



CRESTCHEM LIMITED

**TENTH ANNUAL REPORT
2001 - 2002**

CRESTCHEM LIMITED

TENTH ANNUAL REPORT 2001 - 2002

BOARD OF DIRECTORS

Shri Narendra C. Patel - Chairman
Shri Dipak N. Patel - Managing Director
Shri Rohit J. Patel - Director
Shri Mayur K. Shah - Director

BANKERS

Bank of India
Standard Chartered

AUDITORS

M/s. Talati & Talati
Chartered Accountant
Ahmedabad.

REGISTERED OFFICE

210, Mangal Murti Complex,
Ashram Road,
Ahmedabad-380 009.

NOTICE

NOTICE is hereby given that the **TENTH ANNUAL GENERAL MEETING** of the Members of **CRESTCHEM LIMITED** will be held as scheduled below :

Date : 30th September, 2002
Day : Monday
Time : 1.00 P.M.
Place : Hotel Toran, Conference Hall, Opp. Gandhi Ashram, Ahmedabad-380 027.

to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended on 31st March, 2002, and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri N. C. Patel, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the board of directors to fix their remuneration.

SPECIAL BUSINESS :

4. To Consider and if thought fit, to pass with or without modification/s, the following resolution as Special Resolution.
"RESOLVED THAT pursuant to section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Shri. Nirmal Dipak Patel, a relative of Mr. Dipak Patel, Managing Director of the Company, as Marketing Manager of the Company at a remuneration of Rs. 15,000/- per month under the pay scale of Rs. 15,000 - 1,000 - 25,000 excluding other benefits as applicable as per the rules of the Company with effect from 01-10-02."
5. To Consider and if thought fit, to pass with or without modification/s, the following resolution as Ordinary Resolution.
"RESOLVED THAT Shri Mayur Shah be and is hereby appointed as director of the Company."
6. To Consider and if thought fit, to pass with or without modification/s, the following resolution as Ordinary Resolution.
"RESOLVED THAT Shri Rohit Patel be and is hereby appointed as director of the Company."
7. To consider and if thought fit, to pass with or without modification/s, the following resolution as Special Resolution.
"RESOLVED THAT the Registered Office of the company be and is hereby changed from 210, Mangal Murti Complex, Ashram Road, Ahmedabad - 380 009 to 325, Village : Indrad - 382 721, Chhatral Kadi Road, Taluka : Kadi, District : Mehsana with Immediate effect."

Place : Ahmedabad

Date : 28-08-2002

By Order of the Board of Directors

Dipak N. Patel
Managing Director

CRESTCHEM LIMITED

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and on poll to vote instead of himself and the proxy need not be a member of the Company. The proxy must be lodged with the Company not less than 48 hours before the time fixed for holding the meeting.
2. The register of members and Share transfer book of the Company will remain closed from 27th September 2002 to 30th September 2002 (Both days inclusive)
3. Members seeking any further information are requested to write to the Company atleast 7 days before the meeting so as to enable management to keep the information ready at the meeting.
4. Members / Proxies are requested to bring with them duly filled attendance slip for attending the meeting.
5. Members are requested to :
 - (a) Intimate, if shares are held in the same name or in the same order or names, but in more than one account to enable the Company, to club the said accounts in to one account.
 - (b) Notify immediately the change in their registered address, if any, to the Company.

ANNEXURE TO THE NOTICE :

(Explanatory statement pursuant to Sec.173 (2) of the Companies Act, 1956)

ITEM NO. 4 :

Under Sec 314 (1) of the Companies Act, 1956 a Special Resolution is required for enabling the relative of a director of the Company to hold any office or place of profit in the Company. Shri. Nirmil Patel, had varied experience of technical and marketing field and hence the Company intends to appoint him as Marketing Manager. His rich experience in the said field would benefit to the Company. He is related to Shri Narendra Patel and Shri Dipak Patel, Directors of the Company and hence it attracts the provision of Section 314 (1) (B) of the Companies Act, 1956. It therefore requires the resolution to be approved by the shareholders at the ensuing annual general meeting.

Except for Shri. Narendra Patel and Shri Dipak Patel, directors who are related to Shri Nirmil Patel, no other director is interested or concerned in the said resolution.

ITEM NO. 5 & 6 :

The Board of directors at their meeting held on 30-10-2001 and 31-05-2002 appointed Mr. Mayur Shah and Mr. Rohit Patel as additional director w.e.f. 30-10-2001, 31-05-2002, respectively. Pursuant to the Provisions of Articles of Association of the Company, they hold the office upto the date of ensuing annual General Meeting. Notices u/s 257 of the Companies Act 1956, have been received by the Company for their appointment as a director of the Company. The Board recommend their appointment as a director of the Company.

ITEM NO. 7 :

At present, the Registered Office of the Company is situated at 210, Mangal Murti Complex, Ashram Road, Ahmedabad - 380 009. The Board of Directors feels that it would be desirable to shift the Regd. Office from its present place to the factory site at 325, Village : Indrad - 382 721, Chhatral Kadi Road, Taluka : Kadi, District Mehsana for administrative convenience. This will help to run the business of the Company more economically and more efficiently. The proposed change requires your prior approval. The directors therefore recommend the said resolution. None of the Directors of the Company is in any way concerned or interested in the said resolution.

Place : Ahmedabad

Date : 28-08-2002

By Order of the Board of Directors

Dipak N. Patel
Managing Director

CRESTCHEM LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the TENTH Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2002.

1. FINANCIAL RESULTS (Rs. in Lacs)

	31-3-2002 Rupees	31-3-2001 Rupees
Operating Profit / Loss (before interest and depreciation)	25.02	12.80
Less : Interest	2.45	2.53
Profit before depreciation	22.57	10.27
Less : Depreciation	10.19	9.85
Profit Before Tax	12.38	0.42
Less : Taxation Liabilities for earlier year	1.26	5.56
Profit / (Loss) after Tax	11.12	(5.14)
Amount of Profit and Loss A/c brought forward	(24.42)	(19.28)
Amount available for appropriations carried to Balance Sheet	(13.30)	(24.42)

2. DIVIDEND

In view of the inadequate profits made by the Company, the Board of Directors do not recommend any dividend for the period under review.

3. OPERATIONS

The Operations of the Company continued to show progress due to concentrated efforts of the Company despite the adverse market conditions and in face of severe recession continuing since last few years. Tight cost control and aggressive efforts, enabled the company to have better contract manufacturing jobs during the year. It is hoped that the efforts would result in to further improvements in the working of the company in coming years.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri N. C. Patel, a Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

5. CHANGE OF REGD. OFFICE

The Board of directors at their meeting held on 31-5-02 thought it desirable to change the Regd. office of the Company from its existing place to at the work site located at 325, Village : Indrad-382 721, Chhatral Kadi Road, Taluka : Kadi, District : Mehsana for the purpose of administrative convenience. The Board has therefore, recommended the said resolution for your approval. None of the directors of the Company is in any way concerned or interested in the said resolution.

6. DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000. Your Director confirm that :

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) Appropriate accounting policies have been selected and applied prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2002 and of the loss of the company for that year.
- (c) Proper and sufficient care has been taken 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 annual account have been prepared on a going concern basis.

7. FIXED DEPOSITS

Fixed deposits accepted by the Company were within the prescribed limits. No deposits were accepted or matured during the period under review.

8. AUDITORS

M/S. Talati & Talati, Chartered Accountants, Ahmedabad the auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. They are eligible for re-appointment and have furnished certificate to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1-B) of the Companies Act, 1956.

9. AUDITORS' REPORT

The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

10. PARTICULARS OF EMPLOYEES

As the Company has no employee drawing remuneration equal to or more than the remuneration prescribed U/s 272 (2-A) of the Companies Act, 1956, and the rules made thereunder, the question of furnishing required particulars does not arise.

11. INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND PARTICULARS OF EMPLOYEES :

Information required u/s 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and as amended from time to time, form part of this report. However, as per the provisions of section 219(1) (b) (iv), the reports and accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, foreign exchange earnings and outgo, and the statement of particulars of employees. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered office of the Company.

12. INDUSTRIAL RELATIONS

The Industrial relation with workman and staff continued to be extremely cordial during the period under review.

13. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks to the Bankers, and various Government authorities for the Co-operation given by them. Your directors also wish to place on record their appreciation for the contribution made by all the employees of the Company.

Place : Ahmedabad

Date : 28-08-2002

For and on behalf of the Board

Narendra C. Patel
Chairman

CRESTCHEM LIMITED

AUDITORS' REPORT

To,

The Shareholders of

CRESTCHEM LIMITED

Ahmedabad.

We have audited the attached Balance Sheet of **CRESTCHEM LIMITED**, as at 31st March, 2002 and also the Profit & 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.

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

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books.
3. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.
4. Based on representation made by the directors of the Company and the information and explanations given to us, none of the directors of the company are prima facie as at 31st March, 2002, disqualified from being appointed as directors of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion, the profit and loss account and the balance sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanation given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2002.
 - and
 - (b) In the case of Profit & Loss Account of the Profit for the year ended on that date.
7. As required by Manufacturing and other Companies (Auditor's Report) order 1988 issued by the Central Government in terms of the provision of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered necessary and appropriate we further report that.
 - (i) The Company has maintained proper records showing full particulars including quantitative details and situations of Fixed Assets. The fixed assets were physically verified by the management at reasonable interval during the year and we are informed that no serious discrepancies were noticed by the management on such verification as compared to the aforesaid records of the fixed assets.
 - (ii) None of the Fixed Assets have been revalued during the year.
 - (iii) As explained to us, the stocks of, stores, spare parts have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

- (iv) The Company has not taken any loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no Companies under the same management within the meaning of section 370 (1-B) of the said act.
- (v) The Company has not granted any loans, secured or unsecured to Companies firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As Explained to us there are no company under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956.
- (vi) In respect of Loans & Advances in the nature of interest free loans granted to the employees they are repaying the Principal amounts in accordance with the arrangements made with the company.
- (vii) 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 with regard to the purchases of stores, plant and machinery, equipment and other assets.
- (viii) In our opinion and according to information explanations given to us the transaction of services made in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 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 services have been made with other parties.
- (ix) As explained to us the company has a regular procedure for determination of unserviceable or damaged stores. Adequate provision has been made in the accounts for loss arising in respect of items so determined.
- (x) In our opinion and according to information and explanations given to us, the Company has not accepted any deposited U/s. 58-A of the Companies Act, 1956.
- (xi) The Company has appointed firms of Chartered Accountants as its internal auditors for the year under review. The internal audit for the year is therefore carried out by the said firms. In our opinion the internal audit system is commensurate with the size of the Company and the nature of its business.
- (xii) As per the records of the Company there has been continuous delay in depositing Provident Fund dues and Employees State Insurance dues with the appropriate authorities during the year.
- (xiii) As informed to us, there is no undisputed amount payable in respect of Income-tax, Wealth-tax, Custom-Duty and Excise Duty outstanding as at 31st March, 2002 for more than six months from the date they became payable.
- (xiv) As per the information and explanations given to us and the records of the company examined by us, no personal expenses have been charged to revenue account.
- (xv) The Company is not a sick industrial company within the meaning of clause (O) of sub-section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

In our opinion clause (iv), (v), (vi), (xiv), (xvi), (xxi) of para 4A of the Manufacturing & other Companies (Auditors' Report) Order 1988 under section 227 (4A) of the Companies Act, 1956 are not applicable to the Company for the period under report.

For, TALATI & TALATI
Chartered Accountants

Place : Ahmedabad
Date : 28-08-2002

(Umesh H. Talati)
Partner

CRESTCHEM LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,00,00,000	3,00,00,000
Reserves & Surplus		<u>—</u>	<u>—</u>
		3,00,00,000	3,00,00,000
LOAN FUNDS			
Secured Loans	2	2,59,958	—
Unsecured Loans	3	3,65,000	3,65,000
		<u>6,24,958</u>	<u>3,65,000</u>
TOTAL		<u>3,06,24,958</u>	<u>3,03,65,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	2,22,28,404	2,23,37,781
Less : Depreciation		57,35,470	49,09,520
Net Block		<u>1,64,92,934</u>	<u>1,74,28,261</u>
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	5	94,307	1,96,159
Sundry Debtors	6	29,41,504	19,89,190
Cash & Bank Balances	7	4,43,326	23,38,931
Loans and Advances	8	1,11,33,009	80,49,668
		<u>1,46,12,146</u>	<u>1,25,73,948</u>
Less : Current Liabilities and Provisions	9	30,40,860	37,20,102
Net Current Assets		<u>1,15,71,286</u>	<u>88,53,846</u>
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	10	12,30,912	16,41,217
Profit & Loss Account		<u>13,29,826</u>	<u>24,41,676</u>
TOTAL		<u>3,06,24,958</u>	<u>3,03,65,000</u>
Notes forming part of accounts	16		

As per our report of even date attached.

For TALATI & TALATI

Chartered Accountants

Umesh H. Talati

Partner

Place : Ahmedabad

Date : 28-08-2002

For and on behalf of the Board

Narendra C. Patel

Dipak N. Patel

Mayur K. Shah

Place : Ahmedabad

Date : 28-08-2002

Chairman

Managing Director

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
INCOME			
Processing Charges		1,10,11,357	1,09,52,503
Other Income	11	21,75,090	11,48,513
		<u>1,31,86,447</u>	<u>1,21,01,016</u>
EXPENDITURE			
Manufacturing Expenses	12	63,62,614	62,77,634
Payments to and Provision for Employees	13	18,21,115	19,90,037
Loss on Sale of Asset		84,110	—
Administrative & Other Expenses	14	24,16,358	25,53,763
Interest	15	2,44,777	2,52,926
Depreciation		10,19,356	9,85,066
		<u>1,19,48,330</u>	<u>1,20,59,426</u>
Profit / (Loss) for the year		12,38,117	41,590
Less : Short Provision of Taxation for earlier year		<u>1,26,267</u>	<u>5,55,759</u>
Profit / (Loss) after Tax		11,11,850	(5,14,169)
Profit/(Loss) brought forward from Previous year		<u>(24,41,676)</u>	<u>(19,27,507)</u>
Balance carried to Balance Sheet		<u><u>(13,29,826)</u></u>	<u><u>(24,41,676)</u></u>

As per our report of even date attached.
For TALATI & TALATI
Chartered Accountants
Umesh H. Talati
Partner
Place : Ahmedabad
Date : 28-08-2002

For and on behalf of the Board

Narendra C. Patel
Dipak N. Patel
Mayur K. Shah

Chairman
Managing Director
Director

Place : Ahmedabad
Date : 28-08-2002

CRESTCHEM LIMITED

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
40,00,000 Equity Shares of Rs. 10/- each (Previous Year 40,00,000 Shares)	4,00,00,000	4,00,00,000
	<u>4,00,00,000</u>	<u>4,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
30,00,000 Equity Shares of Rs. 10/- each fully paid (Previous Year 30,00,000 Shares)	3,00,00,000	3,00,00,000
	<u>3,00,00,000</u>	<u>3,00,00,000</u>
SCHEDULE 2 : SECURED LOANS		
Citibank Car Loan	2,59,958	—
	<u>2,59,958</u>	<u>—</u>
SCHEDULE 3 : UNSECURED LOANS		
From Directors	1,10,000	1,10,000
From Shareholders	2,55,000	2,55,000
	<u>3,65,000</u>	<u>3,65,000</u>

SCHEDULE 4 : FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 1-04-01	Addition during the year	Sale/ Adj.	As on 31-03-2002	Up to 1-04-01	For the year	Sale/ A:lj.	Up to 31-03-2002	As on 31-03-2002	As on 31-3-2001
01	Land	424111	—	—	4,24,111	—	—	—	—	424111	424111
02	Building	6020457	—	—	6020457	1038929	201083	—	1240012	4780445	4981528
03	Plant & Mach.	12684155	—	—	12684155	2967148	602497	—	3569645	9114510	9717007
04	Elec. Installation	703255	—	—	703255	172590	33405	—	205995	497260	530665
05	Furniture										
	Fixtures & Equip.	1036526	—	—	1036526	328053	63780	—	391833	644693	708473
06	Laboratory Equip.	1006761	—	—	1006761	247075	47821	—	294896	711865	759686
07	Vehicles	462516	353139	462516	353139	155725	70770	193406	33089	320050	306791
	Total	22337781	353139	462516	22228404	4909520	1019356	193406	5735470	16492934	17428261
	Previous Year	22154512	183269	—	22337781	3924454	985066	—	4909520	17428261	18230058

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
SCHEDULE 5 : INVENTORIES		
(As taken valued and certified by Managing Director)		
Fuel (At Cost)	94,307	1,96,159
	<u>94,307</u>	<u>1,96,159</u>
SCHEDULE 6 : SUNDRY DEBTORS (Unsecured) (Considered Good)		
Debts outstanding for a period exceeding six months	18,62,129	18,53,435
Others	10,79,375	1,35,755
	<u>29,41,504</u>	<u>19,89,190</u>
SCHEDULE 7 : CASH AND BANK BALANCES		
Cash on Hand	1,91,476	23,25,385
Balance with Schedule Banks		
– Fixed Deposit	1,90,000	—
– Current Account	61,850	13,546
	<u>4,43,326</u>	<u>23,38,931</u>
SCHEDULE 8 : LOANS & ADVANCES		
Advance recoverable in cash or in kind or for value to be received	96,01,247	63,33,762
Loans to Employees	5,000	—
Processing Charges Receivable	2,88,200	3,60,240
Corporate Deposit	3,00,000	3,00,000
TDS	4,74,523	5,91,627
Balance with Central Excise	4,64,039	4,64,039
	<u>1,11,33,009</u>	<u>80,49,668</u>

CRESTCHEM LIMITED

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	7,93,494	14,45,754
Statutory Liabilities	2,38,508	3,43,511
Other Liabilities	10,47,918	11,40,875
Interest Payable	1,78,163	63,373
Credit Balance in Bank Account	3,94,320	2,48,335
	<u>26,52,403</u>	<u>32,41,848</u>
Provision		
For Gratuity	3,88,457	3,33,790
For Taxation	—	1,44,464
	<u>30,40,860</u>	<u>37,20,102</u>
SCHEDULE 10 : DEFERRED REVENUE EXPENDITURE		
Deferred Revenue Expenditure	16,41,217	20,51,522
Less : Written off during the year	4,10,305	4,10,305
	<u>12,30,912</u>	<u>16,41,217</u>
SCHEDULE 11 : OTHER INCOME		
Commission	—	10,00,010
Interest Received	5,604	24,128
Profit on Sales of Investment	20,86,933	—
Interest received on I. T. Refund	17,931	31,824
Miscellaneous Income	32,743	91,037
Sundry Balances written off	31,879	1,514
	<u>21,75,090</u>	<u>11,48,513</u>

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
SCHEDULE 12 : MANUFACTURING EXPENSES		
Power & Fuel	54,01,315	55,76,253
Stores and Spares	6,03,817	3,33,455
Water Expenses	1,40,950	25,550
Repairs & Maintenance		
– Machinery	1,63,972	1,85,433
– Factory Building	7,500	1,22,734
– Others	45,060	34,209
	<u>63,62,614</u>	<u>62,77,634</u>
SCHEDULE 13 : PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salary, Wages and Bonus	15,24,827	14,11,004
Contribution to Provident Fund & Gratuity	2,10,269	5,03,751
Staff Welfare Expenses	86,019	75,282
	<u>18,21,115</u>	<u>19,90,037</u>
SCHEDULE 14 : ADMINISTRATIVE & OTHER EXPENSES		
Insurance Premium	48,316	33,783
Stationery and Printing Expenses	23,948	90,234
Travelling Expenses	1,00,252	1,17,183
Rent, Rates & Taxes	18,700	59,394
Managing Director's Remuneration	3,02,500	3,03,700
Legal & Professional Charges	64,588	64,175
Auditor's Remuneration	31,500	28,350
Internal Audit Fees	3,500	9,450
Advertisement Expenses	8,160	7,545
Directors' Sitting Fees	4,000	2,000
Miscellaneous Expenses	14,00,589	14,27,644
Miscellaneous Expenditure Written off	4,10,305	4,10,305
	<u>24,16,358</u>	<u>25,53,763</u>
SCHEDULE 15 : INTEREST		
Bank Interest	40,639	6,253
Interest to Others	34,627	55,611
Interest on Deposits	1,35,027	33,343
Bill Discounting Charges	—	27,065
Finance Charges	34,484	1,30,654
	<u>2,44,777</u>	<u>2,52,926</u>

CRESTCHEM LIMITED

SCHEDULE 16

NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

(i) **Basis for preparation of accounts :**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. All items of income and expenses are accounted on accrual basis, except leave encashment.

(ii) **Revenue Recognition :**

Processing charges and Commission are generally accounted on accrual basis, as and when earned or incurred, except in case of significant uncertainties.

(iii) **Fixed Assets :**

Fixed Assets are stated at cost less depreciation. Depreciation has been provided on straight line method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956.

(iv) **Inventories are valued at cost, and the cost has been worked out on FIFO basic.**

(v) **Deferred Revenue Expenditure :**

Preliminary expenses are written off over a period of Ten years.

(vi) **Retirement / Post Retirement benefits :**

Contributions to defined contribution schemes such as Provident Fund and Pension Fund are charged to the profit & loss account as incurred. The Company also provides retirement benefits in the form of Gratuity. The basis of calculation is other than actuarial valuation.

(vii) **Prior Period Expenses**

Prior Period Expense of Rs. 80277/- is accounted for as current year's expense in interest on deposit account.

2. The Company is advised that there is no taxable income for the year under review and hence no provision for taxation is required to be made.

3. In line with the mandatory Accounting Standard issued by the Institute of Chartered Accountants of India, the leave salary encashable on retirement is not provided for on Accrual basis. In the absence of information, such liability is unascertainable.

4. Based on the guiding principle given in accounting standard 17, on segment reporting issued by the Institute of Chartered Accountants of India, the Company's primary business is processing of Raw Material. Therefore there are no separate reportable segment as far as primary segment is concerned. As processing of Raw Material outside India is Nil, Secondary segment wise reporting is not required to be shown.

Also the operation of the Company are in India and all the Assets and Liabilities are located in India. The sales is wholly in India and therefore Geographical analysis is not given.

5. Related parties disclosure under accounting standard-18.

(A) (i) Key Management Personnel.

1. Mr. Dipak N. Patel

(ii) Related Concern / Parties

1. Mr. Narendra C. Patel
2. Mrs. Parul D. Patel
3. Mr. Nirmal D. Patel
4. M/s. Om Neelkanth Chemicals India Pvt. Ltd.

NOTE : Related party relationship is as identified by the Company and relied upon by the Auditors.

(B) Transaction carried out with related parties referred to in A) above :

Nature of Transaction	Related Parties Referred in A (i) above Amount (Rs.)	Related Parties Referred in A (ii) above Amount (Rs.)
Water Expenses	----	1,40,950
<u>Expenses</u>		
Remuneration	3,02,500	3,07,580
Directors Sitting Fees	----	4,000

6. Earning per Share	<u>2001-2002</u>	<u>2000-2001</u>
Profit after Tax as per Profit & Loss A/c.	11,11,850	(5,14,169)
No. of Equity Share	30,00,000	30,00,000
Earning per Share (Rs.)	0.37	(0.17)
Diluted Earning per Share (Rs.)	----	----

CRESTCHEM LIMITED

7. As the Company does not anticipate taxable profit in near future, So to comply with the Accounting Standard-22 issued by the Institute of Chartered Accountants of India, New Delhi, the provision for deferred tax Liabilities has not been provided relating to the previous year.

	31-03-2002	31-3-2001
8. Profit & Loss Account Include		
1. Remuneration to Managing Director		
a. Salary	3,00,000	3,00,000
b. Other Expenses	2,500	3,700
	<u>3,02,500</u>	<u>3,03,700</u>
2. Payment to Auditors		
a. Audit Fees	15,750	15,750
b. Tax Audit Fees	15,750	12,600
	<u>31,500</u>	<u>28,350</u>

9. Corresponding figures of the Previous Year have been regrouped, wherever necessary.

10. EARNING IN FOREIGN EXCHANGE	2001-2002 Rupees	2000-2001 Rupees
F.O.B. VALUE EARNING	NIL	NIL
11 VALUE OF IMPORTS ON CIF BASIS		
A. Raw Materials	NIL	NIL
B. Stores & Spares	NIL	NIL

As per our report of even date attached.
For TALATI & TALATI
Chartered Accountants
Umesh H. Talati
Partner
Place : Ahmedabad
Date : 28-08-2002

For and on behalf of the Board

Narendra C. Patel
Dipak N. Patel
Mayur K. Shah
Place : Ahmedabad
Date : 28-08-2002

Chairman
Managing Director
Director

12. STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile.

i. Registration Details

Registration No.	15530	State Code	04
Balance Sheet Date	31-03-2002		

ii. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue	—	Right Issue	—
Bonus Issue	—	Private Placement	—

iii. Position of Mobilisation and Deployment Fund (Amount Rs. in Thousands)

Total Liabilities	30,625	Total Assets	30,625
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Sources of Funds

Paid-up Capital	30,000	Reserve and Surplus	—
Secured Loan	260	Unsecured Loan	365

Application of Funds

Net Fixed Assets	16,493	Investment	—
Net Current Assets	11,571	Misc. Expenditure	1,231
Accumulated Losses	1,330		

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

Turnover	11,011	Total Expenditure	11,948
Profit before tax	1,238	Profit after tax	1,112
Earning per share (in Rs.)	0.37	Dividend Rate (%)	—

V. Generic Name of Principal Product of the Company

Item Code No. (ITC CODE)	2918.00
Product Description	Calcium Lactate Gluconate

For, CRESTCHEM LIMITED

Place : Ahmedabad

Date : 28-08-2002

Dipak N. Patel
Managing Director

CRESTCHEM LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2002

	Current Year Rupees	Previous Year Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	12,38,117	41,590
Adjustment for :		
Depreciation	10,19,356	9,85,066
Interest Income	(23,535)	(24,128)
Interest Paid	2,44,777	2,52,926
(Profit) / Loss on Sale of Asset	84,110	—
Profit on Sale of Investment	(20,86,933)	—
Preliminary exps. written off	4,10,305	4,10,305
Operating Profit before Working Capital changes	8,86,197	16,65,759
Adjustment for :		
Trade and Other Receivables	(40,35,655)	(12,89,201)
Inventories	1,01,852	(1,21,731)
Trade Payables	(6,79,242)	(2,51,572)
Cash Generated from Operations	(37,26,848)	3,255
Income Tax Paid	(1,26,267)	(5,55,759)
Interest Paid	(2,44,777)	(2,52,926)
Net Cash Flow From Operating Activities (A)	(40,97,892)	(8,05,430)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,53,139)	(1,83,269)
Sale of Fixed Asset	1,85,000	—
Interest Received	23,535	24,128
Sales Proceed from Investment (Net)	20,86,933	—
Net Cash used in Investing Activities (B)	19,42,329	(1,59,141)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in borrowing	2,59,958	—
Net Cash used in Financing Activities (C)	2,59,958	—
NET INCREASE IN CASH & CASH EQUIVALENTS Total (A+B+C)	(18,95,605)	(9,64,571)
Cash & Cash Equivalents as at 1-04-2001	23,38,931	33,03,502
Cash & Cash Equivalents as at 31-03-2002	4,43,326	23,38,931

For and on behalf of the Board.

Place : Ahmedabad

Date : 28-08-2002

Narendra C. Patel

Chairman

Dipak N. Patel

Managing Director

AUDITORS' CERTIFICATE

We have verified the attached Cash Flow Statement of **CRESTCHEM LIMITED**, derived from the audited financial statements and the books and records maintained by the company for the period ended 31st March, 2002 and 31st March, 2001 and found the same in agreement therewith.

Place : Ahmedabad

Date : 28-08-2002

For, **TALATI & TALATI**
Chartered Accountants
(Umesh H. Talati)

Partner

CRESTCHEM LIMITED

10th Annual General Meeting

Monday, the 30th September, 2002 at 1.00 p.m.

Place : Hotel Toran, Conference Hall, Opp. Gandhi Ashram, Ahmedabad-380 027.

Folio No. : _____

Signature of Member / Proxy

attending the meeting _____

ATTENDANCE SLIP

Notes :

1. This Meeting is only for members, please, therefore, do not bring any person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

CRESTCHEM LIMITED

Regd. Office :

210, Mangal Murti Complex, Ashram Road, Ahmedabad-380 009.

FORM OF PROXY



Folio No. :

I/We

of in the district of being member / s of the above named

Company hereby appoint

of in the district of

or failing him

of in the district of as my/our Proxy to attend and vote for me/us on my/our behalf at the 10th Annual General Meeting of the Company, to be held on Monday, 30th September, 2002 and at any adjournment thereof.

Signed this day of 2002

Signature

Affix
Rs. 1
Revenue
Stamp

N B.: This Proxy must be deposited at the Registered Office of the Company at 210, Mangal Murti Complex, Ashram Road, Ahmedabad - 380 009 not less than 48 hours before the time of the meeting.

Printed by : CHAMUNDA GRAPHICS, Ahmedabad.

BOOK POST

To,

If undelivered, Please return to :

CRESTCHEM LIMITED

210, Mangal Murti Complex,
Ashram Road,
Ahmedabad-380 009.