya shall not be entitled to any sitting fee for attending the meetings of the Board of Directors or Committees thereof. Each party has the right of terminating the appointment upon giving three month's notice in writing to the other.

The Ordinary Resolution being Item Number 4 set out in the notice convening the Annual General Meeting is intended for the purpose.

The Board of Directors recommends the resolution for approval.

Save and except Mr. Bulaki Das Bhaiya and Mr. R. K. Maheshwari, no director of the Company is concerned or interested in the resolution.

The above statement may be treated as an abstract under Section 302 of the Companies Act, 1956.

INSPECTION OF DOCUMENTS

The Agreement which has been referred to in the resolution set out in Item Number 4 of the Notice will be available for inspection to the Members at the Registered Office of the Company between 10.00 A.M. and 12.00 Noon during working days and also at the Annual General Meeting.

Registered Office : By Order of the Board
95, Park Street,
Calcutta - 700 016 R. Lakshminarayanan
Date : 17th August, 1998 Secretary

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present herewith the Twentythird Annual Report together with the audited accounts for the twelve months ended 31st March, 1998.

FINANCIAL RESULTS

The summarised financial results for the twelve months ended 31st March, 1998 are as under :-

	(Rs. in Lacs)
Sales including other Income	400.26
Profit before interest and depreciation	126.15
Less : Interest and other financial charges	471.73
Loss before depreciation	(345.58)
Less : Depreciation	81.46
Loss after depreciation	(427.04)
Less : Doubtful debts and Advances written off	16.14
Less : Provision for diminution in value of Investment	0.84
Loss before taxation	(444.02)
Net loss for the year	(444.02)
Add : Amount of Loss brought forward from earlier years	(1724.20)
Balance to be carried forward	(2168.22)

DIVIDEND -

In view of the huge loss, your directors regret their inability to recommend payment of any dividend for the twelve months ended 31st March, 1998.

OPERATION & FUTURE PROSPECTS :

Your Company registered a turnover of Rs. 400 lacs during the year under report. Your Company has continued to sustain losses since 1994. However, due to substantial reduction in various expenses, your company's profit before interest and depreciation has gone-up to Rs. 126 lacs as against Rs. 74 lacs during the preceding 15 months period on 31st March, 1997.

As you are aware, your company had been declared a "Sick Industrial Company" by the Board for Industrial & Financial Reconstruction (BIFR) and IDBI was appointed as Operating Agency of the company. Your company had submitted a revival package on the basis of one Time Settlement (OTS) of the dues of Institutions, Banks and the secured creditors, wherein your company had sought waiver of entire accumulated outstanding interest payable to the Financial Institutions, Banks and Secured creditors. Your directors are pleased to inform you that after the recently concluded hearing of BIFR held on 25th June, 1998, the Hon'ble Bench has directed the Operating Agency (OA) to prepare a draft rehabilitation scheme (DRS) based on the following :-

- a) One Time Settlement of the dues of all the involved Banks and Institutions covering full principal plus 20% of the simple interest. 80% of the simple interest and the entire compound and penal interest to be waived.
- b) The amounts so crystallised should be made payable over a period of two years, with 25% down payment.
- c) The Promoters' contribution should be minimum 30% of the cost of the scheme plus the monetary value of sacrifices.
- d) In case the company receives any compensation for the supply of defective machines from its erstwhile foreign collaborator, Wasgau Plast GmbH against whom arbitration proceedings have been initiated by the company, the same amount would be utilised to recompensate the Banks and Institutions for their sacrifices.

In view of the above guidelines, your company is hopeful to make its networth positive within a time bound period. your company is making all out efforts to have a quick turn-around.

In view of the recent planned revamp of 100% EOU scheme by the Government of India, your company is seriously considering to debond its 100% EOU of unit soles to cater to the domestic footwear industry where exceptional demand - supply gap exists. Your company has given serious thought in reviving the 100% EOU unit sole division, which in turn, alongwith the existing TPR/PVC sole unit would help in turning around the company.

Upon approval and implementation of the scheme by the BIFR, your company's networth would immediately turn positive from the present Rs. 1000 lacs (negative) to Rs. 500 lacs, approximately, without considering further investment of funds. This would be mainly on account of waiver of interest to the extent of Rs. 1500 lacs by the Institutions and Banks.

To go ahead with the proposed scheme as well as to implement Shoe Sole Project on revival track, your Company would require immediate injection of funds to the extent of Rs. 650 lacs. Your company seeks support from the existing shareholders in this regard.

Your company had filed a petition before Hon'ble Supreme Court of India for arbitration proceedings against its erstwhile foreign collaborator, Wasgau Plast GmbH. The Hon'ble Supreme Court has appointed Justice Shri A. N. Sen (Ex-Justice of Supreme Court of India) as Arbitrator. The arbitration proceedings are at an advanced stage.

INDUSTRIAL RELATIONS

The Industrial Relations in your company continued to be harmonious and cordial. Your Directors wish to record their appreciation of the dedication, loyalty and hard work put in by the employees at all levels.

PUBLIC DEPOSITS :

Your Company has not received any deposit from the public during the year ended 31st march, 1998.

AUDITORS' REPORT :

The comments made by the auditors in their report are self explanatory and as such donot warrant any comment.

ENVIRONMENT, SAFETY AND ENERGY CONSERVATION:

The statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' forming part of this report.

PARTICULARS OF EMPLOYEEES

The particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'B' forming part of this report.

DIRECTORS

Mr. B.K.Mehta retires by rotation pursuant to the provisions of Section 262 of the Companies Act, 1956 and being eligible, has offered himself for reappointment.

AUDITORS

M/s L B Jha & Co., Chartered Accountants, retired and being eligible have signified their willingness to be reappointed.

APPRECIATION

Your Directors gratefully acknowledge the continued co-operation and support of the financial institutions, the Company's bankers, and the Central and State Governments. Your Directors also take this opportunity of acknowledging with gratitude the continued support given by the Members of the Company.

On behalf of the Board

B. D. BHAIYA *Managing Director*

R. K. MAHESHWARI *Director*

Place : Calcutta

Date : 17th August, 1998

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken	N A	
b) Additional investment and proposals if any, being implemented for conservation of energy	N A	
c) Impact of measures (a) & (b) above for energy conservation and subsequent impact on the cost of production of goods.	N A	
d) FORM A	Current Period	Previous Period
a) Power & Fuel Consumption :		
1. Electricity :		
a) Purchase (Unit)	2,15,870	3,98,034
Total	4,42,614	8,84,285
Rate/Unit (Rs.)	2.05	2.22
b) Own Generation	NIL	NIL
2. Furnace Oil/Diesel Oil		
Quantity (Ltrs.)	5,698	31,916
Total Cost (Rs.)	51,510	1,85,779
Average Rate (Rs.)	9.04	5.82
b) Consumption per unit of Production		
Production of Sodium Nitrate		
Electricity Per MT of Production (Units)	NIL	NIL
HSD/Oil-Per MT of Production (Ltrs.)	NIL	NIL
Production of Sodium Nitrite		
Electricity Per MT of Production (Units)	NIL	NIL
HSD/Oil-Per MT of Production (Ltrs.)	NIL	NIL
Production of Liquid Dyes		
Electricity Per MT of Production (Units)	NIL	NIL
Production of Leather Chemicals		
Electricity Per MT of Production (Units)	NIL	NIL
Production of Shoe Soles & Heels		
Electricity Per MT of Production (Units)	1,349	3,536
HSD/Oil Per MT of Production (Ltrs.)	NIL	37

B. TECHNOLOGY ABSORPTION**e) FORM B**

Form of disclosure of particulars with respect to absorption, research and development (R & D)

- | | |
|---|-------------|
| 1. Specific area in which R & D were carried out by the Company | None |
| 2. Benefits derived as a result of R & D | N A |
| 3. Future plan & action | None |

ANNEXURE 'A' TO THE DIRECTORS' REPORT (Contd.)**FORM B (Contd.)**

	Current Period
Technology absorption, Adaptation and Innovation	
1. Efforts, in brief, made towards, technology absorption, adaptation and innovation	NIL
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	NIL
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished.	
a) Technology imported	
b) Year of import	
c) Has technology been fully absorbed	NIL
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans and actions.	
C. FOREIGN EXCHANGE EARNINGS AND OUTGO	
Total foreign exchange used	64,208
Total foreign exchange earned	NIL
	On behalf of the Board
	B. D. BHAIYA <i>Managing Director</i>
	R. K. MAHESHWARI <i>Director</i>
17th August, 1998	

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Company's Financial year ended 31st March, 1998.

A) Employees who were employed throughout the financial year under review and were in receipt of remuneration in the aggregate of not less than Rs.3,00,000 per annum.

Sl. No.	Name	Age	Designation	Gross Remuneration	Qualification	Experience	Date of Employment	Previous Employment
1.	Mr. B. D. Bhalya	54	Managing Director	Rs. 4,77,790	Matriculate	36	1.4.77	—

Notes :

- 1) The above employee is on a contractual basis
- 2) Condition of employment provides for termination of services by notice on either side.
- 3) Remuneration including salaries, allowances and perquisites.

	On behalf of the Board
	B. D. BHAIYA <i>Managing Director</i>
	R. K. MAHESHWARI <i>Director</i>
17th August, 1998	

AUDITORS' REPORT

TO

THE MEMBERS OF CHEMCROWN (INDIA) LIMITED

We have audited the attached Balance Sheet of Chemcrown (India) Limited as at 31st March, 1998 and annexed Profit & Loss Account for the year ended on that date signed by us under reference to this report.

A. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose in Annexure 'A' a statement of the matters specified in the said Order.

B. Further to our comments in the Annexure referred to in Paragraph 'A', we report that :

- i) 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 except for information necessary to ascertain the realisability and agewise classification of certain Sundry Debtors (refer para 'c' below) and quantitative information in respect of certain goods traded in.
- ii) 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 those books except the records of goods traded in and accounting of leave encashment on payment basis.
- iii) The said Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account maintained by the Company.
- iv) In our opinion and to the best of our information and according to the explanations given to us and subject to the limitations of disclosure stated above, the Balance Sheet and Profit & Loss Account together with the notes thereon attached give in the prescribed manner information required by the Companies Act, 1956.

We further report that :

- a) Registration of title deeds have not been executed in respect of certain immovable properties (Note No.6 in Schedule 22).
- b) Depreciation on Fixed Assets of Walajapet Plant for the 15 months accounting period ended 31.12.95 amounting to Rs.4,00,556/- has not been provided for in the Accounts (Note No.7 (c) in Schedule 22) and depreciation amounting to Rs.34,50,232/- of Sonil Division has not been accounted for during the

accounting period of 18 months ended 30th September 1994 (Note No 7(d) in Schedule 22) and consequently the accumulated depreciation and loss have been understated by Rs.38,50,788/-.

- c) Balances of Sundry Debtors outstanding with the Distributors of the Company totalling to Rs.3,19,40,340/- are disproportionately large to the net worth of such distributors and could not be segregated billwise as such distributors are paying lumpsum amounts against the total dues. As a result we are unable to comment on the agewise classification of such outstanding debtors.
- d) Outstanding balance of Rs.25,05,57,023/- as on 31.3.98 shown under Secured Loan (Schedule 3) have not been reconciled in absence of Statement of Account from the respective Institutions/Banks.
- e) Sundry Creditors include an unconfirmed balance as mentioned in Note No.9 in Schedule 22 and there are claims against the company by the same Sundry Creditor which have not been admitted by the Company.
- f) Interest income has been netted off against interest paid / payable (Note No. 11 in Schedule 22).

Subject to the above, we report that the Balance Sheet and Profit & Loss Account together with the Notes thereon attached give a true and fair view :

- a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998.
- b) In the case of the Profit & Loss Account of the loss for the year ended on that date.

8, Netaji Subhas Road
Calcutta - 700 001

For L. B. JHA & CO.,
Chartered Accountants
T. NIYOGI
Partner

The 17th August, 1998

ANNEXURE "A" TO THE AUDITORS' REPORT

(Referred to in Paragraph "A" of our report of even date)

1. The Fixed Assets Register of the Company has not been updated during the year. The Fixed Assets of the Company have been physically verified by the management during the year. However, complete reconciliation of the fixed assets physically verified with records was not possible as the fixed assets Register was under the process of being updated.

2. The Fixed Assets of the Company have not been revalued during the period.
3. The stock of finished goods, stores, spares and raw materials at all locations have been physically verified by the management during the period.
4. The procedures followed by the management in conducting physical verification of stocks are reasonable and adequate in relation to the size of the Company and the nature of business.
5. The discrepancies between the physical stocks and book stocks, were not material and have been properly dealt with in the books of account.
6. On the basis of our examinations, it appears that the valuation of stock of finished goods, and raw materials is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding period.
7. The Company has not taken any loan, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there are no Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loan, secured or unsecured, to any party listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the Company, where stipulations have been made, the parties are repaying the principal amount and interest (where applicable), as stipulated.
10. In our opinion and according to the information and explanations given to us the internal control procedures of the Company, relating to purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for sale of goods are reasonably commensurate with the size of the Company and nature of its business.
11. The Company has not entered into any transaction for purchase of goods and materials and sale of goods, materials and services from parties listed in the register maintained under Section 301 of the Companies Act, 1956.
12. Unserviceable or damaged stores, raw materials, finished goods are determined by the Company and the provision for the loss, wherever necessary has been made in the accounts.
13. In case of public deposits received by the Company, the directives issued by the Reserve Bank of India and the provisions of Sections 58A of the Companies Act, 1956 and the Rules framed thereunder have been complied with.
14. The Company does not have any realisable by-products.
15. The Company has an internal audit system. However, the same needs to be strengthened in view of the size of the company and the nature of its business.
16. The Company is not required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956 with regard to the products manufactured by it during the period.
17. According to the records of the Company, there have been delays in the deposit of Provident Fund dues with the appropriate authority and dues aggregating to Rs. 4,16,744/- which had fallen due for deposit as at 31.3.98 had been subsequently deposited with the appropriate authority. There had been delays in the deposit of Employees State Insurance dues with the appropriate authority and dues aggregating to Rs. 5595/- as at 31.3.98 had been subsequently deposited with the appropriate authority.
18. There was no undisputed amount payable in respect of Wealth Tax, Customs Duty and Excise Duty as on 31.3.98 outstanding for a period of more than six months from the date they become payable. In case of Income Tax and Sales Tax undisputed amounts of Rs. 64.08 Lakhs and Rs. 12.62 Lakhs respectively were outstanding for a period of more than six months.
19. In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account.
20. The Company has attracted the provision of Sec. 3(1)(O) of The Sick Industrial Companies (Special Provisions) Act, 1985 and has also made a reference to the Board for Industrial and Financial Reconstruction (BIFR), which has declared the Company as a sick industrial unit within the meaning of the said Act.
21. The Company has determined the value of damaged goods in case of goods traded in and the provision for the loss, wherever necessary has been made.

8, Netaji Subhas Road
Calcutta - 700 001

For L. B. JHA & CO.,
Chartered Accountants
T. NIYOGI
Partner

The 17th August, 1998

BALANCE SHEET
as at 31st March, 1998

	Schedule Reference	As at 31st March 1998		As at 31st March 1997	
		Rs.	Rs.	Rs.	Rs.
SOURCE OF FUNDS					
SHAREHOLDERS' FUND					
(a) Share Capital	1	51,784,500		51,784,500	
(b) Reserves & Surplus	2	57,698,650	1,09,483,150	57,792,642	1,09,577,142
LOAN FUNDS					
(a) Secured Loans	3	2,50,557,023		2,162,21,941	
(b) Unsecured Loans	4	44,01,860	25,49,58,883	38,70,342	22,00,92,283
			<u>36,44,42,033</u>		<u>32,96,69,425</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	17,26,61,269		17,18,99,230	
Less : Depreciation		5,11,14,955		42,874,669	
Net Block			12,15,46,314		12,90,24,561
INVESTMENTS	6		2,27,500		4,21,250
CURRENT ASSETS, LOANS & ADVANCES					
(a) Inventories	7	26,81,530		91,49,264	
(b) Sundry Debtors	8	9,89,25,510		8,66,20,040	
(c) Cash & Bank Balances	9	19,60,185		16,64,602	
(d) Other Current Assets	10	84,49,617		86,86,481	
(e) Loans & Advances	11	96,34,798		98,67,818	
		<u>12,16,51,640</u>		<u>11,59,88,205</u>	
<i>Less :</i>					
Current Liabilities & Provisions					
(a) Current Liabilities	12	8,89,77,024		8,20,99,119	
(b) Provisions	13	76,30,303		76,40,053	
		<u>9,66,07,327</u>		<u>8,97,39,172</u>	
NET CURRENT ASSETS			2,50,44,313		2,62,49,033
MISCELLANEOUS EXPENDITURE	14		8,01,751		15,54,866
PROFIT & LOSS ACCOUNT			<u>21,68,22,155</u>		<u>17,24,19,715</u>
			<u>36,44,42,033</u>		<u>32,96,69,425</u>
NOTES ON ACCOUNTS & ACCOUNTING POLICIES	22				

Schedules 1 to 14 and 22 referred to above form an integral part of the Balance Sheet

In terms of our Attached Report of even date

For L. B. JHA & CO.,
Chartered Accountants
T. NIYOGI
Partner

For and on behalf of the Board

8, Netaji Subhas Road, Calcutta - 700 001
The 17th August, 1998

B. D. BHAIYA Managing Director
R. K. MAHESHWARI Director

PROFIT & LOSS ACCOUNT
for the year ended 31st March, 1998

	Schedule Reference	12 months ended 31st March 1998 Rs.	15 months period ended 31st March 1997 Rs.
INCOME			
Sales & Other Receipts	15	4,00,26,547	7,75,39,908
Increase/(Decrease) in Stock of Finished Goods	16	0.00	(5,16,668)
		<u>4,00,26,547</u>	<u>7,70,23,240</u>
EXPENDITURE			
Cost of Goods Sold / Raw Materials Consumed	17	1,73,50,404	5,50,31,984
Direct Expenses	18	26,88,135	30,55,877
Financial Expenses	19	4,71,72,645	5,26,36,043
Selling Expenses	20	2,74,805	10,53,328
Other Expenses	21	70,98,935	1,10,01,129
		<u>7,45,84,924</u>	<u>12,27,78,361</u>
Surplus/(Deficit) before Depreciation, Taxation, Bad Debts and Other Provision.		(3,45,58,377)	(4,57,55,121)
Add : Doubtful Debts and Advances Written off		(16,13,769)	(2,50,875)
		<u>3,61,72,146</u>	<u>(4,60,05,996)</u>
Add : Provision for Diminution Investment		(84,000)	—
Depreciation	(82,40,286)		(1,00,86,351)
Less : Transfer from Capital Reserve	93,992	(81,46,294)	1,17,490
Profit/(Loss) before Tax		<u>(4,44,02,440)</u>	<u>(5,59,74,857)</u>
Profit/(Loss) after Tax		<u>(4,44,02,440)</u>	<u>(5,59,74,857)</u>
Add : Balance brought forward from earlier years		(17,24,19,715)	(11,64,44,858)
		<u>(21,68,22,155)</u>	<u>(17,24,19,715)</u>

**NOTES ON ACCOUNTS &
ACCOUNTING POLICIES**

22

Schedules 15 to 21 and 22 referred to above form an integral part of the Balance Sheet

In terms of our Attached Report of even date

For L. B. JHA & CO.,
Chartered Accountants
T. NIYOGI
Partner

For and on behalf of the Board

8, Netaji Subhas Road, Calcutta - 700 001
The 17th August, 1998

B. D. BHAIYA Managing Director
R. K. MAHESHWARI Director

Schedules to the Balance Sheet as at 31st March, 1998

	As at 31.3.98 Rs.	As at 31.3.97 Rs.		
1. SHARE CAPITAL				
Authorised :				
10,000,000 Equity Shares of Rs.10/- each (Previous year 10,000,000 Equity Shares of Rs.10/- each)	<u>10,00,00,000</u>	<u>100,000,000</u>		
Issued :				
5,181,500 Equity Shares of Rs.10/- each (Previous year 5,181,500 Equity Shares of Rs. 10/- each)	<u>5,18,15,000</u>	<u>51,815,000</u>		
Subscribed :				
5,181,500 Equity Shares of Rs. 10/- each (Previous year 5,181,500 Equity Shares of Rs. 10/- each)	<u>5,18,15,000</u>	<u>51,815,000</u>		
Paid-up :				
Fully paid-up 5,175,400 Equity Shares of Rs.10/- each (Previous year 5,175,400 Equity Shares of Rs.10/- each)	<u>5,17,54,000</u>	<u>51,754,000</u>		
Partly paid-up 6,100 Equity Shares @ Rs.5/- each (Previous year 6,100 Equity Shares @ Rs.5/- each)	<u>3,05,000</u>	<u>30,500</u>		
(Of the above shares 1,250,000 (Previous year 1,250,000) are allotted as fully paid-up Bonus shares by way of capitalisation General Reserve)	<u>5,17,84,500</u>	<u>51,784,500</u>		
2. RESERVES & SURPLUS				
	As at 31.3.97 Rs.	Additions during the year Rs.	Deductions during the year Rs.	As at 31.3.98 Rs.
CAPITAL RESERVE	3647943	—	93992	3553951
Investment Allowance Reserve	5195000	—	—	5195000
General Reserve	27959889	—	—	27959889
Investment Subsidy	33,810	—	—	33810
Debenture Redemption Reserve	1,867000	—	—	1,867000
Share Premium	19089000	—	—	19089000
	<u>57,792,642</u>	<u>0.00</u>	<u>93,992</u>	<u>57,698,650</u>

**Schedules to the Balance Sheet
as at 31st March, 1998 (Contd.)**

	As at 31.3.98 Rs.	As at 31.3.97 Rs.
3. SECURED LOANS		
A. Term Loans		
From State Bank of India	2,131,489	2,156,489
Interest Accrued & due on the above	2,431,039	1,842,472
From The Tamilnadu Industrial Investment Corporation Limited	84,000	84,000
Interest accrued & due on the above	273,283	2,27,445
<i>(The above loans are secured by first charge on all Fixed Assets of Sonil Division both present and future ranking pari passu with Industrial Reconstruction Bank of India and personal guarantee of two Directors)</i>		
From Industrial Reconstruction Bank of India	2,10,49,000	2,10,49,000
Interest accrued & due on the above	3,58,43,153	2,65,77,947
From Industrial Development Bank of India	1,61,10,000	1,61,10,000
Interest accrued & due on the above	2,81,15,639	2,06,07,075
From Industrial Finance Corporation of India	68,10,000	68,10,000
Interest accrued & due on the above	1,07,09,957	77,43,382
From Industrial Credit & Investment Corporation of India	44,00,000	44,00,000
Interest accrued & due on the above	79,28,381	56,27,959
From Industrial Credit & Investment Corporation of India (STL)	1,76,21,741	1,76,21,741
Interest accrued & due on the above	3,32,77,614	2,31,74,113
<i>(The above loans are secured by first charge on all fixed assets of the company both present & future except in case of assets of Sonil Division where charge ranks pari passu with similar charge created in favour of the Financial Institutions and State bank of India as mentioned above and Second charge on all Current Assets of the Company and personal guarantee of two Directors.)</i>		
B. Cash Credit and Bill Discounting Account with :		
Canara Bank	2,42,18,671	2,42,18,671
State Bank of Bikaner & Jaipur	2,66,75,869	2,66,75,869
<i>(The above loans are secured by Hypothecation of all inventories, Books Debts, and Inland Bills of the Company and also by Second charge on all fixed assets of the Company and personal guarantee of two Directors.)</i>		
C. 14% Non-Convertible Debenture	70,00,000	70,00,000
Interest accrued & due on the above	58,77,187	42,95,778
<i>(Secured by first charge on all fixed assets of the Company both present & future ranking pari passu with the similar charge already created in favour of other financial institutions and second charge on all current assets of the Company. However, approval from financial institution is awaited for creation of such charge.)</i>		
	<u>25,05,57,023</u>	<u>21,62,21,941</u>
4. UNSECURED LOANS		
Fixed Deposits	14,000	14,000
Interest accrued & due	11,760	10,080
Short Term Loans :		
Unit Trust of India	10,00,000	1,000,000
Interest Accrued & due (UTI)	22,41,617	16,79,022
Other Loans	11,07,483	11,40,240
Interest free Sales Tax Loan from the Tamilnadu Small Industries Development Corporation	27,000	27,000
	<u>44,01,860</u>	<u>38,70,342</u>

Schedules to the Balance Sheet

5. FIXED ASSETS

PARTICULARS OF ASSETS	COST			
	As at 1-4-97 Rs.	Additions Rs.	Disposal/ Adjustment Rs.	As at 31.3.98 Rs
A. SHOE SOLE DIVISION				
Building	46,75,636	11,500	—	46,87,136
Plant & Machinery	9,38,81,489	12,862	—	9,38,94,351
Electrical Equipments	7,54,436	—	—	7,54,436
Furniture & Fixtures	2,86,123	—	—	2,86,123
Vehicles	2,05,703	—	—	2,05,703
Moulds	3,56,590	7,37,677	—	10,94,267
	<u>10,01,59,977</u>	<u>7,62,039</u>	<u>0.00</u>	<u>10,09,22,016</u>
B. OTHER DIVISIONS				
Land	26,94,460	—	—	2,694,460
Land & Buildings	11,83,713	—	—	1,183,713
Buildings	65,64,853	—	—	65,64,853
Plant & Machinery	4,52,80,831	—	—	4,52,80,831
Electrical Fittings	51,01,019	—	—	51,01,019
Laboratory Equipments	2,72,696	—	—	2,72,696
Office Equipments	13,87,984	—	—	13,87,984
Other Equipments	24,58,216	—	—	24,58,216
Furniture & Fittings	37,88,061	—	—	37,88,061
Vehicles	30,07,420	—	—	30,07,420
Total :-	<u>7,17,39,253</u>	<u>0.00</u>	<u>0.00</u>	<u>7,17,39,253</u>
Grand Total (A + B)	<u>17,18,99,230</u>	<u>7,62,039</u>	<u>0.00</u>	<u>17,26,61,269</u>
Previous year	<u>17,20,56,953</u>	<u>3,91,852</u>	<u>5,49,575</u>	<u>17,18,99,230</u>

as at 31st March, 1998

D E P R E C I A T I O N			WRITTEN DOWN VALUE		
As at 1-4-97 Rs.	For the year Rs.	Disposal/ Adjustments Rs.	As at 31-3-98 Rs.	As at 31-3-98 Rs.	As at 31-3-97 Rs.
6,25,521	1,56,358	—	7,81,879	39,05,257	40,50,115
1,39,19,489	44,59,982	—	1,83,79,471	7,55,14,880	7,99,62,000
1,43,557	35,836	—	1,79,393	5,75,043	6,10,879
64,748	18,112	—	82,860	2,03,263	2,21,375
92,710	19,542	—	1,12,252	93,451	1,12,993
69,401	1,77,380	—	2,46,781	8,47,486	2,87,189
<u>14,915,426</u>	<u>48,67,210</u>	<u>0.00</u>	<u>1,97,82,636</u>	<u>8,11,39,380</u>	<u>8,52,44,551</u>
—	—	—	—	26,94,460	26,94,460
1,55,462	39,536	—	1,94,998	9,88,715	10,28,251
13,05,085	2,19,266	—	15,24,351	50,40,502	52,59,768
2,00,87,068	21,50,840	—	2,22,37,908	2,30,42,923	2,51,93,763
16,03,666	2,42,298	—	18,45,964	32,55,055	34,97,353
1,14,702	12,953	—	1,27,655	1,45,041	1,57,994
3,55,335	65,929	—	4,21,264	9,66,720	10,32,649
11,19,296	1,16,765	—	12,36,061	12,22,155	13,38,920
13,99,102	2,39,784	—	16,38,886	21,49,175	23,88,959
18,19,527	2,85,705	—	21,05,232	9,02,188	11,87,893
<u>2,79,59,243</u>	<u>33,73,076</u>	<u>0.00</u>	<u>3,13,32,319</u>	<u>4,04,06,934</u>	<u>4,37,80,010</u>
<u>4,28,74,669</u>	<u>82,40,286</u>	<u>0.00</u>	<u>5,11,14,955</u>	<u>12,15,46,314</u>	<u>12,90,24,561</u>
<u>3,27,88,318</u>	<u>1,01,05,559</u>	<u>19,208</u>	<u>4,28,74,669</u>	<u>12,90,24,561</u>	—

**Schedules to the Balance Sheet
as at 31st March, 1998 (Contd.)**

	As at 31.3.98 Rs.	As at 31.3.97 Rs.
6. INVESTMENTS		
Other than Trade Investment		
a) Unquoted at Cost		
250 Equity Shares of United Industrial Bank Ltd., Fully paid	—	9,750
National Savings Certificate (Deposited with Sales Tax Authorities)	1,500	1,500
3,000 Equity Shares of Indmark Finance & Invest. Co. Ltd. @ Rs.100/- each fully paid up	3,00,000	3,00,000
20 Bonds of Bank of Baroda Rs. 5000/- each	—	1,00,000
b) Quoted at Cost		
1,000 Equity Shares of Rs.10/- each in Appollo Hospital Enterprises Ltd., fully paid (Market Value Rs.27,000/- previous year Rs. 26,250/-)	10,000	10,000
	3,11,500	4,21,250
Less : Provision for Diminution in value of Investment	84,000	—
	2,27,500	4,21,250
7. INVENTORIES (As taken, valued and certified by the Management)		
Raw Materials (at cost)	1,411,610	31,02,205
Packing Materials (at cost)	—	9,624
Finished Goods (at lower of cost or market price)	12,16,720	12,16,720
Goods traded in (at lower of cost or market price)	53,200	48,20,715
	26,81,530	91,49,264
8. SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months :		
Considered Good	9,17,96,694	8,04,96,731
Other Debts, Considered Doubtful	71,28,816	61,23,309
	9,89,25,510	8,66,20,040
9. CASH & BANK BALANCES		
Cash in hand	11,30,534	2,98,070
Balance with Scheduled Banks :		
In Current Accounts	3,62,858	7,73,109
Fixed Deposits	4,66,793	5,93,423
	19,60,185	16,64,602

**Schedules to the Balance Sheet
as at 31st March, 1998 (Contd.)**

	As at 31.3.98 Rs.	As at 31.3.97 Rs.
10. OTHER CURRENT ASSETS		
Other Deposits	84,49,617	86,86,481
	<u>84,49,617</u>	<u>86,86,481</u>
11. LOANS & ADVANCES (Unsecured, Considered Good)		
Advances Recoverable in cash or in kind or for value to be received	70,04,488	72,47,121
Advance payment for Income Tax including Tax Deducted at Source	26,30,310	26,20,697
	<u>96,34,798</u>	<u>98,67,818</u>
12. CURRENT LIABILITIES		
Sundry Creditors	8,26,11,821	7,47,51,865
Advance from Customers	24,04,003	37,04,083
Deposit from Dealers/Agents	10,56,383	10,56,383
Interest Accrued but not due	27,88,340	25,22,399
From Scheduled Banks (Book Balance)	1,16,477	64,389
	<u>8,89,77,024</u>	<u>8,20,99,119</u>
13. PROVISIONS		
For Taxation	76,30,303	76,30,303
For Un-realizable Investment	—	9,750
	<u>76,30,303</u>	<u>76,40,053</u>
14. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Public Issue Expenses including Commission and Brokerage on underwriting and subscription of Shares	12,01,773	17,01,805
Deferred Revenue Expenditure	3,53,093	7,94,454
	<u>15,54,866</u>	<u>24,96,259</u>
Less : Written off during the period	7,53,115	9,41,393
	<u>8,01,751</u>	<u>15,54,866</u>

Schedules to the Profit & Loss Account for the year ended 31st March, 1998

	12 months ended 31.3.98 Rs.	15 months ended 31.3.97 Rs.
15. SALES AND OTHER RECEIPTS		
Sales	2,94,87,652	6,20,47,273
Commission & Rebate	28,10,426	22,94,062
Insurance Claims	—	44,990
Income from Dividend	2,500	3,078
Miscellaneous Receipts	77,25,969	1,31,50,505
	<u>4,00,26,547</u>	<u>7,75,39,908</u>
16. INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	12,16,720	12,16,720
Less : Opening Stock	12,16,720	17,33,388
	<u>0.00</u>	<u>(5,16,668)</u>
17. a) COST OF GOODS SOLD		
Opening Stock of Goods Traded in	48,20,715	17,54,082
Add : Purchases	49,16,894	4,97,05,269
	<u>97,37,609</u>	<u>5,14,59,351</u>
Less : Closing Stock of Goods Traded in	53,200	48,20,715
	<u>96,84,409</u>	<u>4,66,38,636</u>
b) RAW MATERIALS CONSUMED		
Opening Stock of Raw Materials	31,02,205	50,63,247
Add : Purchases	59,75,400	64,32,306
	<u>90,77,605</u>	<u>1,14,95,553</u>
Less : Closing Stock of Raw Materials	14,11,610	31,02,205
Raw Material Consumed	76,65,995	83,93,348
Total Cost of Goods Sold (a + b)	<u>1,73,50,404</u>	<u>5,50,31,984</u>
18. DIRECT EXPENSES		
Freight & Carriage Inward	83,672	52,063
Excise Duty	16,48,652	12,21,926
Packing Expenses	2,24,506	91,715
Power & Fuel	4,94,164	13,08,091
Other Manufacturing Expenses	1,38,372	13,170
Stores Consumed	98,769	3,68,912
	<u>26,88,135</u>	<u>30,55,877</u>
19. FINANCIAL EXPENSES		
Interest on Fixed Loans	3,51,90,298	2,80,76,454
Interest Others	1,19,82,347	2,41,65,165
Bill Discounting Charges	—	3,94,424
	<u>4,71,72,645</u>	<u>5,26,36,043</u>
20. SELLING EXPENSES		
Freight & Forwarding	1,66,369	2,10,964
Advertisement	29,727	33,447
Commission Paid	1,928	5,46,779
Discount	61,947	2,08,932
Sales Promotion Expenses	14,834	53,206
	<u>2,74,805</u>	<u>10,53,328</u>

**Schedules to the Profit & Loss Account
for the year ended 31st March, 1998 (Contd.)**

	12 Months ended 31.3.98 Rs.	15 Months ended 31.3.97 Rs.
21. ADMINISTRATIVE EXPENSES		
Salary, Wages, Bonus & Contribution to Provident Fund & Other Funds	21,12,153	29,77,696
Employees Gratuity Insurance & Superannuation Insurance	4,17,418	6,95,696
Workmen & Staff Welfare Expenses	2,20,476	4,14,019
Conveyance Expenses	2,56,561	2,35,315
Vehicle Upkeep Expenses	79,013	4,69,489
Travelling Expenses	4,36,106	4,67,871
Rent & Lease Rent	3,07,605	6,12,001
Electricity Charges	75,068	1,83,568
Telephone & Telex	89,296	3,15,353
Security Services	2,55,792	2,47,533
Research & Development	15,255	37,164
Insurance Charges	48,878	5,030
Repairs & Maintenance :		
1) Buildings	6,880	15,228
2) Plant & Machinery	1,13,441	25,438
3) Others	5,96,270	11,57,762
Printing & Stationery	99,362	1,07,961
Postage & Telegram	64,675	80,557
Books & Periodicals	—	11,637
Consultancy Fees	2,38,772	6,41,293
Donation & Subscription	28,646	30,184
Legal Expenses	1,98,664	4,26,103
Rates & Taxes	32,837	19,378
Bank Charges	57,656	78,897
Brokerage & Commission	5,262	50,500
General Expenses	4,12,484	3,35,221
Directors' Fees	2,250	8,250
Auditors' Remuneration	75,000	1,07,750
Internal Auditors' Fees & Expenses	—	28,252
Sales Tax	1,00,000	2,74,590
Public Issue Expenses Written Off	7,53,115	9,41,393
	70,98,935	1,10,01,129

22. Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March,1998 and Profit & Loss Account for the year ended 31st March,1998.

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Accounts of the Company are prepared under the historical cost convention, except where otherwise stated. Income and expenses are recognised on accrual basis except in the case of leave wages.

FIXED ASSETS

Fixed Assets are stated at cost or revalued figure less accumulated depreciation. Capitalisation of Fixed Assets is done at cost inclusive of expenses directly and indirectly attributable to bring the assets to working condition such as financing cost of borrowed funds utilised for acquisition of fixed assets for the period upto the completion of construction and proportionate administrative and other general overheads incurred during construction period.

DEPRECIATION

Depreciation is provided on straightline method at the rates specified in Schedule-XIV of the Companies Act, 1956. An amount equivalent to depreciation on revaluation portion of fixed assets is transferred from Capital Reserve to Profit and Loss account.

DEFERRED REVENUE EXPENDITURE

The Company follows the process of writing off all Public Issue expenses including brokerage and underwriting cost over a period of ten years. Other deferred revenue expenses are being amortised over a period of five years.

INVENTORY

Inventory of stores & spares, raw materials and packing materials are valued at cost. Goods traded in are valued at lower of realisable value or cost which is calculated at invoice value plus estimated amount for freight inward. Manufactured finished goods are valued at lower of realisable value or cost which is calculated by reducing estimated rate of contribution from sales price.

INVESTMENTS

All investments are long term and are carried at cost. However when there is a decline, which is considered other than temporary in the value of longterm investment, the carrying amount is reduced to recognise the decline. The reduction in carrying amount is reversed when there is a rise in the value of the investment and such rise is considered not to be temporary in nature.

RETIREMENT BENEFIT

Gratuity is accounted for on accrual basis by way of coverage of gratuity liability under a policy taken from Life Insurance Corporation of India. Leave wages is treated on cash basis.

EXCISE DUTY

The Company accounts for excise duty on manufactured goods at the time of their clearance and not on goods carried in stock. This procedure has however no effect on the operating results for the year.

INCOME FROM INTEREST

This is netted off against interest paid on borrowings.

SALES

Sales are net of sales tax but includes Excise Duty.

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended 31st March, 1998. (Contd.)

	Year ended 12 months 31.3.98 Rs.	Period ended 15 months 31.3.97 Rs.		
1. Contingent Liabilities not provided for :				
a) Claims against the Company not acknowledged as debts	140.09 Lakhs	140.09 Lakhs		
b) Estimated amount of contracts to be executed on Capital Account	Nil	Nil		
c) In respect of Income Tax matter disputed in appeals	49.05 Lakhs	40.63 Lakhs		
d) In respect of sales Tax claims disputed in appeals	85.10 Lakhs	85.10 Lakhs		
e) In respect of guarantees/Counter guarantee issued	Nil	Nil		
2. The Total amount of Managing & Whole-time Director's Remuneration under Section 309 of the Companies Act, 1956 debited to the Profit & Loss Account is as under :	Rs.	Rs.		
Salary	6,00,000	6,30,000		
Value of Perquisites	79,390	1,35,379		
	<u>6,79,390</u>	<u>7,65,379</u>		
	Year ended 12 months 31.3.98	Period ended 15 months 31.3.97		
	Qty. M.T.	Value Rs.		
	Qty. M.T.	Value Rs.		
3. Additional information pursuant paragraph 3 & 4 of Part - II of Schedule VI Companies Act, 1956				
(I) QUANTITATIVE INFORMATION				
(i) TRADING				
(a) Opening Stock of Goods traded in				
Dyes & Chemicals	—	—	28.09	17,54,082
Other Miscellaneous Items	—	48,20,715	—	—
	—	<u>48,20,715</u>	28.09	<u>17,54,082</u>
b) Purchases of Goods Trade in				
Dyes & Chemicals	87.50	40,09,394	97.60	49,03,798
Other Miscellaneous Items	—	9,07,500	—	4,48,01,471
	<u>87.50</u>	<u>49,16,894</u>	<u>97.60</u>	<u>4,97,05,269</u>

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March,1998 and Profit & Loss Account for the year ended 31st March,1998. (Contd.)

	Year ended 12 months 31.3.98 Rs.		Period ended 15 months 31.3.97 Rs.	
	Qty. M.T.	Value Rs.	Qty. M.T.	Value Rs.
	c) Sales of Goods Traded in			
Dyes & Chemicals	86.10	54,83,422	125.69	7443128
Other Miscellaneous Items	—	1,05,23,666	—	40536767
	<u>86.10</u>	<u>1,60,07,088</u>	<u>125.69</u>	<u>4,79,79,895</u>
d) Closing Stock of Goods Trade in				
Dyes & Chemicals	1.40	53,200	—	—
Other Miscellaneous Items	—	—	—	48,20,715
	<u>1.40</u>	<u>53,200</u>	<u>—</u>	<u>48,20,715</u>

	Year ended 12 months 31.3.98 Rs.		Period ended 15 months 31.3.97 Rs.	
	Licenced Capacity	Installed Capacity	Licenced Capacity	Installed Capacity
	(II) MANUFACTURING :			
a) Licenced/Installed Capacity				
Dyes & Chemicals	NA	NA	NA	NA
Nitric Acid	7000 MT	6000 MT	7000 MT	6000 MT
Sodium Nitrite/Nitrate	10000 MT	6000 MT	10000 MT	6000 MT
Polyurethane Soles	NA	13.82 Lakh Pairs	NA	13.82 Lakh Pairs
Injection Moulded Components	NA	70 MT	NA	70 MT
TPR/PVC	NA	10 Lakh Pairs	NA	10 Lakh Pairs

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March,1998 and Profit & Loss Account for the year ended 31st March,1998. (Contd.)

	Year ended 12 months 31.3.98 Rs.		Period ended 15 months 31.3.97 Rs.	
	Qty. M.T.	Value Rs.	Qty. M.T.	Value Rs.
b) Actual Production				
Dyes & Chemicals	Nil	—	Nil	—
Nitric Acid	Nil	—	Nil	—
Sodium Nitrite/Nitrate	Nil	—	84.43	—
Polyurethane Soles	Nil	—	694 Pairs	—
PVC/TPR Soles	229501 Pairs	—	162716 Pairs	—
c) Opening Stock of Finished Goods				
Dyes & Chemicals	Nil	Nil	Nil	Nil
Nitric Acid	Nil	Nil	Nil	Nil
Sodium Nitrite/Nitrate	Nil	Nil	27.06	3,45,468
Polyurethane Soles	30,418 Pairs	12,16,720	34,698 Pairs	13,87,920
Injection Moulded Components	Nil	Nil	0.01	Nil
PVC/TPR	Nil	Nil	Nil	Nil
		<u>12,16,720</u>		<u>17,33,388</u>
d) Closing Stock of Finished Goods				
Dyes & Chemicals	Nil	Nil	Nil	Nil
Nitric Acid	Nil	Nil	Nil	Nil
Sodium Nitrite/Nitrate	Nil	Nil	Nil	Nil
Polyurethane Soles	30,418 Pairs	12,16,720	30,418 Pairs	12,16,720
Injection Moulded Components	Nil	Nil	Nil	Nil
TPR/PVC	Nil	Nil	Nil	Nil
		<u>12,16,720</u>		<u>12,16,720</u>

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March,1998 and Profit & Loss Account for the year ended 31st March,1998. (Contd.)

	Year ended 12 months 31.3.98 Rs.		Period ended 15 months 31.3.97 Rs.	
	Qty. M.T.	Value Rs.	Qty. M.T.	Value Rs.
e) Sale of Finished Goods				
Dyes & Chemicals	Nil	Nil	Nil	Nil
Nitric Acid	Nil	Nil	Nil	Nil
Sodium Nitrite/Nitrate	Nil	Nil	111.49	1420021
Polyurethane Soles	Nil	Nil	4,974 Pairs	1,98,960
Injection Moulded Components	Nil	Nil	Nil	Nil
TPR/PVC Soles	2,29,501 Pairs	1,34,80,564	1,62,716 Pairs	91,82,838
Job Work done	Nil	Nil		32,65,559
		<u>1,34,80,564</u>		<u>1,40,67,378</u>
f) Consumption of Raw Materials				
Solvents	Nil	Nil	Nil	Nil
Organic Components	Nil	Nil	Nil	Nil
Ammonia/Soda Ash/Nitric Acid	Nil	Nil	90.67	7,98,575
Polyurethane/Polypropylene	Nil	Nil	14.26	15,39,858
PVC/TPR	110.66	76,65,995	77.60	60,54,915
		<u>76,65,995</u>		<u>83,93,348</u>
(II) Value of Raw Materials Consumed	Rs.	%	Rs	%
Imported	Nil	Nil	3764906	44.85%
Indigenous	76,65,995	100%	4628442	55.15%
	<u>76,65,995</u>	<u>100%</u>	<u>8393348</u>	<u>100%</u>
(III) Value of Stores & Spares Consumed				
Imported	—	—	96323	26.11%
Indegenous	98,769	100%	272589	73.89%
	<u>98,769</u>	<u>100%</u>	<u>368912</u>	<u>100%</u>

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended 31st March, 1998. (Contd.)

	Year ended 12 months 31.3.98 Rs.		Period ended 15 months 31.3.97 Rs.	
	Qty. M.T.	Value Rs.	Qty. M.T.	Value Rs.
(IV) Value of Imports on C.I.F. basis				
Raw Materials	—		3198418	
	—		3198418	
	Year ended 31.3.98 Rs.		Period ended 31.3.97 Rs.	
(V) Expenditure in Foreign Currency				
Travelling	64208		41980	
	64208		41980	
4. Details of Auditor's Remuneration				
a) Statutory Audit Fees	60000		75000	
b) In other Capacity in respect of				
Certificates	5000		—	
Tax Audit	10000		10000	
Other Matters	—		22750	
	75000		107750	
5.				
a) Amount due by the Director or other officer of the Company or any of them either severally or jointly with any other person	Nil		Nil	
The maximum amount due by the Directors or other officers of the Company at any time during the year	1000		Nil	
b) Amount due by Firms or Private Companies respectively in which any Director is a Partner or a Director	Nil		Nil	
c) Amount due from other Companies under the same management	Nil		Nil	
6.				
Registration of Conveyance Deeds in respect of immovable properties taken over from Southern Nitro Chemicals Ltd. could not be completed as permission from concerned authorities is yet to be received.				
7.				
a) Depreciation has been charged on unsegregated cost of Land & Building of other Divisions.				
b) Depreciation on the revalued portion of the Fixed Assets amounting to Rs. 93,992/- (previous year Rs. 1,17,490/-) has been transferred from Capital Reserve to Profit & Loss Account.				

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended 31st March, 1998. (Contd.)

- c) The company has not provided depreciation on its Walajapet plant for the eighteen months period ended 31st December, 1995 amounting to Rs. 4,00,556/-, since the production of the plant remained suspended during the period.
- d) Depreciation on Sonil Division from 1.4.1993 to 30.9.1994 amounting to Rs. 34,50,232/- has not been accounted for in the accounts due to suspension of operation of Sonil Division during the same period.
8. The Company closed down "Sonil Division" at Ambattur with effect from 6th April, 1996, because of low productivity and non-availability of additional working capital required to carry on the production at the viable level and gave notice under the Industrial Disputes Act, 1947 to the Labour Department, Chennai, to this effect.
9. Sundry Creditors include an amount of Rs. 15055458/- due to a company which had during the year ended 31st March, 1991 terminated the distributorship agreement which this company had with them for a long time. This credit balance had been arrived at after adjustments of various claims and are not admitted by the Sundry Creditor. Various litigations are pending at the Hon'ble High Court of Calcutta in respect of this termination of distributorship which has been challenged by the Company in the above litigation. The total claim against this company by the Sundry Creditors after adjustment of Security Deposit is Rs. 290 lacs which has not been admitted by the Company. The Company also has certain counter claims exceeding Rs. 300 lacs against the sundry Creditor.
- The Sundry Creditor had also filed a separate Suit with the Calcutta High Court seeking admission of petition for winding up of the Company and the Trial Court of the Calcutta High Court passed an order permitting admission of the said petition. The Company made an appeal against the said order of the Trial Court and Division Bench of the Calcutta High Court passed an order relegating this suit to the Trial Court for disposal alongwith other pending suits filed both by the Company and the Sundry Creditor, provided Company furnishes the Registrar of Calcutta High Court with a guarantee of Rs. 50,50,000/-. The Company has since furnished the said guarantee.
10. The company filed a reference on 2nd August, 1996 with the Board for Industrial and Financial Reconstruction (BIFR) in terms of Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has been subsequently declared a 'Sick Industrial Company' within the meaning of Section 3(1)(0) of the Sick Industrial Companies Special Provisions Act, 1985 and the Industrial Development Bank of India (IDBI) has been appointed as Operating Agency. The BIFR has also directed IDBI to prepare a draft rehabilitation scheme based on certain guidelines.
11. According to the accounting policy of the Company, interest income of Rs. 2,71,865/- is netted off with the interest charged to the Profit and Loss Account.
12. The provision for Income-Tax amounting to Rs. 56,00,000/- has been netted off with the amount of Advance Income Tax paid upto the accounting year ended 31st March, 1992.
13. As quantitywise and itemwise details of certain goods which were traded-in during the year were not maintained, they have been shown as "Miscellaneous Items" as a part of quantitative information.
14. Figures of previous period have been regrouped/rearranged wherever necessary.
-

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March,1998 and Profit & Loss Account for the year ended 31st March,1998. (Contd.)

15. Balance Sheet Abstract and Company's General Business Profile :-

I. Registration Details :

Registration No.	28902
State Code	21
Balance Sheet Date	31st March, 1998

II. Capital raised during the year :

(Rs. '000)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of mobilisation and deployment of funds :

Total Liabilities	461049
Total Assets	461049

SOURCES OF FUNDS :

Paid up Capital	51785
Reserves & Surplus	57698
Secured Loans	250557
Unsecured Loans	4402

APPLICATION OF FUNDS :

Net Fixed Assets	121546
Investments	228
Net Current Assets	25044
Miscellaneous Expenditure	801
Accumulated Losses	216822

IV. Performance of Company :

Turnover	40026
Total Expenditure	74585
Profit & Loss before tax	(44402)
Profit / (Loss) after tax	(44402)
Earning per Share (Rs.)	Nil
Dividend Rate	Nil

V. Generic Names of principal products, services of the company :

a) Item Code No.	380999
Product Description	Dyes & chemicals for Leather
b) Item Code No.	283410.01
Product Description	Sodium Nitrite
c) Item Code No.	640620
Product Description	Footwear Parts - Soles

For and on the behalf of the Board

B. D. BHAIYA, *Managing Director*
R. K. MAHESHWARI, *Director*

The 17th August, 1998

CASH FLOW STATEMENT FOR THE TWELVE MONTHS ENDED 31ST MARCH, 1998

	1997-98 (12 months) (Rs//Lakhs)	1996-97 (15 months) (Rs./Lakhs)
A. Cash Flow from Operating Activities		
Net Profit/(Net Loss) before tax and extraordinary items	(444.02)	(559.74)
Adjustment for		
Depreciation	81.46	99.69
Profit on Sale of Investments/Dividend Income	—	—
Interest Income	(2.72)	(5.38)
Interest Expenses	474.45	531.74
Doubtful Debts & Advances written off	16.14	2.51
Operating Profit before Working Capital Changes	<u>125.31</u>	<u>68.82</u>
Adjustment for		
Trade & Other Receivables	(118.36)	98.59
Inventories	64.67	(2.29)
Trade Payables	(53.14)	(42.46)
Cash generated from operations	<u>18.48</u>	<u>122.66</u>
Interest Paid	(3.51)	(166.26)
Cash flow before extraordinary items	<u>14.97</u>	<u>(43.60)</u>
Extra Ordinary Items (Public Issue Expenses Written Off)	(7.53)	9.42
Net Cash from Operating Activities	<u>(7.44)</u>	<u>34.18</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(7.62)	(1.57)
Sale of Fixed Assets	—	—
Purchase of Investments	1.00	(1.00)
Sale of Investments	—	—
Decrease in Loans Granted	—	15.88
Interest Income	2.72	5.38
Dividend Income	—	—
Net Cash used in Investing Activities	<u>(3.90)</u>	<u>(18.69)</u>
C. Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	—	—
Proceeds from Long Term Borrowings	—	2.48
Repayment of Long Term Borrowings	(0.25)	(0.50)
Increase in Short Term Loans	(0.33)	(18.98)
Dividends Paid	—	—
Net Cash used in Financing Activities	<u>(0.58)</u>	<u>(17.00)</u>
Net increase in Cash and Cash Equivalents (A + B + C)	<u>2.96</u>	<u>(32.49)</u>
Opening Balance of Cash and Cash Equivalents	16.64	49.13
Closing Balance of Cash and Cash Equivalents	<u>19.60</u>	<u>16.64</u>

For and on the behalf of the Board
B. D. BHAIYA, *Managing Director*

The 17th August, 1998

AUDITORS' REPORT

We have verified the attached Cash Flow Statement of Chemcrown (India) Limited, derived from audited Profit & Loss Account and Balance Sheet and the books and records maintained by the Company for the fifteen months period ended 31st March, 1998 and found the same in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 17th August, 1998.

For L. B. Jha & Co.,
Chartered Accountants

Calcutta
Dated : 17th August, 1998

T. NIYOGI
Partner

CHEMCROWN (INDIA) LTD.

REGD. OFFICE : 95, PARK STREET, CALCUTTA - 700 016

PROXY FORM

L.F. No.

I/We

of

..... being a member(s) of the above
named Company hereby appoint

of

or failing him

of

as my/our proxy to vote for me/us and on my/our behalf in the Annual General Meeting of the said Company to
be held at 3.30 p.m. on MONDAY, the 21st September, 1998 and at any adjournment thereof.

Signed this day of 1998.

Signature



N.B. : This Proxy must be deposited at Company's Regd. Office at 95, Park Street, Calcutta - 700 016 not
less than 48 hours before the time for holding the meeting.

CHEMCROWN (INDIA) LTD.

REGD. OFFICE : 95, PARK STREET, CALCUTTA - 700 016

ATTENDANCE SLIP

Annual General Meeting on 21st, September, 1998

L.F.

Mr./Mrs./Miss

(Shareholder's Name in Block Letters)

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company held at Sangeet Kala Mandir, Kala
Kunj, 48, Shakespeare Sarani, Calcutta - 700 017 at 3.30 p.m. on MONDAY the 21st September, 1998.

.....
(If signed by proxy, his name should be written
here in Block Letters)

.....
Shareholder's/Proxy's Signature

- NOTES :
1. Shareholders/Proxy holders are requested not to bring with them anyone who is not a Shareholder.
 2. Shareholders/Proxyholders are requested to bring the attendance slips with them and handover the same at the entrance, duly filled in and signed.
 3. Shareholders are requested to bring their copy of the Annual Report as copies of the Report will not be distributed again at the meeting in view of increase in the cost.

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