

55Th

ANNUAL REPORT

1996-97

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CS	NP		DPY	NP
RO	<input checked="" type="checkbox"/>		DIV	NP
TRA	NP		AC	<input checked="" type="checkbox"/>
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Chemo-Pharma
Laboratories Ltd.



THE CHEMO-PHARMA LABORATORIES LIMITED

55TH ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH, 1997

DIRECTORS : S. B. SOMANI, **Chairman**
SHRIKANT SOMANI, **Vice-Chairman**
G. C. CHANDALIA
D. M. POPAT
DR. SURESH PARIKH
V. O. SOMANI
VIJAY KALANTRI
DR. J. K. LALLA
K. R. SOMANI

BANKERS : UNION BANK OF INDIA, MUMBAI
BANK OF BARODA, MUMBAI

AUDITORS : BATLIBOI & PUROHIT
Chartered Accountants
MUMBAI

Registered Office & Works

Plot No. 5, M.I.D.C.
Kalyan-Bhiwandi Road
Post, Saravali
Via Kalyan
Dist. Thane (Maharashtra)

Administrative Office

Empire House
214, Dr. D. N. Road
Fort
Mumbai - 400 001

Area Sales Offices : New Delhi
Lucknow
Hyderabad
Madras
Cochin

THE CHEMO-PHARMA LABORATORIES LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 55th Annual General Meeting of the Company will be held at the Regd. Office at Plot No. 5, MIDC Industrial Estate, Kalyan-Bhiwandi Road, Kalyan, Dist. Thane on Tuesday the 30th September, 1997 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as on that date and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. B. Somani who retires by rotation under Articles 162 of the Articles of Association of the Company, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri G. C. Chandalia, who retires by rotation under Article 162 of the Articles of Association of the Company, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Vijay Kalantri, who retires by rotation under Article 162 of the Articles of Association of the Company, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the Next Annual General Meeting and fix their remuneration.

NOTES :

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
- b) The Register of Member and the Share Transfer books of the Company will remain closed from Thursday the 25th September, 1997 to Tuesday the 30th September 1997 (both days inclusive).
- c) Members are requested to intimate to the Company immediately any change in their registered address.

On behalf of the Board

Mumbai
8th September, 1997

S. B. SOMANI
CHAIRMAN

THE CHEMO-PHARMA LABORATORIES LIMITED

DIRECTORS' REPORT

TO
THE MEMBERS

The Directors present herewith the 55th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

After accounting all expenses of operation, and providing depreciation of Rs. 14,28,050/-, the working for the year resulted in net profit of Rs. 2,20,540/-. After provision for taxation of Rs. 30,000/- and adjustment of provision for taxation written back (of the previous year) of Rs. 23,53,200/-, profit of Rs. 25,43,790/- plus the balance brought forward from previous year Rs. 5,07,422/- aggregating to Rs. 30,51,212/- is carried to the Balance Sheet.

OPERATIONS

After the restart of the factory, production of formulation on loan licence arrangements picked up during the report period, we still have spare capacity in which our company is planning to bring new range of formulations in Generic Division. These are under process.

In the Fine Chemicals Division, part of the plant has already been renovated, required utilities to manufacture Bulk Drugs are also ready. With a view to expand the product range your company has added new generation drugs and drugs intermediates like nimesulide, PMPA, Chlorzoxazone which have local as well as export demand. Production trials of these have been successful.

B.I.F.R.

The Board for Industrial and Financial Reconstruction has de-registered our Company vide their order dated 30th July, 1996. Hence the Company is not a Sick Industrial Company within the meaning of Clause (o) of Sub-Section (1) of Section 3 of Sick Industrial Companies (Special Provision) Act, 1985.

PUBLIC DEPOSITS

As on 31st March, 1997 the Company did not hold any Public Deposits.

PARTICULARS OF EMPLOYEES

The particulars regarding the Company's employees as required by Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 are given in Annexure I forming part of this report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988 are not applicable as there are no manufacturing activity except reprocessing of Crude Semi finished materials during the year and those manufactured on loan licence arrangement are not being power intensive, hence not given.

The information as foreign exchange, earning and outgo is contained in notes to Accounts.

THE CHEMO-PHARMA LABORATORIES LIMITED**AUDIT REPORT**

With regard to the observations of the Auditors in their Audit Report, reference is invited to Notes 3,6, 7(A),7(B) & 8 of Schedule 15 forming part of the Accounts which is self explanatory.

With regard to Note No. 4(A) of Schedule '15' the amount of Rs. 2,72,00,000/- invested in the shares of M/s. Tecil Chemicals and Hydro Power Ltd., which was purchased from M/s. Ravindra Trading and Agencies Ltd. As the amount advanced to M/s. Ravindra Trading and Agencies Ltd., in the earlier years could not be recovered hence the same is settled partly by accepting these shares. The Company has made an application to the Central Government for their approval and the same is awaited.

AUDITORS

M/s. Batliboi & Purohit, Chartered Accountants, retire at the ensuing Annual General Meeting and are available for appointment for a fresh term.

DIRECTORS

Shri S. B. Somani, Shri G. C. Chandalia and Shri Vijay Kalantri will retire at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

GENERAL

The Balance Sheet and Profit and Loss Account of the Company have been signed by two of the Directors present in the Board Meeting in accordance with provisions of Section 215 of the Companies Act, 1956 for and on behalf of the Board of Directors.

The Directors acknowledge with gratitude the help, co-operation and understanding received by it from all quarters.

On behalf of the Board

Mumbai
8th September, 1997.

S. B. SOMANI
CHAIRMAN

THE CHEMO-PHARMA LABORATORIES LIMITED

ANNEXURE (I) TO DIRECTORS' REPORT 1996-97

Statement of particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 as amended.

Name	Designation	Remuneration (Rs.)	Qualification	Experience Years	Date of commencement of employment	Age years	Last employment held
* Dr. Pawan Saharan	Whole-time Director	2,93,333/-	M.S., Ph.D, M.B.A.	14	29-06-96	34	Profit Centre Head Piramal Healthcare Ltd., Bombay.

* Employed for the part of the year.

On behalf of the Board of Directors

Place : Mumbai
Date : 8th September, 1997

S. B. SOMANI
CHAIRMAN

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THE CHEMO-PHARMA LABORATORIES LIMITED

REPORT OF THE AUDITORS

TO
THE MEMBERS

We have audited the attached Balance Sheet of the Chemo-Pharma Laboratories Limited as at 31st March, 1997 and also the annexed Profit and Loss Account of the Company for the year ended on that date and 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. Proper returns, adequate for the purposes of our audit have been received from the Branches/Depots not visited by us.
3. Subject to (i) non-provision of gratuity and encashment of leave benefits (Note No. 3), (ii) Investments in excess of limits prescribed U/s 372 and approval from Central Government (Note No. 4(A) and Diminution in the value of long term Investments as referred to in clause No. 4(B) of Notes forming parts of Accounts (iii) some on-account payments which are subject to adjustment (Note No. 6) (iv) Semi-finished goods, stores and spares written off in the earlier years brought into the accounts (Note No. 7(A) & 7(B) and (v) (a) non provision of extra/ multiple shift allowance in respect of depreciation under Section 205(2) (b) on assets of the Fine Chemicals Unit for previous years (Note No. 8).
4. In our opinion, proper books of accounts as required by law have been kept by the Company as far as appears from our examination of the books, and the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the same and 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 the Balance Sheet, of the State of affairs of the Company as at 31st March, 1997 and
 - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date.
5. As required by the Manufacturing and other Companies (Auditors' Report) order, 1988, issued by the Company Law Board in terms 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 appropriate and according to the information and explanations given to us during the course of audit, we further state on the matters specified in paragraph 4 and 5 of the said Order that :
 - i) The Company has maintained proper records of fixed assets, however the same requires to be updated. The Fixed Assets have been physically verified by the Management during the year. However the same is under reconciliation with the Books of Accounts. The discrepancies, if any will be dealt with thereafter
 - ii) None of the Fixed Assets have been revalued during the year.
 - iii) The management has conducted physical verification at reasonable intervals in respect of finished goods, raw materials, stores and spares. There is no finished stock.
 - iv) 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.
 - v) The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company.
 - vi) On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
 - vii) In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from the companies, firms and other parties listed in the register-maintained under Section 301 of the Companies

THE CHEMO-PHARMA LABORATORIES LIMITED

Act, 1956, are not prima facie prejudicial to the interest of the Company. There is no Company under same management as defined under section 370(1-B) of the said Act.

- viii) In our opinion, the rate of interest and other terms and conditions of unsecured loans granted to the Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, are prima-facie, not prejudicial to the interest of the Company. There is no Company under the same management as defined under Section 370 (1-B) of the said Act.
- ix) The Advance in the nature of loan to employees with interest are recovered as stipulated. In respect of advances in the nature of loans given to Companies, there is no schedule of payment of principal and interest. As regard other loans and advances, reference is invited to Note No. 8 in schedule "15".
- x) In our opinion, 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, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
- xi) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials. However sale of goods materials made in pursuance of a 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 the prevailing market prices for such goods, materials or the prices at which transactions for similar goods, have been made with other parties or as available with the Company.
- xii) The Company has determined unserviceable or damaged stores, raw materials and finished goods. Necessary adjustments/provision has been made in the accounts.
- xiii) The Company has not accepted deposits from the public during the year under audit hence, the provisions of Section 58A of the Companies Act, 1956 are not applicable.
- xiv) The Company has maintained reasonable records for sale and disposal of scraps. There are no by-products during the year.
- xv) As there are no manufacturing activity except reprocessing of Crude Semi-finished materials during the year. The management feel that it is not necessary to have an outside internal auditor.
- xvi) There are no manufacturing activity except reprocessing of Crude Semi-finished materials during the year, hence the cost records are not considered necessary by the company.
- xvii) According to the records of the Company, there have been some delays in depositing Provident Fund contributions and Employees State Insurance dues with the appropriate authorities. There are no arrears of Provident Fund and Employees State Insurance at the year end.
- xviii) No undisputed amounts payable in respect of Income tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1997, for a period of more than six months from the date they became payable.
- xix) No personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
- xx) The Company ceased to be a Sick Industrial Company within the meaning of Clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985. Vide BIFR order dated 30th July, 1996.
- (xxi) In respect of trading activity of shares, proper records have been maintained of the transaction and contracts for the purchases. The Shares are pending for transfer in the name of the company.

For BATLIBOI & PUROHIT
Chartered Accountants

Mumbai
8th September, 1997

K. K. KSHIRSAGAR
PARTNER