

GUNJANT DESAI

B. Com., F.C.A.

ADAY MEHTA

B. Com., F.C.A.

B. G. DESAI & CO.

CHARTERED ACCOUNTANTS

212A, SHYAM KAMAL B WING, 2ND FLOOR, AGARWAL MARKET, VILE PARLE (E), MUMBAI - 400 057.

☎ : 2615 5543 / 2614 4190 • FAX : 2614 4195 • E-MAIL : bgdesai@vsnl.com

**Auditors Report to the Members of
CHEMIESYNTH (VAPI) LIMITED**

We have audited the attached Balance Sheet of **CHEMIESYNTH (VAPI) LIMITED**, as at 31st March, 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
2. 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 ;
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
5. On the basis of written representations received from the Directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2003 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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UDAY MEHTA
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6. *Attention is invited to Note No.1(e) of Schedule 16 in respect of accounting of retirement benefits on cash basis, Note No.1(g) of Schedule 16 in respect of non ascertainment of deferred tax asset/liability, Note No.4 of Schedule 16 for non provision of doubtful debts and Note No. 6 (c) of Schedule 16 in respect of advances in the nature of loans to companies.*

Subject to our observations in above para 6 of this report, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereof give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2003.

A N D

- b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For B. G. DESAI & CO.
Chartered Accountants

(UDAY MEHTA)
PARTNER

MUMBAI
DATED : September 3 ,2003

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UDAY MEHTA

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B. G. DESAI & CO.

CHARTERED ACCOUNTANTS

212A, 'SHYAM KAMAL'S' 'B' WING, 2ND FLOOR, AGARWAL MARKET, VILE PARLE (E), MUMBAI - 400 057.

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ANNEXURE

- (1) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. During the year certain items of Fixed Assets have been physically verified by the management and the program of verification in our opinion, is reasonable having regard to size of the Company and the nature of Fixed Assets. We have been informed that no material discrepancies were noticed on such verification as compared to book records. *As informed to us, the fixed assets of one unit of the company, subject to disposal, have not been covered under the physical verification programme.*
- (2) None of the fixed assets have been revalued during the year under review.
- (3)
 - a. The stocks of finished goods, raw materials and spares have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The discrepancies noticed on verification between physical stocks and the book records were not material.
 - d. In our opinion, the valuation of stock, is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (4) In our opinion, the terms and conditions on which loans have been taken from other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company.

VANT DESAI

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UDAY MEHTA

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CHARTERED ACCOUNTANTS

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- (5) *The Company has granted advances in the nature of loans to Companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956 and advances in the nature of loans to private limited companies, where recoveries are not made. (Refer Note No. 6(c) of Schedule 16 to the Accounts).*
- (6) Interest free loans or advances in the nature of loans have been given to employees of the company which are being repaid as stipulated or as rescheduled.
- (7) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business of the purchases of stores, raw materials, plant and machinery and other assets and for sale of goods.
- (8) In our opinion and according to information and explanations given to us, the transactions of purchase of goods and materials and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or prices at which similar transactions have been made with other parties.
- (9) According to the explanations given to us, the Company has regular procedure for determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- (10) The Company has not accepted any deposits from the public *except short term loans from friends and associates*. As informed to us the same are not covered under the provisions of Section 58A of the Companies Act, 1956.
- (11) According to the information and explanations given to us, no separate record for the sale and disposal of by-products and scrap is maintained as in the manufacturing activities of the company, no major by-products or significant scrap are obtained.
- (12) The company does not have a formal internal audit system.
- (13) Provisions of section 209(1)(d) of the Companies Act 1956, regarding maintenance of cost records do not apply to the Company during the year under review.

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- (14) According to the records of the Company, Provident Fund and Employees State Insurance dues have been generally regularly deposited with appropriate authorities.
- (15) According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as on 31st March, 2003 for a period of more than six months from the date they became payable.
- (16) According to the information and explanations given to us, no personal expenses of directors and employees have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (17) The Company is not a sick industrial company within the meaning of Clause (o) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (18) In respect of trading activities, we are informed that provision for loss on account of damaged goods, if any, have been made in the accounts.

For B. G. DESAI & CO.
Chartered Accountants


(UDAY MEHTA)
PARTNER

MUMBAI
DATED : September 3, 2003

CHEMIESYNTH (VAPI) LTD.**BALANCE SHEET AS AT 31ST MARCH 2003**

PARTICULARS	SCHEDULE	AS AT	
		31.3.2003	31.3.2002
		RS.	RS.
SOURCE OF FUNDS			
1 SHARE HOLDER'S FUNDS:			
a.Share Capital	1	26,700,000	26,700,000
b.Reserve & Surplus	2	<u>6,472,081</u>	<u>6,508,481</u>
		33,172,081	33,208,481
2 LOAN FUNDS:			
a.Secured Loans	3	12,648,256	18,656,400
b.Deferred Credits	4	184,841	334,041
c.Unsecured Loans	5	<u>5,330,316</u>	<u>6,220,200</u>
		18,163,413	25,211,507
TOTAL.....		<u>51,335,494</u>	<u>58,418,058</u>
APPLICATION OF FUNDS			
1 FIXED ASSETS.			
a.Gross Block	6	98,169,547	97,555,114
b.Less : Depreciation		<u>57,226,703</u>	<u>52,865,348</u>
		40,942,844	44,689,771
2 CURRENT ASSETS, LOANS & ADVANCES			
Less:-CURRENT LIABILITIES & PROVISIONS	7	29,520,171	45,528,449
	8	<u>38,326,651</u>	<u>50,063,495</u>
		(8,806,480)	(4,525,046)
3 MISCELLANEOUS EXPENDITURE			
(To the extent not written off or Adjusted)	9	529,706	794,570
PROFIT AND LOSS ACCOUNT		18,669,423	17,458,763
TOTAL.....		<u>51,335,494</u>	<u>58,418,058</u>
NOTES TO ACCOUNTS	16		

FOR CHEMIESYNTH (VAPI) LIMITED

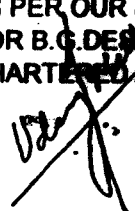


(DIRECTOR)



(DIRECTOR)

 AS PER OUR REPORT OF EVEN DATE
 FOR B.G. DESAI & CO.
 CHARTERED ACCOUNTANTS



UDAY MEHTA
 PARTNER
 PLACE:MUMBAI
 DATE: September 3, 2003

CHEMIESYNTH (VAPI) LTD**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2003**

PARTICULARS	SCHEDULE	AS AT	
		31.3.2003	31.3.2002
		RS	RS
1 INCOME			
Sales & Other Income	10	44,082,752	52,246,873
Variation in Stock	11	(1,058,853)	(1,833,603)
		<u>43,023,900</u>	<u>50,413,270</u>
2 EXPENSES			
Manufacturing Expenses & Other Expenses	12	21,244,595	28,375,670
Employee's Emoluments	13	6,690,979	7,026,136
Other Expenses	14	7,245,995	7,731,540
Interest & Financial Charges	15	4,726,011	5,024,927
		<u>39,907,580</u>	<u>48,158,273</u>
3 PROFIT BEFORE DEPRECIATION		<u>3,116,320</u>	<u>2,254,997</u>
4 LESS:DEPRECIATION		<u>4,326,980</u>	<u>4,169,597</u>
5 PROFIT AFTER DEPRECIATION		(1,210,660)	(1,914,600)
6 PROFIT AFTER TAXATION		<u>(1,210,660)</u>	<u>(1,914,600)</u>
BALANCE BROUGHT FORWARD		<u>(17,458,763)</u>	<u>(15,544,163)</u>
		<u>(18,669,423)</u>	<u>(17,458,763)</u>
TARNFERED TO GENERAL RESERVE		0	0
BALANCE CARRIED TO BALANCE SHEET		<u>(18,669,423)</u>	<u>(17,458,763)</u>
		<u>(18,669,423)</u>	<u>(17,458,763)</u>

NOTES TO ACCOUNTS

16

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
FOR B.G. DESAI & CO.
CHARTERED ACCOUNTANTS
(DIRECTOR)
(DIRECTOR)
UDAY MEHTA
PARTNER
PLACE: MUMBAI

DATE: September 3, 2003

CHEMIESYNTH (VAPI) LTD

**SCHEDULES 1 TO 16 ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT
31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

PARTICULARS	AS AT 31.3.2003	AS AT 31.3.2002
<u>SCHEDULE:-1 SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
30,00,000 Equity Shares of Rs. 10/- each	30,000,000	30,000,000
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
26,70,000 Equity shares of Rs. 10/- each fully paid up	26,700,000	26,700,000
	<u>26,700,000</u>	<u>26,700,000</u>
<p>Note : Out of above 21,07,500 Equity Shares of Rs. 10/- each have been allotted as fully paid up bonus shares by way of capitalisation of General Reserves and Share Premium Account . 1,47,000 Equity Shares of Rs 10/- each have been allotted as fully paid up, pursuant to a contract without payment being received in cash</p>		
<u>SCHEDULE:-2 RESERVE & SURPLUS</u>		
Cash Subsidy	1,156,929	1,156,929
<u>Revaluation Reserve</u>		
Balance as per last Balance Sheet	4,699,532	4,733,912
Less: Recopued during the year (Refer Note 3)	<u>34,380</u>	<u>34,380</u>
	4,665,152	4,699,532
<u>Share Premium Account</u>		
Balance as per last Balance Sheet	650,000	650,000
	<u>6,472,081</u>	<u>6,506,461</u>
<u>SCHEDULE:-3 SECURED LOANS</u>		
Working Capital Loans from Bank	12,648,256	18,656,466
	<u>12,648,256</u>	<u>18,656,466</u>
<p><u>Note :</u> Working Capital Loans is secured by hypothecation of Inventory and Book Debts and guaranteed by some of the Directors of the Company .</p>		
<u>SCHEDULE:-4 DEFERRED CREDITS</u>		
Interest free Loan from Government of Gujarat, Sales Tax Deferment	184,841	334,841
	<u>184,841</u>	<u>334,841</u>
<u>SCHEDULE:-5 UNSECURED LOANS</u>		
1 Fixed Deposits	675,759	524,000
2 From Directors	155,816	155,816
3 From Others	4,498,741	5,540,474
	<u>5,330,316</u>	<u>6,220,290</u>

CHEMIESYNTH (VAPI) LTD.

SCHEDULE: -6 FIXED ASSETS

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		AS AT 1.4.2002 Rs.	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.3.2003 RS.	UP TO 31.3.2002 Rs.	ADJUSTMENT DURING THE YEAR	DURING THE YEAR	UP TO 31.3.2003 Rs.	AS AT 31.3.2003 Rs.	AS AT 31.3.2002 Rs.
1	Goodwill	450,000	0	0	450,000	0	0	0	0	450,000	450,000
2	Leasehold Land	4,291,869	0	0	4,291,869	0	0	0	0	4,291,869	4,291,869
3	Buildings	11,952,534	49,275	0	12,001,809	3,210,361	34,380	360,123	3,604,864	8,396,945	8,742,173
4	Plant & Machinery	78,448,202	182,087	0	78,630,289	46,358,476	0	3,661,299	50,000,774	28,629,615	30,000,728
5	Laboratory Equipments	300,780	0	0	300,780	284,389	0	14,287	290,698	2,124	18,411
6	Furniture & Fixture	1,367,562	0	0	1,367,562	820,215	0	88,567	1,006,782	360,780	447,347
7	Office Equipment	817,353	8,000	0	825,353	399,936	0	38,888	438,824	386,529	417,417
8	Vehicles	1,480,801	357,771	0	1,838,572	1,389,834	0	152,919	1,542,753	275,619	70,767
9	Computers	138,900	17,300	0	156,200	74,970	0	7,256	82,226	71,974	61,930
10	Refrigerator	3,975	0	0	3,975	2,514	0	189	2,703	1,272	1,461
11	Airconditioner	325,338	0	0	325,338	224,668	0	15,454	240,122	85,216	100,670
	TOTAL Rs.	97,555,114	614,433	0	98,169,547	52,865,343	34,380	4,326,660	57,226,703	40,942,844	44,689,771
	PREVIOUS YEAR TOTAL Rs.	92,124,435	5,430,679	0	97,555,114	48,661,366	34,380	4,169,597	52,865,343	44,689,771	43,483,069

PARTICULARS	AS AT 31.3.2003	AS AT 31.3.2002
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SCHEDULE-7 CURRENT ASSETS, LOANS & ADVANCES

A CURRENT ASSETS

1 Inventories

(As verified, valued and certified by Directors)

Raw Materials	2,039,578	1,837,740
Work in process	226,124	998,000
Finished goods	507,096	794,072
Stores	72,300	87,500
Fuel	94,164	63,075
Packing Materials	0	1,450
	2,939,262	3,781,837

2 SUNDRY DEBTORS

(Unsecured, considered good)

Outstanding for more than six months	2,846,215	2,710,729
Others	755,909	10,562,183
	3,602,124	13,272,912

3 CASH & BANK BALANCE

i) Cash on hand	861,267	668,431
ii) <u>Balance with Scheduled Banks</u>		
a) In Current Account	138,011	36,800
b) Fixed Deposits	224,186	282,000
	1,223,464	987,231

B LOAN & ADVANCES

Advances recoverable in cash or in kind or for value to be received (Unsecured-considered good)

Deposits	20,948,162	25,784,448
Advance Income Tax(Net of Provisions)	618,480	1,618,480
	188,678	83,541
	21,755,320	27,486,469
	29,520,171	45,528,449

SCHEDULE:- 8 CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	17,130,021	29,836,524
Advance from Others	11,119,370	10,019,370
Advance from customers	8,393,636	5,840,701
Bills Payable	-	346,864
Other liabilities	1,683,624	4,010,036
	38,326,651	50,053,495
	38,326,651	50,053,495

SCHEDULE :- 9 MISCELLANEOUS EXPENDITURE

Preliminary Expenditure	40,211	60,323
Public Issue Expenditure	489,495	734,247
	529,706	794,570

PARTICULARS	AS AT	AS AT
	31.3.2003	31.3.2002

SCHEDULE:-10 SALES & OTHER INCOME

1 Sales & Processing Charges received	42,855,912	50,848,992
2 Other Income	1,228,840	1,397,881
	<u>44,082,752</u>	<u>52,246,873</u>

SCHEDULE:-11 VARIATION IN STOCK

PARTICULARS	AS AT	AS AT
	31.3.2003	31.3.2002

1 Finished Goods		
Opening Stock	794,072	588,914
Less : Closing Stock	<u>507,098</u>	<u>794,072</u>
	(286,977)	205,158
2 Work in Process		
Opening Stock	998,000	3,036,761
Less : Closing Stock	<u>226,124</u>	<u>998,000</u>
	(771,876)	(2,038,761)
Variation in Stock	<u>(1,058,853)</u>	<u>(1,833,603)</u>

SCHEDULE:-12 MANUFACTURING EXPENSES

1 Raw material consumption		
Opening stock	1,837,740	1,637,960
Purchases during the year	<u>17,481,304</u>	<u>23,809,781</u>
	19,299,044	25,447,741
Less:-Closing stock	<u>2,039,578</u>	<u>1,837,740</u>
	17,259,466	23,610,001
Less:-Modvat credit	<u>1,779,474</u>	<u>2,278,187</u>
	15,479,991	21,333,814
2 Stores consumed	729,890	1,031,480
3 Power & Fuel	4,734,134	5,637,898
4 Packing Materials consumed	225,212	288,140
5 Laboratory Expenses	<u>75,388</u>	<u>84,358</u>
	<u>21,244,595</u>	<u>28,375,670</u>

SCHEDULE:-13 EMPLOYEE'S EMOLUMENTS

1 Salary, Wages & Bonus	5,990,732	6,391,378
2 Contribution to PF/PPF & other fund	508,043	448,373
3 Staff welfare	<u>191,204</u>	<u>188,385</u>
	<u>6,690,979</u>	<u>7,028,136</u>

PARTICULARS	AS AT	AS AT
	31.3.2003	31.3.2002

SCHEDULE:-14 OTHER EXPENSES

1 Clearing & Forwarding	618,128	665,632
2 Carriage	821,652	572,947
3 Insurance charges	28,840	60,589
4 Rates & Taxes	115,568	101,186
5 Auditor's Remuneration	25,000	25,000
6 Bad Debts	1,626,602	1,341,518
7 Prior Period Expenses- Bad Advances Written Off	989,892	1,630,714
8 Repairs & Maintenance		
For Machinery	682,148	1,040,548
For Blding	39,830	-
For Others	<u>15,515</u>	<u>21,603</u>
	737,493	1,062,151
9 Preliminary and Share Issue Expenses	264,864	264,864
11 Miscellaneous expenses	2,017,956	2,006,941
	<u>7,245,995</u>	<u>7,731,540</u>

SCHEDULE:-15 INTEREST & FINANCIAL CHARGES

1 INTEREST PAID	4,534,592	4,719,072
LESS : INTEREST RECEIVED	<u>16,512</u>	<u>0</u>
	4,518,080	4,719,072
BANK CHARGES	<u>207,931</u>	<u>305,855</u>
	<u>4,726,011</u>	<u>5,024,927</u>

CHEMIESYNTH (VAPI) LIMITED**SCHEDULE '16' NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2003****1 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.

a) METHOD OF ACCOUNTING

The Company follows the accrual system of accounting and recognises Income and Expenditure on accrual basis except Insurance Claim or Refund, Octroi Duty Refund, Sales Tax Refund etc on receipt basis and Insurance Premium, Rates & Taxes, Sales Tax Due on Assessment, arrears of salary/wages & bonus etc on payment basis.

b) FIXED ASSETS

1. Tangible assets are stated at cost, adjusted by revaluation at current replacement values wherever applicable.
2. The company has provided depreciation on all fixed assets as per the new rates (SLM Method) specified in Schedule XIV to the Companies Act, 1956 vide notification No 756(E) dated 16.12.1993 issued by the Department of Company affairs
3. The Company has provided depreciation on revalued amounts of fixed assets as per the old rates (SLM Method) specified in schedule XIV to the Companies Act, 1956 and same is recouped from Revaluation Reserve.
4. The Company has provided depreciation on additions to assets during the year on prorata basis as required under the Companies Act, 1956.
5. The Company has provided for depreciation for the full year on assets held for disposal subject to final agreement for sale.

c) INVENTORIES

Raw Materials are valued at cost, Work-in-process is valued at estimated cost, Finished Goods are valued at estimated cost or market value whichever ever is lower and Packing Materials, Fuel & Stores & Spares are valued at cost.

d) EXCISE DUTY

Excise duty is accounted as and when the same is paid on the dispatch of the goods from factory. No provision is made for excise duty in respect of finished products lying in the factory, as the same has no impact on the profit of the year.

e) RETIREMENT BENEFITS

Retirement benefits such as Gratuity, Leave encashment are accounted on cash basis.

f) PURCHASE AND SALE

Purchase of raw materials include processing charges paid and is net of resale of raw material. Sales include job charges received.

g) DEFERRED TAXES

The Company has not computed the amount of Deferred Tax Asset/Liability as at the beginning of the year and for the year.

- 2 Contingent Liabilities not provided for in respect of :
Letter of Guarantees issued by the Bank Rs. 12,03,781/- (Rs. 25,91,730/-)
- 3 A revaluation of Lease hold land, Buildings & Plant & Machinery carried out by an approved valuer as at 31st March, 1992 and 1st April, 1992 has resulted in increase in the gross value of assets over original cost by Rs 142.05 lacs(Lease hold Land Rs 40.17 lacs, Buildings Rs 28.07 Lacs and Plant & machinery Rs 73.81 Lacs) and same is credited to Revaluation Reserve. Revaluation Reserve in respect of assets sold is recouped.

The depreciation provided during the year includes Rs. 0.34 Lacs on the increased gross value of Buildings arising on revaluation and the same is recouped from Revaluation Reserve.

- 4 The Company has not provided for Rs.10.08 Lacs in respect of Bad & Doubtful Debts as the company has taken necessary steps to recover such amounts.

	2002-2003	2001-2002
5 Sundry Debtors include dues from :		
(a) Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956	1,837,575	7,336,671

6 Loans & Advances includes due from :		
(a) Firm in which relatives of Directors are partners.	0	1,124,200
(b) Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956	4,602,205	4,597,205

(C) The Company has given advances in the nature of loans to private limited companies, which are under same management within the meaning of Section 370(1B) of Companies Act, 1956 as per (b) above which are not within the provisions of the Companies Act, 1956 and to private limited companies amounting to Rs. 1,27,11,184/- (Rs.1,27,11,184/-) which are not within the provisions of the Companies Act, 1956 and are doubtful of recovery. The Company has not made provision for the amounts of Doubtful Advances.

- 7 The Balances of Debtors, Creditors & Loans & Advances are subject to confirmations.

8 Payment to Auditors :

	<u>Amount Rs.</u>	
	<u>Current Yr.</u>	<u>Previous Yr.</u>
a) For Statutory Audit Fees	20,000	20,000
b) For Tax Audit Fees	5,000	5,000
	<u>25,000</u>	<u>25,000</u>

9 **Details of Raw Material Consumption :**

(A) NAME OF PRODUCT	UNIT	QUANTITY	AMOUNT
1.ACE NAPHTHENE		8,050	353,893
		(31,650)	(3,500,280)
2.SODIUM BI CHROMATE		29,900	1,249,584
		(123,500)	(5,718,571)
3.NN DEMAP		5,200	2,178,730
		(2,550)	(508,773)
4.RHODAMINE 6 GDN		3,250	2,513,232
		(750)	(781,904)
5.OTHER			10,984,027
			(13,100,473)
			<u>17,288,488</u>
			<u>(23,610,001)</u>

(B) VALUES & PERCENTAGE OF IMPORTED AND INDIGENOUS RAW MATERIAL CONSUMPTION

	Value Rs.	Percentage
1. Imported	2,985,565	17.30%
	(4,318,207)	(18.29)%
2. Indigenous	14,273,901	82.70%
	(18,291,794)	(81.71)%
	<u>17,259,485</u>	<u>100%</u>
	<u>(23,610,001)</u>	<u>(100)%</u>

(C) LICENCED AND INSTALLED CAPACITY, PRODUCTION, STOCKS & TURNOVER

ITEMS	LICENCED CAPACITY	INSTALLED CAPACITY	PRODUCTION	OPENING STOCK		CLOSING STOCK		TURNOVER**	
				QTY	VALUE	QTY	VALUE	QTY	VALUE
1.DEMAP ALDEHYDE			22,582	-	-	-	-	22,582	12,929,402
			(1,877)	-	-	-	-	(1,877)	(2,000,860)
2.SPRIT SOLUBLE RED			4,140	20	28,000	180	180,000	4,000	8,978,918
			(650)	-	-	(20)	(28,000)	(800)	(918,878)
3.PNOT			102,032	3,285	383,638	5	588	108,292	9,395,870
			(93,568)	-	-	(3,285)	(383,638)	(80,203)	(8,488,758)
4.4SNA			7,497	-	-	18	14,400	7,481	8,739,134
			(32,878)	(492)	(332,935)	-	-	(33,370)	(38,392,108)
5.OTHERS					382,434		332,108		8,388,890
					(255,979)		(382,434)		(8,388,890)
					<u>784,072</u>		<u>507,096</u>		<u>42,855,912</u>
					<u>(588,914)</u>		<u>(794,872)</u>		<u>(80,848,992)</u>

* Job Work carried out for other parties is included in quantities of production.

** Value of Turnover includes Processing Charges received for Job Work carried out for other parties.

Installed capacity is certified by director. This production capacity is utilised for job production of other parties also. This being a technical matter, is certified by a director.

10 C.I.F Value of Imports	2,547,930
	(4,231,641)

11 Earning in Foreign Currency :

1. Export at FOB Value	9,670,937
(Direct Export by Company)	(14,165,960)

12 Figures in brackets are in respect of previous year. Figures of previous year have been restated, regrouped and rearranged wherever necessary.

CHEMIESYNTH (VAPI) LIMITED**13 Balance Sheet abstract and Company's general business profile****I Registration Details.**

Register No. 8634 State Code 04

Balance Sheet Date 31.03.2003

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue Nil Right Issue Nil

Bonus Issue Nil Private Placement Nil

III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities 51,335 Total Assets 51,335

SOURCE OF FUNDS:

Paid up Capital 26,700 Reserve & Surplus 6,472 51,335

Secured Loans 12,648 Unsecured Loans 5,330

Deffered Credits 185

APPLICATION OF FUNDS

Net fixed Assets 40,943 Investment 0

Net Current Assets (8,806) Misc. Expenditure 529

Accumulated Losses 18,669

IV Performance of the Company (Amount in Rs. Thousands)


Turnover 44,083 Total Expenditure 45,293

Profit Before Tax (1,211) Profit after Tax (1,211)

Earning per Share Rs. 0.00 Dividend -

Signature to Schedules ' 1 to 16 '

FOR CHEMIESYNTH (VAPI) LIMITED

 (DIRECTOR) (DIRECTOR)FOR B.G.DESAI & CO.
CHARTERED ACCOUNTANTS
UDAY I MEHTA
PARTNER
PLACE: MUMBAI
DATE:- September 2, 2003

**M/S CHEMIESYNTH (VAPI) LTD
PLOT 27, 1 ST PHASE
GIDC, VAPI
GUJARAT 396195**

**ACCOUNTING YEAR : 2002-2003
ASSESSMENT YEAR : 2003-2004**

**ANNEXURE I
CLAUSE : 11(a) & (b)**

The Company follows mercantile system of accounting except for following items which are accounted on cash basis

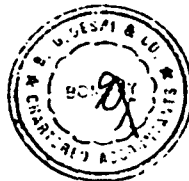
(A) Income Items

- (i) Octroi Duty Refund**
- (ii) Sales Tax set off or Refund**
- (iii) Insurance Claim or Refund**

(B) Expenditure Items

- (i) Insurance Premium**
- (ii) Sales Tax Due on Assessment**
- (iii) Rates & Taxes**
- (iv) Gratuity**
- (v) Arrears of salary, wages & Bonus**
- (vi) Overdue Interest on Bill Discounting**

There is no change in the method of accounting employed from the method of accounting employed in the immediately preceding previous year.



**M/S CHEMIESYNTH (VAPI) LTD
PLOT 27, 1ST PHASE
CIDC, VAPI
GUJARAT 396195**

**ACCOUNTING YEAR : 2002-2003
ASSESSMENT YEAR : 2003-2004**

**ANNEXURE II
CLAUSE : 12 (a) & (b)**

**1. Raw Materials :
At Cost or Market Value which ever is lower**

**2. Finished Goods :
At Estimated Cost or Market Value which ever is lower.**

**3. Work In Process :
At Estimated Cost**

**4. Fuel :
At Cost**

**5. Packing Material :
At Cost**

**6. Stores & Spares :
At Cost**

As per the information & explanations given to us there is no deviation
the method of valuation prescribed Under Section 145A except that
the stock of raw materials is valued at Cost excluding Modvat Credit
there of being the accounting policy consistently adopted by the company



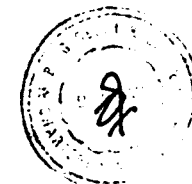
**M/S CHEMIESYNTH (VAPI) LTD
PLOT 27, 1 ST PHASE
GIDC, VAPI
GUJARAT 396195**

**ACCOUNTING YEAR : 2002-2003
ASSESSMENT YEAR : 2003-2004**

**ANNEXURE III
CLAUSE : 14**

DEPRECIATION AS PER INCOME TAX

Particulars	WDV as at 01.04.2002	Additions Before 01.10.2002	Additions After 01.10.2002	Total	Rate (%)	Depreciation	WDV as at 31.03.2003
Factory Building & Furniture Fixture	3,545,957	49,275	8,000	3,603,232	10 5	359,523 400	3,243,309
Computers	39,585	17,300	-	56,885	60	34,131	22,754
Plant & Machinery	9,228,695	83,948	98,139	9,410,782	25 12.5	2,328,161 12,267	7,070,354
Vehicles	180,395	-	357,771	538,166	20 10	36,079 35,777	466,310
	12,994,632	150,523	463,910	13,609,065		2,806,338	10,802,727



M/S CHEMIESYNTH (VAP) LTD
 PLOT 27, 1 ST PHASE
 GIDC, VAPI
 GUJARAT 396195

ACCOUNTING YEAR : 2002-2003
 ASSESSMENT YEAR : 2003-2004

ANNEXURE IV
 CLAUSE : 16 (b)

EMPLOYEE'S CONTRIBUTION TO PF/EPF DEDUCTED AND PAID

MONTH	DATE OF DEDUCTION	DUE DATE FOR PAYMENT	DATE OF PAYMENT	AMOUNT RS.
March 02	07.04.02	15.04.02	17.04.02	28,186
April 02	07.05.02	15.05.02	14.05.02	27,970
May 02	07.06.02	15.06.02	13.06.02	28,201
June 02	07.07.02	15.07.02	18.07.02	26,829
July 02	07.08.02	15.08.02	27.08.02	28,973
Aug 02	07.09.02	15.09.02	24.09.02	29,157
Sept 02	07.10.02	15.10.02	24.10.02	28,053
Oct 02	07.11.02	15.11.02	05.12.02	29,108
Nov 02	07.12.02	15.12.02	27.12.02	27,000
Dec 02	07.01.03	15.01.03	24.01.03	27,633
Jan 03	07.02.03	15.02.03	06.03.03	28,299
Feb 03	07.03.03	15.03.03	26.03.03	26,683
Mar 03	07.04.03	15.04.03	14.05.03	27,623

EMPLOYEE'S CONTRIBUTION TO ESIC

MONTH	DATE OF DEDUCTION	DUE DATE FOR PAYMENT	DATE OF PAYMENT	AMOUNT RS.
March 02	07.04.02	21.04.02	17.04.02	3,818.40
April 02	07.05.02	21.05.02	14.05.02	4,247.35
May 02	07.06.02	21.06.02	13.06.02	4,136.50
June 02	07.07.02	21.07.02	18.07.02	3,844.75
July 02	07.08.02	21.08.02	27.08.02	4,309.50
Aug 02	07.09.02	21.09.02	24.09.02	4,431.25
Sept 02	07.10.02	21.10.02	24.10.02	3,915.40
Oct 02	07.11.02	21.11.02	05.12.02	3,753.10
Nov 02	07.12.02	21.12.02	27.12.02	3,540.30
Dec 02	07.01.03	21.01.03	24.01.03	3,711.35
Jan 03	07.02.03	21.02.03	06.03.03	3,657.95
Feb 03	07.03.03	21.03.03	26.03.03	3,001.45
Mar 03	07.04.03	21.04.03	14.05.03	3,408.40

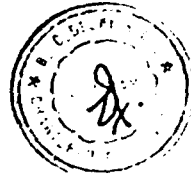


**M/S CHEMIESYNTH (VAPI) LTD
PLOT 27, 1 ST PHASE
GIDC, VAPI
GUJARAT 396195**

**ACCOUNTING YEAR : 2002-2003
ASSESSMENT YEAR : 2003-2004**

**ANNEXURE V
CLAUSE : 17 (b)**

According to information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations in accordance with generally accepted business practice.



**M/S CHEMIESYNTH (VAPI) LTD
PLOT 27, 1 ST PHASE
GIDC, VAPI
GUJARAT 396195**

**ACCOUNTING YEAR : 2002-2003
ASSESSMENT YEAR : 2003-2004**

**ANNEXURE VI
CLAUSE : 18**

Sr No	Name of Payee		
1	Mr S.B.Zaveri		
	Salary	271,212	
	Contribution to PF	<u>9,360</u>	280,572
2	Mrs K.S.Zaveri		
	Salary	263,640	
	Contribution to PF	<u>9,360</u>	273,000
3	Mr Sandeep Zaveri		
	Salary	87,846	
	Contribution to PF	<u>8,712</u>	96,558
4	Purchase from James Robinson India (Pvt) Ltd		1,321,003



M/S CHEMIESYNTH (VAPI) LTD
 PLOT 27, 1 ST PHASE
 GIDC, VAPI
 GUJARAT 396195

ACCOUNTING YEAR : 2002-2003
 ASSESSMENT YEAR : 2003-2004

ANNEXURE VII
 CLAUSE : 21 (B) (B)

PF/EPF DEDUCTED AND PAID

MONTH	DATE OF DEDUCTION	DUE DATE FOR PAYMENT	DATE OF PAYMENT	AMOUNT EMPLOYEES	AMOUNT EMPLOYER	ADMIN CHARGES	TOTAL AMOUNT
March 02	07.04.02	15.04.02.	17.04.02				
April 02	07.05.02	15.05.02	14.05.02	28,186	29,361	2,613	60,160
May 02	07.06.02	15.06.02	13.06.02	27,790	28,948	2,576	59,314
June 02	07.07.02	15.07.02	18.07.02	28,201	29,376	2,613	60,190
July 02	07.08.02	15.08.02	27.08.02	26,829	27,946	2,489	57,264
Aug 02	07.09.02	15.09.02	24.09.02	28,973	30,179	2,686	61,838
Sept 02	07.10.02	15.10.02	24.10.02	29,157	30,372	2,703	62,232
Oct 02	07.11.02	15.11.02	05.12.02	28,053	29,220	2,600	59,873
Nov 02	07.12.02	15.12.02	27.12.02	29,108	30,320	2,695	62,123
Dec 02	07.01.03	15.01.03	24.01.03	27,000	28,125	2,502	57,627
Jan 03	07.02.03	15.02.03	06.03.03	27,663	28,816	2,565	59,044
Feb 03	07.03.03	15.03.03	26.03.03	28,299	29,479	2,624	60,402
Mar 03	07.04.03	15.04.03	14.05.03	26,683	27,794	2,474	56,951
				27,623	28,775	2,561	58,959

ESIC DEDUCTED AND PAID

MONTH	DATE OF DEDUCTION	DUE DATE FOR PAYMENT	DATE OF PAYMENT	AMOUNT EMPLOYEES	AMOUNT EMPLOYER	TOTAL AMOUNT
March 02	07.04.02	21.04.02	17.04.02			
April 02	07.05.02	21.05.02	14.05.02	3,818.40	10,361.60	14,180.00
May 02	07.06.02	21.06.02	13.06.02	4,247.35	10,502.65	14,750.00
June 02	07.07.02	21.07.02	18.07.02	4,136.50	12,244.50	16,381.00
July 02	07.08.02	21.08.02	27.08.02	3,844.75	10,431.25	14,276.00
Aug 02	07.09.02	21.09.02	24.09.02	4,309.50	11,692.50	16,002.00
Sept 02	07.10.02	21.10.02	24.10.02	4,431.25	11,985.75	16,417.00
Oct 02	07.11.02	21.11.02	05.12.02	3,915.40	10,624.60	14,540.00
Nov 02	07.12.02	21.12.02	27.12.02	3,753.10	10,182.90	13,936.00
Dec 02	07.01.03	21.01.03	24.01.03	3,540.30	9,604.70	13,145.00
Jan 03	07.02.03	21.02.03	06.03.03	3,711.35	10,068.65	13,780.00
Feb 03	07.03.03	21.03.03	26.03.03	3,657.95	9,925.05	13,583.00
Mar 03	07.04.03	21.04.03	14.05.03	3,001.45	8,142.55	11,144.00
				3,408.40	9,248.60	12,657.00



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M/S CHEMIESYNTH (VAPI) LTD
PLOT 27, 1 ST PHASE
GIDC, VAPI
GUJARAT 396195

ACCOUNTING YEAR : 2002-2003
ASSESSMENT YEAR : 2003-2004

ANNEXURE VIII
CLAUSE : 22 (a)

	OPENING BALANCE	MODVAT AVAILED OF	TOTAL	MODVAT UTILISED	CLOSING BALANCE
Modvat on Raw Material	1,238,350	1,456,376	2,694,726	1,331,683	1,363,043
Modvat on Capital Goods	96,544	69,090	165,634	-	165,634

Note: The Modified Value Added Tax Credit availed of on raw material is reduced from the cost of raw material and on capital goods is reduced from the cost of related Plant & Machinery and/or relevant revenue expenditure. Outstanding Modified value Added Tax credits is debited to Modvat Receivable Account (Current Assets)

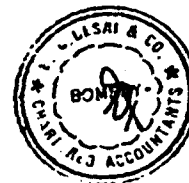


M/S CHEMIESYNTH (VAPI) LTD
 PLOT 27, 1 ST PHASE
 GIDC, VAPI
 GUJARAT 396195

ACCOUNTING YEAR : 2002-2003
 ASSESSMENT YEAR : 2003-2004

ANNEXURE IX
 CLAUSE : 24(a) & (b)

Sr No	Name, Address and Permanent Account Number of the Lender or depositor	Amount of Loan taken/ accepted Rs 2	Whether the Loan or Deposit was squared up during the year 3	Amount of Loan repaid Rs 4	Maximum amount outstanding in the account at any time during the year Rs 5	Whether the Loan or Deposit was repaid otherwise than by an account payee cheque or draft 6
1	Aarti Enterprises Flat No 24, 2nd Floor Agrawal House, Churchgate, Mumbai 400 020 AAAF5324R	-	NO	2,100,000	5,224,500	NO
2	Udani Corporation Flat No 24, 2nd Floor Agrawal House, Churchgate, Mumbai 400 020 AAAFU868L	4,000,000	NO	2,600,000	4,000,000	NO



**M/S CHEMIESYNTH (VAPI) LTD
PLOT 27, 1 ST PHASE
GIDC, VAPI
GUJARAT 396195**

**ACCOUNTING YEAR : 2002-2003
ASSESSMENT YEAR : 2003-2004**

**ANNEXURE X
CLAUSE : 25**

DETAILS OF BROUGHT FORWARD LOSS OR DEPRECIATION ALLOWANCE

Assessment Year	Nature of Loss/ allowance	Amount as returned	Amount as assessed	
1996-97	Unabsorbed Depreciation	462,725	462,725	U/S. 143 (1) (a)
1997-98	Unabsorbed Depreciation	1,863,054	1,863,054	U/S. 143 (1) (a)
1998-99	Unabsorbed Depreciation	8,600,594	8,600,594	U/S. 143 (1) (a)
1999-00	Carried Forward Business Loss	15,740,817	15,740,817	U/S. 143 (1) (a)
	Unabsorbed Depreciation	4,938,700	4,938,700	
2000-01	Carried Forward Business Loss	3,067,210	3,067,210	U/S. 143 (1) (a)
	Unabsorbed Depreciation	3,755,039	3,755,039	



M/S CHEMIESYNTH (VAPD) LTD
 PLOT 27, 1 ST PHASE
 GIDC, VAPI
 GUJARAT 396195

ACCOUNTING YEAR : 2002-2003
 ASSESSMENT YEAR : 2003-2004

ANNEXURE XI
 CLAUSE : 27 (b)

Sr NO	Particulars of head under which tax is deducted at source	Amount of tax deducted at source (In Rupees)	Due date for remittance to Government	Date	Details of payment Amount Rs	Remarks Days of Delay
1	Interest	38,250	07.05.02			
		18,701	07.08.02	29.05.03	38,250	22
		18,926	07.08.02	29.05.03	18,701	295
		56,951	07.11.02	29.05.03	18,926	295
		43,522	07.02.03	11.01.03	56,951	66
				29.05.03	43,522	111
2	Contractors	3,964	07.05.02	24.01.03	3,964	262
		3,269	07.06.02	24.01.03	3,269	231
		2,857	07.07.02	24.01.03	2,857	201
		4,765	07.08.02	24.01.03	4,765	170
		4,781	07.09.02	24.01.03	4,781	139
		2,891	07.10.02	24.01.03	2,891	109
		2,475	07.11.02	24.01.03	2,475	78
		2,091	07.12.02	24.01.03	2,091	48
		3,679	07.01.03	24.01.03	3,679	17
		2,663	07.02.03	14.05.03	2,663	96
		2,615	07.03.03	14.05.03	2,615	68
		4,990	07.04.03	14.05.03	4,990	37
		3	Salary	11,100	14.10.02	28.10.02
11,100	14.11.02			15.11.02	11,100	1
11,100	14.12.02			04.01.03	11,100	21
19,000	14.01.03			01.02.03	19,000	18
15,194	14.02.03			18.02.03	15,194	4
6,575	14.03.03			31.03.03	6,575	17



M/S CHEMIESYNTH (VAPI) LTD
 PLOT 27, 1 ST PHASE
 GIDC, VAPI
 GUJARAT 396195

ACCOUNTING YEAR : 2002-2003
 ASSESSMENT YEAR : 2003-2004

ANNEXURE XII
 CLAUSE : 28 (A) & (B)

Raw Materials :

Name of Product	Opening Stock	Purchase/Captive consumption	Consumed/sold	Closing Stock
Sodium Bichromate	250	30,000	29,900	350
Ace Nephthalene	100	8,000	8,050	50
NN Demap	200	5,000	5,200	-
Rhodamine 6 GDN	450	3,000	3,250	200

Finished Goods

Name of Finished Goods	Opening Stock	Manufactured/ Purchased*	Captive/ Sales	Closing Stock
4 SNA	-	7,497	7,481	16
PNOT	3,265	102,032	105,292	5
S.S.Red	20	4,140	4,000	160
Demapaldehyde	-	22,582	22,582	-

* Includes quantities manufactured for other parties on Job Work basis, wherever applicable.

