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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
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Chemcrown (India) Limited

Certified True Copy

For Chemcrown (India) Ltd.

(Signature)
Managing Director

REPORT & ACCOUNTS

for the 15th months period ended 31st March, 1997

SALES OFFICES

Chennai

Real Chambers, III Floor
30, Maddox Street, Choolai
Chennai - 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,
Chennai - 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

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 Twentysecond Annual General Meeting of the Members of Chemcrown (India) Limited will be held on Friday, the 19th September, 1997 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 Balance Sheet of the Company for the 15 months period ended 31st March, 1997, the Profit & Loss Account for the period ended 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 re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution 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 appointment of Mr. R. K. Maheshwari as Wholtime Director of the Company with effect from 1st September, 1996 on terms and conditions including remuneration as set out in the agreement dated 27th September, 1996 between the Company and Mr. R. K. Maheshwari 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 to alter and vary such remuneration within the limits specified in Part II of Schedule XIII to the Companies Act, 1956 or any amendments thereof from time to time, as may be agreed to by the Board and Mr. R. K. Maheshwari."

Registered Office : By Order of the Board

95, Park Street,
Calcutta - 700 016
Date : 11th August, 1997.

B. D. Bhैया
Managing Director

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 12th September, 1997 to 19th September, 1997 (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 25th September, 1996 appointed Mr. R. K. Maheshwari as Wholtime Director of the Company. The said appointment is, however, subject to the approval of the Members of the Company.

The material terms of the agreement dated 27th September, 1996 between the Company and Mr. R. K. Maheshwari are as under :-

- 1) Mr. R. K. Maheshwari 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 September, 1996.
- 3) Remuneration :
Salary of Rs.15,000/- per month.
- 4) Perquisites :
In addition to the salary, Mr. R. K. Maheshwari 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.

Category 'A'**i) Housing :**

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

ii) Medical Reimbursement :

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

iii) Leave Travel Concession :

For Mr.R.K. Maheshwari 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 month.

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.

EXPLANATORY STATEMENT (Contd.)**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. R.K.Maheshwari.

Leave :

Mr.R.K. Maheshwari 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.R.K. Maheshwari 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.R.K. Maheshwari 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. R K Maheshwari and Mr. B D Bhaiya, 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 :
95, Park Street,
Calcutta- 700 016
Date : 11th August, 1997

By Order of the Board

B. D. Bhaiya
Managing Director

DIRECTORS' REPORT**TO
THE MEMBERS**

Your Directors present herewith the Twentysecond Annual Report together with the audited accounts for the fifteen months period ended 31st March, 1997.

FINANCIAL RESULTS

The summarised financial results for the fifteen months period ended 31st March, 1997 are as under :-

	(Rs. in Lakhs)
Sales including other Income	780.77
Profit before interest and depreciation	74.18
Less : Interest and other financial charges	531.73
Loss before depreciation	(457.55)
Less : Depreciation	99.69
Loss after depreciation	(557.24)
Less : Doubtful debts and advances written off	2.51
Loss before taxation	(559.75)
Net loss for the period	(559.75)
Add : Amount of Loss brought forward from earlier years	(1,164.45)
Balance to be carried forward	(1,724.20)

DIVIDEND

In view of the huge loss, your Directors regret their inability to recommend payment of any dividend for the fifteen months period ended 31st March, 1997.

OPERATIONS AND FUTURE PROSPECTS

The period under report witnessed a turnover of Rs.775 lakhs partly from trading activities and partly from manufacturing operation of shoe soles. Your Company has sustained loss for the third consecutive period. However, due to restructuring of business activities and squeezing of various expenses, your Company could earn a cash profit of Rs.74 lakhs as against cash loss of Rs.146 lakhs during the fifteen months period ended on 31st December, 1995. It would be observed from the accounts that the total loss sustained has been mainly due to provision of interest payable to the institutions and banks and depreciation.

Your Company has filed a petition before the Hon'ble Supreme Court of India for arbitration proceedings in terms of Arbitration and Conciliation Act, 1996 against its erstwhile foreign collaborator, Wasgau Plast GmbH, Germany who defrauded the Company by supplying substandard plant and machines. This became necessary as the suits filed by the Company in Germany could not be continued due to relevant laws of Germany and Reserve Bank of India's restrictions and also

DIRECTORS' REPORT (Contd.)

crunch of the Company. Your Company has been advised that an arbitral award arising out of such proceedings in India can be executed in Germany in view of the adoption of United Nations' International Commission on International Trade Law (UNCITRAL)'s Model Arbitration Law by India and consequent applicability of Articles contained in Geneva Convention and New York Convention.

Your Company has been declared as a "sick industrial company" within the meaning of the relevant provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction (BIFR). BIFR has also appointed IDBI as Operating Agency of the Company. Your Company has submitted a revival package wherein your Company has, inter alia, sought waiver of accumulated outstanding interest payable to the financial institutions and banks and the matter is pending before the appropriate authority. Your Directors are hopeful that it would be possible to revive the Company within a timebound period.

During the period under report, your Company has earned a significant amount by way of royalty and technical know-how by allowing another Company to manufacture leather chemicals with your Company's know-how, technology and use of brand name. Your Company is also in the process of finalising marketing arrangements with few European Companies for marketing of their products in India.

At present, your Company has strategically decided to concentrate on manufacturing of shoe soles, where tremendous demand-supply gap exists. Your Company is seriously looking into the possibility of reviving its polyurethane sole division which would require another estimated capital investment of Rs. 200 Lakhs contemplated to be met through long term investments by resourceful financiers who can also have a berth in the management, subject to appropriate approvals.

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 fifteen months period ended 31st March, 1997.

AUDITORS' REPORT

The comments made by the auditors in their report are self explanatory and as such do not 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 EMPLOYEES

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. R. K. Maheshwari was appointed as Whole time Director of the Company with effect from 1.9.1996.

Mr. Sanjoy Sen and Mr. A. K. Sen resigned from the Board with effect from 11th August, 1997. The casual vacancy caused by resignation of Mr. A. K. Sen was filled up by appointing Mr. B. K. Mehta pursuant to Section 262 of the Companies Act, 1956. The Board of Directors takes this opportunity to record its appreciation of the valuable guidance and support received from Mr. Sanjoy Sen and Mr. A. K. Sen during their tenure as Members of the Board.

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 re-appointment.

AUDITORS

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

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

Place : Calcutta B. D. BHAIYA *Managing Director*
Date : 11th August, 1997. R. K. MAHESHWARI *Director*

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)		3,98,034	18,46,939
Total Amount (Rs.)		8,84,285	56,14,620
Rate/Unit (Rs.)		2.22	3.04
b) Own Generation		NIL	13,054
2. Furnace Oil/Diesel Oil			
Quantity (Ltrs.)		31,916	7,401
Total Cost (Rs.)		1,85,779	55,285
Average Rate (Rs.)		5.82	7.47
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	534
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			
Electricity Per MT of Production (Units)		3,536	2,125
HSD/Oil Per MT of Production (Ltrs.)		37	30

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.)****Technology absorption, Adaptation and Innovation****Current
Period**

1. Efforts, in brief, made towards, technology absorption, adaptation and innovation
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
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
 - d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans and actions.

NIL

NIL

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used
Total foreign exchange earned

41,980

NIL

11th August, 1997.

On behalf of the Board
B. D. BHAIYA *Managing Director*
R. K. MAHESHWARI *Director*

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, 1997.

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. Bhaiya	53	Managing Director	Rs.6,60,379	Matriculate	35	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.

11th August, 1997.

On behalf of the Board
B. D. BHAIYA *Managing Director*
R. K. MAHESHWARI *Director*

AUDITORS' REPORT

TO

THE MEMBERS OF CHEMCROWN (INDIA) LIMITED

We have audited the attached Balance Sheet of Chemcrown (India) Ltd. as at 31st March, 1997 and annexed Profit & Loss Account for the period of 15th months 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 :
- 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 and quantitative information in respect of certain goods traded in.
 - 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.
 - 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.
 - 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 :

- Registration of title deeds have not been executed in respect of certain immovable properties (Note No. 6 in Schedule 21.)
- Depreciation on Fixed Assets of Walajapet Plant for the accounting period ended 31.12.1995 amounting to Rs.4,00,556/- has not been provided for in the Accounts (Note No.7(c) in Schedule 21) 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 21)

and consequently the accumulated depreciation and Loss have been understated by Rs.38,50,788/-.

- Balances of Sundry Debtors outstanding with the Distributors of the Company totalling to Rs.3,26,27,349/- 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.
- Outstanding balance of Rs.21,62,21,941/- as on 31.03.97 shown under Secured Loan (Schedule 3) have not been reconciled in absence of Statement of Account from the respective Institutions/Banks.
- Sundry Creditors include an unconfirmed balance as mentioned in Note No.9 in Schedule 21 and there are claims against the company by the same Sundry Creditors which have not been admitted by the Company.
- Interest income has been netted off against interest paid/payable (Note No.10 in Schedule 21).

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 :

- In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1997.
- In the case of the Profit & Loss Account of the loss for the period of 15 months ended on that date.

8, Netaji Subhas Road
Calcutta - 700 001

The 11th August, 1997

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

ANNEXURE "A" TO THE AUDITORS' REPORT

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

1. The company has not maintained any Fixed Assets Register except for Sonil Division which has not been updated. The Fixed Assets of the Company were not physically verified during the period.
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, spare parts 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 or from 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 or to 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. According to the information and explanations given to us, there have been no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements required to be entered 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. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products.
15. The Company has an internal audit system commensurate with the size and 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.50,904/- which had fallen due for deposit as at 31.3.97 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.7622/- as at 31.3.97 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 31.3.97 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.53.55 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 therefore can be classified as a Sick Industrial Unit within the meaning of the said Act. The company has also made a reference to the Board for Industrial and Financial Reconstruction (BIFR).
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

The 11th August, 1997.

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

BALANCE SHEET
as at 31st March, 1997

	Schedule Reference	Rs.	As at 31st March, 1997 Rs.	As at 31st December, 1995 Rs.
SOURCE OF FUNDS				
SHAREHOLDERS' FUND				
(a) Share Capital	1	51,784,500	51,784,500	
(b) Reserves & Surplus	2	57,792,642	57,910,132	109,694,632
LOAN FUNDS				
(a) Secured Loans	3	216,221,941	180,634,983	
(b) Unsecured Loans	4	3,870,342	5,330,123	185,965,106
			329,669,425	295,659,738
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	171,899,230	172,056,953	
Less : Depreciation		42,874,669	32,788,318	
Net Block			129,024,561	139,268,635
INVESTMENTS	6		421,250	321,250
CURRENT ASSETS, LOANS & ADVANCES				
(a) Inventories	7	9,149,264	8,920,142	
(b) Sundry Debtors	8	86,620,040	102,028,341	
(c) Cash & Bank Balances	9	1,664,602	4,913,110	
(d) Loans & Advances	10	18,554,299	14,592,986	
		115,988,205	130,454,579	
<i>Less :</i>				
Current Liabilities & Provisions				
(a) Current Liabilities	11	82,099,119	85,685,790	
(b) Provisions	12	7,640,053	7,640,053	
		89,739,172	93,325,843	
NET CURRENT ASSETS			26,249,033	37,128,736
MISCELLANEOUS EXPENDITURE	13		1,554,866	2,496,259
PROFIT & LOSS ACCOUNT			172,419,715	116,444,858
			329,669,425	295,659,738
NOTES ON ACCOUNTS & ACCOUNTING POLICIES				
	21			

Schedules 1 to 13 and 21 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

8, Netaji Subhas Road, Calcutta - 700 001
The 11th August, 1997

For and on behalf of the Board

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

PROFIT & LOSS ACCOUNT
for the Fifteen months period ended on 31st March, 1997

	Schedule Reference	For the period (15 Months) ended on 31.03.1997 Rs.	For the period (15 Months) ended on 31.12.1995 Rs.
INCOME			
Sales & Other Receipts	14	77,539,908	179,485,550
Increase/ (Decrease) in Stock of Finished goods	15	(516,668)	(3,439,478)
		<u>77,023,240</u>	<u>176,046,072</u>
EXPENDITURE			
Cost of Goods Sold/Raw Materials Consumed	16	55,031,984	138,964,408
Direct Expenses	17	3,055,877	19,197,186
Financial Expenses	18	52,636,043	40,454,243
Selling Expenses	19	1,053,328	3,386,935
Other Expenses	20	11,001,129	29,106,400
		<u>122,778,361</u>	<u>231,109,172</u>
Surplus/ (Deficit) before Depreciation, Taxation, Bad Debts and Other Provisions		(45,755,121)	(55,063,100)
Add : Doubtful Debts & Advances written off		(250,875)	(19,133,047)
Depreciation	(10,086,351)		(8,805,022)
Less : Transfer from Capital Reserve	<u>117,490</u>	<u>(9,968,861)</u>	<u>117,490</u>
Profit/(Loss) before Tax		<u>(55,974,857)</u>	<u>(82,883,679)</u>
Profit/(Loss) after Tax		<u>(55,974,857)</u>	<u>(82,883,679)</u>
Add : Balance brought forward from earlier years		(116,444,858)	(28,030,876)
Add : Provision for Taxation earlier years		—	(5,530,303)
		<u>(172,419,715)</u>	<u>(116,444,858)</u>

**NOTES ON ACCOUNTS &
ACCOUNTING POLICIES**

21

Schedules 14 to 21 referred to above form an integral part of the Profit & Loss Account

In terms of our Attached Report of even date

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

8, Netaji Subhas Road, Calcutta - 700 001
The 11th August, 1997

For and on behalf of the Board

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

Schedules to the Balance Sheet as at 31st March, 1997

	As at 31.03.97 Rs.	As at 31.12.95 Rs.
1. SHARE CAPITAL		
Authorised :		
10,000,000 Equity Shares of Rs.10/- each (Previous period 10,000,000 Equity Shares of Rs.10/- each)	<u>100,000,000</u>	<u>100,000,000</u>
Issued :		
5,181,500 Equity Shares of Rs.10/- each (Previous period 5,181,500 Equity Shares of Rs. 10/- each)	<u>51,815,000</u>	<u>51,815,000</u>
Subscribed :		
5,181,500 Equity Shares of Rs. 10/- each (Previous period 5,181,500 Equity Shares of Rs. 10/- each)	<u>51,815,000</u>	<u>51,815,000</u>
Paid-up :		
Fully paid-up 5,175,400 Equity Shares of Rs.10/- each (Previous period 5,175,400 Equity Shares of Rs.10/- each)	<u>51,754,000</u>	<u>51,754,000</u>
Partly paid-up 6,100 Equity Shares @ Rs.5/- each (Previous period 6,100 Equity Shares @ Rs.5/- each)	<u>30,500</u>	<u>30,500</u>
(Of the above shares 1,250,000 (Previous period 1,250,000) are allotted as fully paid-up Bonus shares by way of capitalisation of General Reserve)	<u>51,784,500</u>	<u>51,784,500</u>

2. RESERVES & SURPLUS

	As at 31.12.95 Rs.	Additions during the period Rs.	Deductions during the period Rs.	As at 31.03.97 Rs.
Capital Reserve	3,765,433	—	117,490	3,647,943
Investment Allowance Reserve	5,195,000	—	—	5,195,000
General Reserve	27,959,889	—	—	27,959,889
Investment Subsidy	33,810	—	—	33,810
Debenture Redemption Reserve	1,867,000	—	—	1,867,000
Share Premium	19,089,000	—	—	19,089,000
	<u>57,910,132</u>	<u>—</u>	<u>117,490</u>	<u>57,792,642</u>

**Schedules to the Balance Sheet
as at 31st March, 1997 (Contd.)**

	As at 31.03.97 Rs.	As at 31.12.95 Rs.
3. SECURED LOANS		
A. Term Loans		
From State Bank of India	2,156,489	2,156,489
Interest Accrued & due on the above	1,842,472	1,215,629
From The Tamilnadu Industrial Investment Corporation Limited	84,000	134,000
Interest accrued & due on the above	227,445	177,726
(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)		
 From Industrial Reconstruction Bank of India	21,049,000	21,049,000
Interest accrued & due on the above	26,577,947	17,046,477
From Industrial Development Bank of India	16,110,000	16,110,000
Interest accrued & due on the above	20,607,075	12,908,649
From Industrial Finance Corporation of India	6,810,000	6,810,000
Interest accrued & due on the above	7,743,382	4,691,003
From Industrial Credit & Investment Corporation of India	4,400,000	4,400,000
Interest accrued & due on the above	5,627,959	2,780,464
From Industrial Credit & Investment Corporation of India (STL)	17,621,741	17,621,741
Interest accrued & due on the above	23,174,113	13,316,662
(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.)		
 B. Cash Credit and Bill Discounting Account with :		
Canara Bank	24,218,671	23,970,990
State Bank of Bikaner & Jaipur	26,675,869	26,675,869
(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.)		
 C. 14% Non-Convertible Debenture	7,000,000	7,000,000
Interest accrued & due on the above	4,295,778	2,570,284
(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.)		
	<u>216,221,941</u>	<u>180,634,983</u>
 4. UNSECURED LOANS		
Fixed Deposits	14,000	14,000
Interest accrued & due	10,080	7,140
 Short Term Loans :		
Unit Trust of India	1,000,000	1,000,000
Interest Accrued & due (UTI)	1,679,022	1,120,291
Other Loans	1,140,240	3,161,692
Interest free Sales Tax Loan from the Tamilnadu Small Industries Development Corporation	27,000	27,000
	<u>3,870,342</u>	<u>5,330,123</u>

Schedules to the Balance Sheet

5. FIXED ASSETS

PARTICULARS OF ASSETS	COST			
	As at 01-01-96 Rs.	Additions Rs.	Disposal/ Adjustment Rs.	As at 31.03.97 Rs.
A. SHOE SOLE DIVISION				
Building	4,675,636	—	—	4,675,636
Plant & Machinery	93,836,489	45,000	—	93,881,489
Electrical Equipments	754,436	—	—	754,436
Furniture & Fixtures	286,123	—	—	286,123
Vehicles	205,703	—	—	205,703
Moulds	607,832	287,939	539,181	356,590
Total :-	<u>100,366,219</u>	<u>332,939</u>	<u>539,181</u>	<u>100,159,977</u>
B. OTHER DIVISIONS				
Land	2,694,460	—	—	2,694,460
Land & Buildings	1,183,713	—	—	1,183,713
Buildings	6,564,853	—	—	6,564,853
Plant & Machinery	45,280,831	—	—	45,280,831
Electrical Fittings	5,101,019	—	—	5,101,019
Laboratory Equipments	272,696	—	—	272,696
Office Equipments	1,329,071	58,913	—	1,387,984
Other Equipments	2,458,216	—	—	2,458,216
Furniture & Fittings	3,788,061	—	—	3,788,061
Vehicles	3,017,814	—	10,394	3,007,420
Total :-	<u>71,690,734</u>	<u>58,913</u>	<u>10,394</u>	<u>71,739,253</u>
Grand Total (A + B)	<u>172,056,953</u>	<u>391,852</u>	<u>549,575</u>	<u>171,899,230</u>
Previous year	126,281,090	45,976,824	200,961	172,056,953

as at 31st March, 1997

D E P R E C I A T I O N				WRITTEN DOWN VALUE	
As at 01-01-96 Rs.	For 15 Months upto 31-03-97 Rs.	Disposal/ Adjustments Rs.	As at 31-03-97 Rs.	As at 31-03-97 Rs.	As at 31-12-95 Rs.
430,313	195,208	—	625,521	4,050,115	4,245,323
8,345,275	5,574,214	—	13,919,489	79,962,000	85,491,214
98,762	44,795	—	143,557	610,879	655,674
42,109	22,639	—	64,748	221,375	244,014
68,283	24,427	—	92,710	112,993	137,420
21,654	66,955	19,208	69,401	287,189	586,178
<u>9,006,396</u>	<u>5,928,238</u>	<u>19,208</u>	<u>14,915,426</u>	<u>85,244,551</u>	<u>91,359,823</u>
—	—	—	—	2,694,460	2,694,460
155,462	—	—	155,462	1,028,251	1,028,251
1,031,002	274,083	—	1,305,085	5,259,768	5,533,851
17,398,518	2,688,550	—	20,087,068	25,193,763	27,882,313
1,300,793	302,873	—	1,603,666	3,497,353	3,800,226
98,511	16,191	—	114,702	157,994	174,185
272,923	82,412	—	355,335	1,032,649	1,056,148
973,339	145,957	—	1,119,296	1,338,920	1,484,877
1,099,372	299,730	—	1,399,102	2,388,959	2,688,689
1,452,002	367,525	—	1,819,527	1,187,893	1,565,812
<u>23,781,922</u>	<u>4,177,321</u>	<u>—</u>	<u>27,959,243</u>	<u>43,780,010</u>	<u>47,908,812</u>
<u>32,788,318</u>	<u>10,105,559</u>	<u>19,208</u>	<u>42,874,669</u>	<u>129,024,561</u>	<u>139,268,635</u>
<u>23,983,296</u>	<u>8,805,022</u>	<u>—</u>	<u>32,788,318</u>	<u>139,268,635</u>	

**Schedules to the Balance Sheet
as at 31st March, 1997 (Contd.)**

	As at 31.03.97 Rs.	As at 31.12.95 Rs.
6. INVESTMENTS		
Other than Trade Investment		
a) Unquoted at Cost		
250 Equity Shares of United Industrial Bank Ltd., Fully paid	9,750	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	300,000	300,000
20 Bonds of Bank of Baroda @ Rs. 5,000/- each	100,000	—
b) Quoted at Cost		
1,000 Equity Shares of Rs.10/- each in Appollo Hospital Enterprises Ltd., fully paid (Market Value Rs.26,250/-)	10,000	10,000
Note : All Investments are Long Term	<u>421,250</u>	<u>321,250</u>
7. INVENTORIES (As taken, valued and certified by the Management)		
Raw Materials (at cost)	3,102,205	5,063,247
Packing Materials (at cost)	9,624	58,785
Stores & Spares (at cost)	—	310,640
Finished Goods (at lower of cost or market price)	1,216,720	1,733,388
Goods traded in (at lower of cost or market price)	4,820,715	1,754,082
	<u>9,149,264</u>	<u>8,920,142</u>
8. SUNDRY DEBTORS (Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	80,496,731	68,343,792
Other Debts	6,123,309	33,684,549
	<u>86,620,040</u>	<u>102,028,341</u>
9. CASH & BANK BALANCES		
Cash in hand	298,070	536,148
Balance with Scheduled Banks :		
In Current Accounts	593,423	1,223,462
Fixed Deposits	773,109	3,153,500
	<u>1,664,602</u>	<u>4,913,110</u>

**Schedules to the Balance Sheet
as at 31st March, 1997 (Contd.)**

	As at 31.03.97 Rs.	As at 31.12.95 Rs.
10. LOANS & ADVANCES		
(Unsecured, Considered Good)		
Loans	—	1,588,418
Advances Recoverable in cash or in kind or for value to be received	7,247,121	6,338,113
Advance payment for Income Tax including Tax Deducted at Source	2,620,697	2,391,154
Other Deposits	8,686,481	4,275,301
	<u>18,554,299</u>	<u>14,592,986</u>
11. CURRENT LIABILITIES		
Sundry Creditors	74,751,865	76,743,231
Advance from Customers	3,704,083	3,447,434
Deposit from Dealers/Agents	1,056,383	3,548,379
Interest Accrued but not due	2,522,399	1,924,882
From Scheduled Banks (Book Balance)	64,389	21,864
	<u>82,099,119</u>	<u>85,685,790</u>
12. PROVISIONS		
For Taxation	7,630,303	7,630,303
For Un-realizable Investment	9,750	9,750
	<u>7,640,053</u>	<u>7,640,053</u>
13. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Public Issue Expenses including Commission and Brokerage on underwriting and subscription of Shares	1,701,805	2,201,835
Deferred Revenue Expenditure	794,454	1,235,817
	<u>2,496,259</u>	<u>3,437,652</u>
Less : Written off during the period	941,393	941,393
	<u>1,554,866</u>	<u>2,496,259</u>

**Schedules to the Profit & Loss Account
for the period of 15 months ended on 31st March, 1997**

	01.01.96 to 31.03.97 (15 months) Rs.	01.10.94 to 31.12.95 (15 months) Rs.
14. SALES AND OTHER RECEIPTS		
Sales	62,047,273	168,519,587
Commission & Rebate	2,294,062	1,119,789
Insurance Claims	44,990	142,607
Income from Dividend	3,078	1,694
Miscellaneous Receipts	13,150,505	9,701,873
	<u>77,539,908</u>	<u>179,485,550</u>
15. INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	1,216,720	1,733,388
Less : Opening Stock	<u>1,733,388</u>	<u>5,172,866</u>
	<u>(516,668)</u>	<u>(3,439,478)</u>
19: a) COST OF GOODS SOLD		
Opening Stock of Goods Traded in	1,754,082	10,813,831
Add : Purchases	<u>49,705,269</u>	<u>86,885,705</u>
	<u>51,459,351</u>	<u>97,699,536</u>
Less : Closing Stock of Goods Traded in	<u>4,820,715</u>	<u>1,754,082</u>
	<u>46,638,636</u>	<u>95,945,454</u>
b) RAW MATERIALS CONSUMED		
Opening Stock of Raw Materials	5,063,247	2,600,245
Add : Purchases	<u>6,432,306</u>	<u>45,481,956</u>
	<u>11,495,553</u>	<u>48,082,201</u>
Less : Closing Stock of Raw Materials	<u>3,102,205</u>	<u>5,063,247</u>
Raw Material Consumed	<u>8,393,348</u>	<u>43,018,954</u>
Total Cost of Goods Sold (a + b)	<u>55,031,984</u>	<u>138,964,408</u>

**Schedules to the Profit & Loss Account
for the period of 15 months ended on 31st March, 1997 (Contd.)**

	01.01.96 to 31.03.97 (15 months) Rs.	01.10.94 to 31.12.95 (15 months) Rs.
17. DIRECT EXPENSES		
Freight & Carriage Inward	52,063	3,887,019
Excise Duty	1,221,926	8,985,346
Packing Expenses	91,715	1,206,608
Power & Fuel	1,308,091	3,328,110
Other Manufacturing Expenses	13,170	186,468
Stores Consumed	368,912	1,603,635
	<u>3,055,877</u>	<u>19,197,186</u>
18. FINANCIAL EXPENSES		
Interest on Fixed Loans	28,076,454	25,383,194
Interest Others	24,165,165	14,554,238
Bill Discounting Charges	394,424	516,811
	<u>52,636,043</u>	<u>40,454,243</u>
19. SELLING EXPENSES		
Freight & Forwarding	210,964	602,488
Advertisement	33,447	176,858
Commission Paid	546,779	271,186
Discount	208,932	1,101,199
Seminar Expenses	—	406,154
Sales Promotion Expenses	53,206	480,799
Turnover Tax	—	348,251
	<u>1,053,328</u>	<u>3,386,935</u>

**Schedules to the Profit & Loss Account
for the period of 15 months ended on 31st March, 1997 (Contd.)**

	01.01.96 to 31.03.97 (15 months) Rs.	01.10.94 to 31.12.95 (15 months) Rs.
20. ADMINISTRATIVE EXPENSES		
Salary, Wages, Bonus & Contribution to Provident Fund & Other Funds	2,977,696	8,103,098
Employees Gratuity and Super Annuation	695,696	356,595
Workmen & Staff Welfare Expenses	414,019	718,512
Conveyance Expenses	235,315	710,127
Vehicle Upkeep Expenses	469,489	1,106,965
Travelling Expenses	467,871	2,129,092
Rent & Lease Rent	612,001	1,224,470
Electricity Charges	183,568	2,601,029
Telephone & Telex	315,353	1,427,723
Security Services	247,533	493,157
Research & Development	37,164	169,978
Insurance Charges	5,030	949,140
Repairs & Maintenance :		
1) Buildings	15,228	59,751
2) Plant & Machinery	25,438	2,201,538
3) Others	1,157,762	973,034
Printing & Stationery	107,961	507,249
Postage & Telegram	80,557	322,719
Books & Periodicals	11,637	34,632
Consultancy Fees	641,293	1,055,693
Donation & Subscription	30,184	200,962
Legal Expenses	426,103	707,499
Rates & Taxes	19,378	156,901
Bank Charges	78,897	301,810
Brokerage & Commission	50,500	29,708
General Expenses	335,221	1,310,214
Directors' Fees	8,250	10,500
Auditors' Remuneration	107,750	85,000
Internal Auditors' Fees & Expenses	28,252	122,496
Loss on Sale of Fixed Assets / Investments	—	95,415
Sales Tax	274,590	—
Public Issue Expenses Written Off	941,393	941,393
	<u>11,001,129</u>	<u>29,106,400</u>

21. Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the 15 months period ended 31st March, 1997**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.

FIXED ASSETS

Fixed Assets are stated at cost or revalued figures 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 procedure of writing off all Public Issue expenses including brokerage and under writing cost of 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 of which is calculated by reducing estimated rate of contribution from sales price.

RETIREMENT BENEFIT

Gratuity is accounted for on accrual 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 results for the year or on Net Current Assets.

INCOME FROM INTEREST

This is netted off against interest paid on borrowings.

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the 15 months period ended 31st March, 1997 (Contd.)

	01.01.96 to 31.03.97 (15 months)	01.10.94 to 31.12.95 (15 months)
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	40.63 Lakhs	42.38 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	Rs.	Rs.
Salary	630,000	525,000
Value of Perquisites	135,379	145,406
	<u>765,379</u>	<u>670,406</u>

	01.01.96 to 31.03.97 (15 monhs)		01.10.94 to 31.12.95 (15 monhs)	
	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	1,754,082	12.11	2,349,811
Other Miscellaneous Items	—	—	—	8,464,020
	<u>28.09</u>	<u>1,754,082</u>	<u>12.11</u>	<u>10,813,831</u>
b) Purchases of Goods Traded in				
Dyes & Chemicals	97.60	4,903,798	500.78	52,321,429
Other Miscellaneous Items	—	44,801,471	—	34,564,276
	<u>97.60</u>	<u>49,705,269</u>	<u>500.78</u>	<u>86,885,705</u>

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the 15 months period ended 31st March, 1997. (Contd.)

	01.01.96 to 31.03.97 (15 months)		01.10.94 to 31.12.95 (15 months)	
	Qty. M.T.	Value Rs.	Qty. M.T.	Value Rs.
c) Sales of Goods Traded in				
Dyes & Chemicals	125.69	7,443,128	484.80	57,226,763
Other Miscellaneous Items	—	40,536,767	—	41,538,410
	<u>125.69</u>	<u>47,979,895</u>	<u>484.80</u>	<u>98,765,173</u>
d) Closing Stock of Goods Traded in				
Dyes & Chemicals	—	—	28.09	1,754,082
Other Miscellaneous Items	—	4,820,715	—	—
	<u>—</u>	<u>4,820,715</u>	<u>28.09</u>	<u>1,754,082</u>

(II) MANUFACTURING :

	01.01.96 to 31.03.97 (15 months)		01.10.94 to 31.12.95 (15 months)	
	Licenced Capacity	Installed Capacity	Licenced Capacity	Installed Capacity
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	10,000 MT	6000 MT
Polyurethane Soles	NA	13.82 Lakh Pairs	NA	13.82 Lakh Pairs
TPR/PVC	NA	10.00 Lakh Pairs	NA	10.0 Lakh Pairs
Injection Moulded Components	NA	70 MT	NA	70 MT

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the 15 months period ended 31st March, 1997. (Contd.)

	01.01.96 to 31.03.97 (15 months)		01.10.94 to 31.12.95 (15 months)	
	Qty. M.T.	Value Rs.	Qty. M.T.	Value Rs.
b) Actual Production				
Dyes & Chemicals	—	—	—	—
Sodium Nitrite/Nitrate & Allied Products	84.43	—	2,494.58	—
Polyurethane Soles	694 Pairs	—	60,106 Pairs	—
PVC/TPR Soles	162,716 Pairs	—	195,000 Pairs	—
c) Opening Stock of Finished Goods				
Dyes & Chemicals	—	—	64.81	3,521,351
Sodium Nitrite/Nitrate & Allied Products	27.06	345,468	86.85	1,519,875
Polyurethane Soles	34,698 Pairs	1,387,920	2,685 Pairs	131,040
Injection Moulded Components	—	—	0.010	600
		<u>1,733,388</u>		<u>5,172,866</u>
d) Closing Stock of Finished Goods				
Dyes & Chemicals	—	—	—	—
Sodium Nitrite/Nitrate & Allied Products	—	—	27.06	345,468
Polyurethane Soles	30,418 Pairs	1,216,720	34,698 Pairs	1,387,920
Injection Moulded Components	—	—	0.010	—
TPR/PVC Soles	—	—	—	—
		<u>1,216,720</u>		<u>1,733,388</u>
e) Sale of Finished Goods				
Dyes & Chemicals	—	—	64.81	7,650,302
Sodium Nitrite/Nitrate & Allied Products	111.49	1,420,021	2,554.38	43,591,090
Polyurethane Soles	4,974 Pairs	198,960	28,093 Pairs	2,066,120
TPR/PVC Soles	162,716 Pairs	9,182,838	195,000 Pairs	14,357,322
Job Work	—	3,265,559	Nil	2,089,580
		<u>14,067,378</u>		<u>69,754,414</u>

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the 15 months period ended 31st March, 1997. (Contd.)

	01.01.96 to 31.03.97 (15 months)		01.10.94 to 31.12.95 (15 months)	
	Qty. M.T.	Value Rs.	Qty. M.T.	Value Rs.
f) Consumption of Raw Materials				
Solvents	—	—	—	—
Organic Components	—	—	—	—
Ammonia/Soda Ash	90.67	798,575	3,367.09	27,202,689
Polyurethane/Polypropylene	14.26	1,539,858	109.42	5,532,737
TPR/PVC Soles	77.60	6,054,915	104.29	10,283,528
Miscellaneous Items	—	—	—	—
		<u>8,393,348</u>		<u>43,018,954</u>
(II) Value of Raw Materials Consumed	<u>Rs.</u>	<u>%</u>	<u>Rs.</u>	<u>%</u>
Imported	3,764,906	44.85%	9,710,179	22.57%
Indigenous	4,628,442	55.15%	33,308,775	77.43%
	<u>8,393,348</u>	<u>100%</u>	<u>43,018,954</u>	<u>100%</u>
(III) Value of Stores & Spares Consumed				
Imported	96,323	26.11%	571,887	35.66%
Indigenous	272,589	73.89%	1,031,748	64.34%
	<u>368,912</u>	<u>100%</u>	<u>1,603,635</u>	<u>100%</u>
(IV) Value of Imports on C.I.F. basis				
Raw Materials	3,198,418			9,785,770
Capital Goods	—			607,832
	<u>3,198,418</u>			<u>10,393,602</u>
(V) Expenditure in Foreign Currency				
Travelling	41,980			16,560
	<u>41,980</u>			<u>16,560</u>

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the 15 months period ended 31st March, 1997. (Contd.)

	01.01.96 to 31.03.97 (15 months)	01.10.94 to 31.12.95 (15 months)
4. Details of Auditor's Remuneration		
a) Statutory Audit Fees	75,000	75,000
b) In other Capacity in respect of		
Company Law Matters	--	--
Management Services	--	--
Certificates	--	--
Tax Matters	--	--
Tax Audit	10,000	10,000
Other Matters	22,750	--
	<u>107,750</u>	<u>85,000</u>
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	Nil	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 for 15 months on the revalued portion of the Fixed Assets amounting to Rs.1,17,490/- (previous period Rs.1,17,490/-) has been transferred from Capital Reserve to Profit & Loss Account.		
c) Depreciation on Walajapet plant from 1.10.94 to 31.12.95 amounting to Rs.4,00,556/- has not been accounted for in the accounts of the 15 months period ended 31st December, 1995 due to suspension of operation of Walajapet plant during the same period.		
d) Depreciation on Sonil Division from 1.4.1993 to 31.8.1994 amounting to Rs.34,50,232/- has not been accounted for in the accounts of the 18 months period ended 30th September, 1994 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, Madras to this effect.		
9. Sundry Creditors include an amount of Rs.1,50,55,458/- 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 has 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 litigations. The total claim against this Company by the Sundry Creditors after adjustment of Security Deposit is Rs.290 lakhs which has not been admitted by the Company. The company also has certain counter claims exceeding Rs.300 lakhs 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 the Division Bench of the Calcutta High Court passed an order relegating the 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 lakhs. The Company has since furnished the said guarantee.

Notes on Accounts and Accounting Policies annexed to and forming part of the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the 15 months period ended 31st March, 1997.

10. According to the accounting policy of the Company, interest income of Rs.5,37,378/- is netted off with interest charged to Profit & Loss A/c.
11. The provision for Income Tax amounting to Rs.56 lakhs has been netted off with the amount of Advance Income tax paid upto the accounting year ended 31st March,1992.
12. As the 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.
13. Figures of previous year have been regrouped/rearranged wherever necessary.
14. Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details :

Registration No.	28902
State Code	21
Balance Sheet Date	31st March, 1997

II. Capital raised during the year :

(Rs. in Lakhs)

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

III. Position of mobilisation and deployment of funds :

Total Liabilities	4194.08
Total Assets	4194.08

SOURCES OF FUNDS :

Paid up Capital	517.85
Reserves & Surplus	577.92
Secured Loans	2162.22
Unsecured Loans	38.70

APPLICATION OF FUNDS :

Net Fixed Assets	1290.25
Investments	4.21
Net Current Assets	262.49
Miscellaneous Expenditure	15.55
Accumulated Losses	1724.20

IV. Performance of Company :

(Rs. in Lakhs)

Turnover	775.40
Total Expenditure	1232.95
Profit & Loss before tax	559.75
Profit / (Loss) after tax	559.75
Earning per Share (Rs.)	—
Dividend Rate	—

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

a) Item Code No.	640620.00
Product Description	Footwear Parts-Soles

For and on the behalf of the Board

B. D. BHAIYA Managing Director

R. K. MAHESHWARI Director

11th August, 1997.

CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS PERIOD ENDED 31ST MARCH, 1997
FIFTEEN MONTHS PERIOD JANUARY, 1996 TO MARCH, 1997

	1996-97 (15 months) (Rs. / Lakhs)	1994-95 (15 months) (Rs. / Lakhs)
A. Cash Flow from Operating Activities		
Net Profit/(Net Loss) before tax and extraordinary items	(559.74)	(828.84)
Adjustment for		
Depreciation	99.69	86.88
Profit on Sale of Investments/Dividend Income	—	—
Interest Income	(5.38)	(26.81)
Interest Expenses	531.74	431.35
Doubtful Debts & Advances written off	2.51	191.33
Operating Profit before Working Capital Changes	68.82	(146.09)
Adjustment for		
Trade & Other Receivables	98.59	281.94
Inventories	(2.29)	100.40
Trade Payables	(42.46)	(7.58)
Cash generated from operations	122.66	228.67
Interest Paid	(166.26)	(181.40)
Cash flow before extraordinary items	(43.60)	47.27
Extra Ordinary Items (Public Issue Expenses Written Off)	9.42	9.42
Net Cash from Operating Activities	(34.18)	56.69
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1.57)	(163.26)
Sale of Fixed Assets	—	—
Purchase of Investments	(1.00)	—
Sale of Investments	—	1.95
Decrease in Loans Granted	15.88	71.86
Interest Income	5.38	26.81
Dividend Income	—	—
Net Cash used in Investing Activities	18.69	(62.64)
C. Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	—	—
Proceeds from Long Term Borrowings	2.48	—
Repayment of Long Term Borrowings	(0.50)	(8.00)
Increase in Short Term Loans	(18.98)	24.21
Dividends Paid	—	—
Net Cash used in Financing Activities	(17.00)	16.21
Net increase in Cash and Cash Equivalents (A + B + C)	(32.49)	10.26
Opening Balance of Cash and Cash Equivalents	49.13	38.87
Closing Balance of Cash and Cash Equivalents	16.64	49.13

For and on behalf of the Board

Calcutta

Dated : 11th August, 1997.

B D Bhaiya
Managing Director**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, 1997 and found the same in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 11th August, 1997.

Certified True Copy

Calcutta

Dated : 11th August, 1997.

For Chemcrown (India) Ltd.

For L. B. Jha & Co.,
Chartered AccountantsT. 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 FRIDAY,
the 19th September, 1997 and at any adjournment thereof.

Signed this day of 1997.

Signature

Affix
30 Paise
Revenue
Stamp

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 19th September, 1997

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 FRIDAY the 19th September, 1997.

(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.

BOOK-POST



If undelivered, please return to :
CHEMCROWN (INDIA) LTD.
95 PARK STREET
CALCUTTA-700 016

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