

CHEMIESYNTH (VAPI) LIMITED

18th Annual Report

2003-2004

Board of Directors	Shri Satish B. Zaveri Shri Sandip S. Zaveri Shri Bhanurai N. Mehta	
Senior Executives	Mr. Sunil B. Desai Dr. Y. B. Desai	Manager - Commercial Manager - Production
Auditors	Manoj Shah & Co.	
Bankers	Bank of Baroda Vapi Industrial Estate Branch, GIDC, Vapi.	
Regd. Office and Works	27, GIDC, 1st Phase, Vapi, Gujarat - 396 195	
Corporate Office	110, Bhaveshwar Complex, Kirol Village, Vidyavihar (W) Mumbai - 400 086	

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of CHEMIESYNTH (VAPI) LIMITED will be held on Wednesday, 29th September 2004 at 10.00 a.m. at the registered office of the Company at 27-GIDC, Vapi, District Valsad, Gujarat 396195 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as at 31 st March 2004 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. N. Mehta, Director who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By order of the Board of Directors,
For CHEMIESYNTH (VAPI) LIMITED**

VAPI :

DATED : 25th August, 2004

**SANDIP ZAVERI
DIRECTOR**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies in order to be effective, must be received at the registered office of the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books will remain closed from 22nd September, 2004 to 29th September, 2004 (both days inclusive).
4. Member desiring any relevant information on the accounts at the Annual General Meeting are requested to send their queries in writing so as to reach the registered office of the company at least seven days before the date of the meeting.
5. Members are requested to bring their copy of the Annual Report to the meeting.
6. For the convenience of the members, an Attendance Slip is annexed to the Proxy Form.
7. Members are requested to fill in and affix their signatures at the space provided therein and hand over the Attendance Slip at the entrance of the place of meeting. Proxy / Representative of a Member should mark on the Attendance Slip as "PROXY" or "REPRESENTATIVE" as the case may be.

DIRECTORS' REPORT

To :

The Members of
Chemiesynth (Vapi) Limited
Vapi - Gujarat.

Your Directors have pleasure in presenting herewith the Annual Report together with the accounts for the year ended 31st March 2004.

FINANCIAL RESULTS :

During the year under review, the financial results on the operations of the Company are as under :

	(In Rupees)	
	31.3.2004	31.3.2003
Gross Income	63,499,569	44,082,752
Profit before Depreciation	3,512,793	3,116,320
Depreciation	2,731,235	4,326,980
Profit/(Loss) after Depreciation	781,558	(1,210,660)
Less: Provision for tax	61,000	—
Profit / (Loss) after Tax	720,558	(1,210,660)
Profit (Loss) of the previous year	(18,669,423)	(17,458,763)
Balance carried to Balance Sheet	(17,948,865)	(18,669,423)

DIVIDEND :

In view of the brought forward losses, Directors regret their inability to recommend any dividend to the shareholders for the year.

REVIEW OF BUSINESS OPERATIONS AND FUTURE OUTLOOK :

Your Company had to face difficult business conditions from the year 1997 onwards due to downturn in Chemicals Industry and competition from China in general and closure/downsizing of the user industries of the Company's products in particular. Your Company, however, initiated efforts to develop new products and dispose of assets to repay the loans from Banks and Financial Institutions. The sustained efforts by your Company started yielding encouraging results from the year 2002 onwards and directors have pleasure in informing that the Company has turned around its performance and has reported profit for the year. Further, your Company has honored all the commitments to the Company's Bankers and has repaid all other loans and statutory liabilities. Your Company expects to continue with the same business performance in the current year.

DEPOSITS :

The Company has not accepted any public deposits except some short-term loans from friends and associates of Directors, and the same are repaid during the year.

ENVIRONMENT AND ENERGY CONSERVATION :

The company accords high priority to control environment and conservation of energy, which is an on going process. The Company has planted a number of trees to control and maintain environment surrounding of the factory. As required by the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 the relevant data pertaining to conservation of energy and technology absorption are given in the prescribed Form A in Annexure to this report. Various measures taken by the company on these matters includes:

- a) Improving Natural Light by opening Windows, studying illumination of tube lights by CFL lamps etc.
- b) Maintaining old machinery in good condition, retrofitting or replacing with energy efficient ones.
- c) Minimising idle running of machinery.

The above measures undertaken have resulted in savings in the cost of production.

SAFETY AND HEALTH

The Company gives highest priority to safety and occupational health. The factory buildings and machinery are maintained in safe condition. Process operations and handling of chemicals at the factory are reviewed frequently for safety.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

The Company did not have any employee during the year covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

TECHNOLOGY ABSORPTION :

Efforts made in technology absorption are given in Form B in the Annexure to this report.

DIRECTORS:

Mr. B. N. Mehta, Director of the Company retires at the ensuing annual general meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

It is hereby stated that:

- a) In the preparation of annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) The directors selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the annual accounts on going concern basis.

AUDITORS:

M/s Manoj Shah & Co, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

APPRECIATION :

Directors would like to place on record their appreciation of the co-operation and assistance extended by the company's bankers. Thanks are also due to the company's employees, staff and executives of the Company for their co-operation and contribution. In concluding this report, the Board acknowledges their deep sense of gratitude to the shareholders for the confidence they have reposed in the Directors.

**For and On behalf of the Board of Directors
CHEMIESYNTH (VAPI) LIMITED**

Place : Vapi

Date : 25th August, 2004

**Satish Zaveri
Director**

**Sandip Zaveri
Director**

ANNEXURE TO DIRECTORS' REPORT**FORM - A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****POWER & FUEL CONSUMPTION**

	Amount in Rs.	
	2003-2004	2002-2003
Units Consumed (Kwh)	8,49,234	8,54,202
Total Amount (Rs.)	4,087,903	31,83,839
Rate per unit (Rs./kwh)	4.81	3.73
Own Generation	NIL	NIL
COAL	NIL	NIL
LDO		
Consumed (Ltrs.)	4,800	2,000
Total Amount (Rs.)	98,380	33,400
Rate per unit (Rs./Ltr.)	20.50	16.70
OTHER INTERNAL GENERATION		
Furnace Oil consumption(Ltr)	140,310	102,500
Total Amount	1,746,299	1,188,563
Rate per unit(Rs./Ltr)	12.45	11.60

**For and On behalf of the Board of Directors
CHEMIESYNTH (VAPI) LIMITED**

Place : Vapi

Date : 25th August, 2004

Satish Zaveri
Director

Sandip Zaveri
Director

FORM – B

**DISCLOSURE WITH REGARDS TO RESEARCH & DEVELOPMENT TECHNOLOGY
ABSORPTION, ADAPTATION, INNOVATION****A. RESEARCH & DEVELOPMENT (R & D)****Specific areas in which R & D carried out by the Company :**

Development of new products.

Improvement of systems in the existing products/process in manufacture cycle.

Testing and Certification of existing products to new Indian and International standards.

Benefits derived as a result of the above R & D.

Indigenisation / Import substitution

Cost reduction

Competitive pricing

Enhancement in quality

Meeting unique needs of customers.

Future Plan of Action :

To further improve cost effectiveness of products and meet the requirements of various customers.

Expenditure on R & D :

Capital

No specific expenditure

Recurring

Total

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- | | | |
|------|--|-----|
| I. | Efforts in brief made towards technology absorption, adaptation and innovation | NIL |
| II. | Benefits derived as a result of the above efforts | NIL |
| III. | In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished | NIL |
| | (a) Technology Imported | |
| | (b) Year of import | |
| | (c) Has technology been fully absorbed | |
| | (d) If not fully absorbed, areas where this has not taken plan, reason therefore and future plan of action. | |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earning Rs. 72,86,206/-

Foreign Exchange Outgo Rs. 17,55,394/-

**For and On behalf of the Board of Directors
CHEMIESYNTH (VAPI) LIMITED**

Place : Vapi

Date : 25th August, 2004

Satish Zaveri
Director

Sandip Zaveri
Director

AUDITOR'S REPORT

To,
**THE MEMBERS OF
CHEMIESYNTH (VAPI)LIMITED,**

- 1) We have audited the attached Balance Sheet of **CHEMIESYNTH (VAPI) LIMITED** as at **31st March, 2004** and also the Profit and Loss Account and the Cash Flow Statement of the Company 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.
- 2) 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.
- 3) As required by the Companies (Auditor's Report) Order, 2003 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 paragraph 4 of the said Order.
- 4) Further to our comments in the Annexure referred in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - v. On the basis of written representations received from the Directors as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on **31st March, 2004** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
 - vi. *Attention is invited to Note No. 1(e) of Schedule 15 in respect of Accounting of Retirement Benefits on Cash Basis & Note No. 1(g) of Schedule 15 in respect of Non Ascertainment of Deferred Tax Asset / Liability.*

Subject to what is stated above, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon gives 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, 2004;**
- (b) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS**

Place : Vapi

Date : 25th August, 2004

**(MANOJ T.SHAH)
PROPRIETOR.
M.No. 043777**

ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDIT REPORT OF EVEN DATE ON THE ACCOUNTS OF **CHEMIESYNTH (VAPI) LIMITED**, FOR THE YEAR ENDED ON **31st March 2004**.

On the basis of the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief in our opinion, we further report that: -

1. a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets.
b) As explained to us, Fixed Assets, according to the practice of the company, are physically verified by the Management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. No material discrepancies between the book records and the physical inventory were noticed in respect of the assets physically verified.
c) During the year, in our opinion, the company has not disposed off any substantial part of fixed assets *except Fixed Assets of one Unit*.
2. a) The Stocks of Finished goods, stores, spare parts and the Raw materials and components have been physically verified by the Management at reasonable intervals during the year.
b) In our opinion the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records were, as explained to us, not material and the same have been properly dealt with in the Books of Accounts.
3. The company has not granted or taken any loans to /from the Companies and Firms covered in the register maintained under section 301 of the Companies Act 1956. Consequently requirements of clauses (iiib), (iiic) and (iiid) of paragraph 4 of the order are not applicable
4. In our opinion and according to the informations and explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods.
5. a) In our opinion and according to the information and explanation given to us, transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956, have been so entered.
b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, exceeding the value of Rs. 5.00 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
6. The company has not accepted any deposits from the public within the meaning of Section 58A of the Companies At, 1956 and the Rules framed thereunder are not applicable.
7. The Company does not have any formal internal audit system as such, but its control procedures ensure reasonable internal checking of its financial and other records.
8. As explained to us, the Central Government has not prescribed the maintenance of Cost Records under section 209 (1)(d) of the Companies Act, 1956 for the Company's products.

- 9 a) According to the information and explanation given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited by the company during the financial year with appropriate authorities though there has been a slight delay in few cases. According to the information and explanation given to us, there are no arrears of outstanding statutory dues as mentioned above as at **31st March, 2004** for a period of more than six months from the date they become payable.
- b) At the end of the financial year there were no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- 10 The accumulated losses of the company at the end of the financial year ended **31st March, 2004** are in excess of 50% of its Net Worth. However it has not incurred cash losses in such financial year and the immediately preceding financial year.
- 11 Based on our audit procedures and on the information and explanations given by the management we are of the opinion that the Company has not defaulted in the repayment of dues to Banks.
- 12 The Company has not granted Loans & Advances on the basis of security by way of Pledge of Shares, Debentures & other Securities.
- 13 The nature of the Company's activities during the year is such that the requirements of clauses (xiii) & (xiv) of paragraph 4 of the order are not applicable.
- 14 According to informations and explanations given to us the Company has not given any Guarantees for Loans taken by others from Banks or Financial Institutions.
- 15 To the best of our knowledge and belief and according to the informations and explanations given to us, Working Capital Term Loan availed by the Company were, prima-facie, applied by the Company during the year for the purposes for which the Loans were obtained.
- 16 According to the Cash Flow Statement and Other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have not, prima-facie, been used during the year for Long-term investment and Vice versa.
- 17 The Company has not issued any fresh Share Capital and hence the question of neither the preferential allotment nor the end use thereof arises.
- 18 The Company has not issued any debentures and hence the question of creating securities in respect thereof does not arise.
- 19 To the best of our knowledge and belief and according to the information given to us, no fraud on or by the Company was noticed or reported during the year.

**For MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS**

**Place : Vapi
Date : 25th August, 2004**

**(MANOJ T.SHAH)
PROPRIETOR.
M.No. 043777**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2004

PARTICULARS	SCHEDULE	Year Ended	Year Ended
		31.3.2004	31.3.2003
		Rs.	Rs.
1 INCOME			
Sales and Other Income	10	63,499,569	44,082,752
Variation in Stock	11	687,499	(1,058,853)
		<u>64,187,068</u>	<u>43,023,900</u>
2 EXPENSES			
Manufacturing and Other Expenses	12	50,189,839	28,490,589
Employee's Emoluments	13	7,253,121	6,690,979
Interest & Financial Charges	14	3,231,315	4,726,011
		<u>60,674,275</u>	<u>39,907,580</u>
3 PROFIT BEFORE DEPRECIATION		<u>3,512,793</u>	<u>3,116,320</u>
4 LESS: DEPRECIATION		2,731,235	4,326,980
5 PROFIT BEFORE TAXATION		781,558	(1,210,660)
6 LESS: PROVISION FOR TAXATION		61,000	—
7 PROFIT AFTER TAXATION		<u>720,558</u>	<u>(1,210,660)</u>
BALANCE BROUGHT FORWARD		(18,669,423)	(17,458,763)
		<u>(17,948,865)</u>	<u>(18,669,423)</u>
BALANCE CARRIED TO BALANCE SHEET		(17,948,865)	(18,669,423)
		<u>(17,948,865)</u>	<u>(18,669,423)</u>
NOTES TO ACCOUNTS	15		

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
FOR MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS

(DIRECTOR)

(DIRECTOR)

MANOJ SHAH
PROPRIETOR
PLACE : VAPI
DATE : 25th August, 2004

SCHEDULES 1 TO 15 ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2004 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

PARTICULARS	AS AT 31.3.2004	AS AT 31.3.2003
<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>
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		
<u>SCHEDULE:-2 RESERVE & SURPLUS</u>		
Cash Subsidy	1,156,929	1,156,929
<u>Revaluation Reserve</u>		
Balance as per last Balance Sheet	4,665,152	4,699,532
Less: Recouped during the year (Refer Note 3)	<u>2,765,849</u>	34,380
	1,899,303	<u>4,665,152</u>
Share Premium Account		
Balance as per last Balance Sheet	650,000	650,000
	<u>3,706,232</u>	<u>6,472,081</u>
<u>SCHEDULE:-3 SECURED LOANS</u>		
Working Capital Loans from Bank	13,871,062	12,648,256
	<u>13,871,062</u>	<u>12,648,256</u>
Note : Working Capital Loans is secured by hypothecation of Inventory and Book Debts and equitable mortgage of Land and Building of the Company, and guaranteed by Directors of the Company.		
<u>SCHEDULE:-4 DEFERRED CREDITS</u>		
Interest free Loan from Government of Gujarat, Sales Tax Deferrment	184,841	184,841
	<u>184,841</u>	<u>184,841</u>
<u>SCHEDULE:-5 UNSECURED LOANS</u>		
1 Fixed Deposits	625,759	675,759
2 From Directors	155,816	155,816
3 From Others	-	4,498,741
	<u>781,575</u>	<u>5,330,316</u>

SCHEDULE:-6 FIXED ASSETS :

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		AS AT 1-4-2003 Rs.	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31-3-2004 Rs.	UP TO 31-3-2003 Rs.	DURING THE YEAR	RECOUPED	ON REVALUATION	UP TO 31-3-2004 Rs.	AS AT 31-3-2004 Rs.	AS AT 31-3-2003 Rs.
1	Goodwill	450,000	-	-	450,000	-	-	-	-	-	450,000	450,000
2	Leasehold Land	4,291,869	-	2,763,869	1,528,000	-	-	-	-	-	1,528,000	4,291,869
3	Buildings	12,001,809	833,238	3,573,650	9,261,397	3,604,862	252,941	1,265,885	34,380	2,626,298	6,635,099	8,396,947
4	Plant & Machinery	76,630,289	4,762,884	30,156,893	51,236,280	50,009,774	2,154,998	19,025,566	-	33,139,205	18,097,075	26,620,515
5	Laboratory Equipments	300,780	-	-	300,780	298,656	-	-	-	298,656	2,124	2,124
6	Furniture & Fixture	1,367,562	-	-	1,367,562	1,006,782	86,567	-	-	1,093,349	274,213	360,780
7	Office Equipment	825,353	-	-	825,353	438,824	39,204	-	-	478,028	347,325	386,529
8	Vehicles	1,818,372	76,840	-	1,895,212	1,542,753	174,401	-	-	1,717,154	178,058	275,619
9	Computers	154,200	12,000	-	166,200	82,226	7,481	-	-	89,707	76,493	71,974
10	Refrigerator	3,975	-	-	3,975	2,703	189	-	-	2,892	1,083	1,272
11	Airconditioner	325,338	-	-	325,338	240,122	15,454	-	-	255,576	69,762	85,216
	TOTAL Rs.	98,169,547	5,684,962	36,494,412	67,360,097	57,226,702	2,731,235	20,291,451	34,380	39,700,865	27,659,232	40,942,845
	PREVIOUS YEAR TOTAL	97,555,114	614,433	-	98,169,547	52,865,343	4,326,980	-	34,380	57,226,703	40,942,844	44,689,771

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CHEMIESYNTH (VAPI) LIMITED**2003-04**

PARTICULARS	AS AT 31.3.2004	AS AT 31.3.2003
<u>SCHEDULE:-7 CURRENT ASSETS,LOANS & ADVANCES</u>		
A <u>CURRENT ASSETS</u>		
1 <u>Inventories</u>		
(As verified, valued and certified by Directors)		
Raw Materials	1,700,909	2,039,578
Work in process	1,417,960	226,124
Finished goods	2,759	507,096
Stores	52,850	72,300
Fuel	116,532	94,164
Packing Materials	2,250	—
	<u>3,293,260</u>	<u>2,939,262</u>
2 <u>SUNDRY DEBTORS</u>		
(Unsecured, considered good)		
Outstanding for more than six months	1,008,640	2,846,215
Others	2,275,049	755,909
	<u>3,283,689</u>	<u>3,602,124</u>
3 <u>CASH & BANK BALANCE</u>		
i) Cash on hand	90,236	861,267
ii) Balance with Scheduled Banks		
a) In Current Account	1,322,011	138,011
b) Fixed Deposits	330,686	224,186
	<u>1,742,933</u>	<u>1,223,464</u>
B <u>LOAN & ADVANCES</u>		
Advances recoverable in cash or in kind or for value to be received (Unsecured-considered good)	7,168,460	20,948,162
Deposits	618,480	618,480
Advance Income Tax(Net of Provisions)	137,559	188,678
	<u>7,924,499</u>	<u>21,755,320</u>
	<u>16,244,381</u>	<u>29,520,171</u>

SCHEDULE:- 8 CURRENT LIABILITIES & PROVISIONS**CURRENT LIABILITIES**

Sundry Creditors	14,912,107	17,130,021
Advance from Others	-	11,119,370
Advance from customers	-	8,393,636
Other liabilities	1,696,661	1,683,624
	<u>16,608,768</u>	<u>38,326,651</u>
	<u>16,608,768</u>	<u>38,326,651</u>

SCHEDULE :- 9 MISCELLENOUS EXPENDITURE

Preliminary Expenditure	-	40,211
Public Issue Expenditure	-	489,495
	<u>-</u>	<u>529,706</u>

CHEMIESYNTH (VAPI) LIMITED

2003-04

PARTICULARS	Year ended 31.3.2004	Year ended 31.3.2003
SCHEDULE:-10 SALES & OTHER INCOME		
1 Sales & Processing Charges received	60,498,410	42,855,912
2 Other Income	3,001,159	1,226,840
	63,499,569	44,082,752
SCHEDULE:-11 VARIATION IN STOCK		
1 Finished Goods		
Opening Stock	507,096	794,072
Less : Closing Stock	2,759	507,096
	(504,337)	(286,977)
2 Work In Process		
Opening Stock	226,124	998,000
Less : Closing Stock	1,417,960	226,124
	1,191,836	(771,876)
Variation in Stock	687,499	(1,058,853)
SCHEDULE:-12 MANUFACTURING AND OTHER EXPENSES		
1 <u>Raw Material Consumption</u>		
Opening stock	2,039,578	1,837,740
Purchases during the year	23,401,025	17,461,304
	25,440,603	19,299,044
Less:-Closing stock	1,700,909	2,039,578
	23,739,694	17,259,465
Less:-Modvat credit	2,369,144	1,779,474
	21,370,550	15,479,991
2 Stores consumed	1,180,618	729,890
3 Power & Fuel	6,732,625	4,734,134
4 Packing Materials consumed	118,354	225,212
5 Laboratory Expenses	90,479	75,368
6 Clearing & Forwarding	969,790	618,128
7 Carriage	570,993	821,652
8 Insurance charges	67,822	28,840
9 Rates & Taxes	164,852	115,568
10 Auditor's Remuneration	29,000	25,000
11 Loss on Sale/Scrap of Assets (Net)	2,071,492	-
12 Bad Debts/Advances Written Off	12,741,184	2,616,494
13 <u>Repairs & Maintenance</u>		
For Machinery	1,018,592	682,148
For Bulding	3,000	39,830
For Others	122,479	15,515
	1,144,071	737,493
14 Preliminary and Share Issue Expenses	529,706	264,864
15 Miscellaneous expenses	2,408,303	2,017,956
	50,189,839	28,490,589
SCHEDULE:-13 EMPLOYEE'S EMOLUMENTS		
1 Salary, Wages & Bonus	6,457,558	5,990,732
2 Contribution to PF/FPF & other fund	586,212	509,043
3 Staff welfare	209,351	191,204
	7,253,121	6,690,979
SCHEDULE:-14 INTEREST & FINANCIAL CHARGES		
1 Interest Paid	2,877,582	4,534,592
Less : Interest Received	-	16,512
	2,877,582	4,518,080
Bank Charges	353,733	207,931
	3,231,315	4,726,011

SCHEDULE '15' NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH,2004

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 which 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. 10,95,918/- (Rs. 12,03,781/-)

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.

CHEMIESYNTH (VAPI) LIMITED**2003-04**

	2003 - 2004	2002 - 2003
	Rs.	Rs.
5 Sundry Debtors include dues from :		
(a) Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956	1,897,871	1,837,575
6 Loans & Advances includes due from :		
(a) Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956	4,607,205	4,602,205
(b) <i>The Company has given trade advances to private limited companies, which are under the same management within the meaning of Section 370(1B) of Companies Act, 1956 as per (b) above and the same are recoverable/adjusted against performance of contracts.</i>		
7 The Balances of Debtors, Creditors & Loans & Advances are subject to confirmations.		
8 <u>Payment to Auditors :</u>	2003 - 2004	2002 - 2003
	Rs.	Rs.
a) For Statutory Audit Fees	20,000	20,000
b) For Tax Audit Fees	5,000	5,000
	25,000	25,000
9 <u>Earnings per Share:</u>		
Profit/(Loss) after taxation	720,558	(1,210,660)
Number of Equity Shares	2,672,000	2,672,000
Nominal Value per Share (Rs.)	10	10
Earnings per share	0.27	(0.45)

10 DETAILS OF RAW MATERIAL CONSUMPTION :

(A) NAME OF PRODUCT	UNIT	QUANTITY	AMOUNT
1. ACE NAPHTHENE		30,625 (8,050)	1,508,862 (353,893)
2. SODIUM BI CHROMATE		111,300 (29,900)	5,053,082 (1,249,584)
3. SULPHURIC ACID		1,002,595 (1,393,960)	3,057,383 (3,621,775)
4. OTHER			14,120,367 (12,034,213)
TOTAL RAW MATERIALS CONSUMPTION BEFORE CENVAT CREDITS			23,739,694 (17,259,465)

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

	Value Rs.	Percentage
1. Imported	1,632,662 (2,985,565)	6.88 % (17.30) %
2. Indigenous	22,107,031 (14,273,901)	93.12% (82.70)%
	23,739,694 (17,259,465)	100% (100)%

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

ITEMS	INSTALLED CAPACITY*** (KGS.)	PRODUCTION*		OPENING STOCK		CLOSING STOCK		TURNOVER**	
		(KGS.)	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	
1. DEMAP ALDEHYDE	30,000	12,735 (22,582)	-	-	-	-	12,735 (22,582)	5,261,500 (12,529,402)	
2. PNOT	1,20,000 (102,032)	112,032 (3,265)	5 (383,638)	588 (5)	5 (588)	5 (105,292)	112,032 (9,395,670)	10,781,192	
3. 4SNA	60,000	26,983 (7,497)	16	14,400	-	-	26,999 (7,481)	24,670,821 (6,729,134)	
4. OTHERS				492,108 (410,434)		2,754 (492,108)		19,784,897 (14,201,706)	
				507,096 (794,072)		2,759 (507,096)		60,498,410 (42,855,912)	

* 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.

- 11 C.I.F Value of Imports 1,755,394
(2,547,930)
- 12 Earning in Foreign Currency :
1. Export at FOB Value 7,286,206
(Direct Export by Company) (9,670,937)
- 13 Figures in brackets are in respect of previous year. Figures of previous year have been restated, regrouped and rearranged wherever necessary.

14 Balance Sheet abstract and Company's general business profileI. Registration Details

Registration No. 8634	State Code	04
Balance Sheet Date	31.03.2004	

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	45,244	Total Assets	45,244
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SOURCE OF FUNDS:

Paid up Capital	26,700	Reserve & Surplus	3,706
Secured Loans	13,871	Unsecured Loans	782
Deffered Credits	185		

APPLICATION OF FUNDS

Net fixed Assets	27,659	Investment	0
Net Current Assets	(364)	Misc. Expenditure	0
Accumulated Losses	17,949		

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

Turnover	63,500	Total Expenditure	45,293
Profit Before Tax	782	Profit after Tax	721
Earning per Share Rs.	0.27	Dividend	-

Signature to Schedules 1 to 15

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
FOR MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS

(DIRECTOR)

(DIRECTOR)

MANOJ SHAH
PROPRIETOR
PLACE : VAPI
DATE : 25th August, 2004

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

	For the year ended 31st March, 2004	For the year ended 31st March, 2003
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax	781,558	(1,210,660)
Adjustments for :		
Depreciation	2,731,235	4,326,980
Loss/(Profit) on Fixed Assets sold/scrapped (Net)	2,071,492	-
Interest and Finance Charges	3,231,315	4,726,011
Preliminary and Share Issue Expenses	529,706	264,864
Operating Profit before Working Capital Changes	9,345,306	8,107,195
Changes in:		
Trade and Other Receivables	14,149,256	15,401,935
Inventories	(353,998)	842,575
Trade and Other Payables	(21,717,883)	(11,726,844)
CASH GENERATED FROM OPERATIONS	1,422,681	12,624,861
Interest and Finance Charges	(3,231,315)	(4,726,011)
Taxes Paid	(61,000)	-
NET CASH FROM OPERATING ACTIVITIES (A)	(1,869,634)	7,898,850
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(5,684,962)	(614,433)
Sale of Fixed Assets	11,400,000	-
NET CASH USED IN INVESTING ACTIVITIES (B)	5,715,038	(614,433)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Unsecured Loans	(4,548,741)	(889,974)
Deferred Liability	-	(150,000)
Increase/(Decrease) in Working Capital from Bank	1,222,806	(6,008,210)
NET CASH USED IN FINANCING ACTIVITIES (C)	(3,325,935)	(7,048,184)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	519,469	236,233
CASH & CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR	1,223,464	987,231
CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR	1,742,933	1,223,464
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	519,469	236,233

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
FOR MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS

(DIRECTOR)

(DIRECTOR)

MANOJ SHAH
PROPRIETOR
PLACE : VAPI
DATE : 25th August, 2004

CHEMIESYNTH (VAPI) LIMITED
Registered Office : 27, GIDC, Vapi, Gujarat - 396 195

PROXY FORM

I/We _____ of _____ being a member of CHEMIESYNTH (VAPI) LIMITED hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me / our behalf at the Annual General Meeting of the Shareholders to be held on Wednesday, 29th September 2004, at 10 a.m. at the Registered Office of the Company at 27, GIDC, Vapi, Gujarat - 396 195 and at any adjournment thereof.

Signed this _____ day of _____ 2004.

Signature of the Member (s) _____ (affix Re.1/- Revenue Stamp)

Folio No.

Note : Proxies in order to be effective, must be received at the registered office of the Company not less than 48 hours before the meeting A Proxy need not be a member.

CHEMIESYNTH (VAPI) LIMITED
Registered Office : 27, GIDC, Vapi, Gujarat - 396 195

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall.

I hereby record my presence at the Annual General Meeting of the Company on Wednesday, 29th September 2004, at 10 a.m., at the Registered Office of the Company at 27, GIDC, Vapi, Gujarat-396 195.

NAME OF THE MEMBER : MR/MRS/MS/M/s FOLIO NO.

NAME OF THE PROXY/REPRESENTATIVE (in block letters) (to be filled in if the proxy/Representative attends instead of member)
--

MR/MRS/MS

SIGNATURE OF : MEMBER/PROXY/REPRESENTATIVE

BOOK-POST

If undelivered please return to :
CHEMIESYNTH (VAPI) LIMITED
27, GIDC, 1st Phase,
Vapi, Gujarat - 396 195