

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DEV	NA
TRA	NA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SCH	<input checked="" type="checkbox"/>
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ANNUAL REPORT

1997-98

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Chemo-Pharma
Laboratories Ltd.

THE CHEMO-PHARMA LABORATORIES LIMITED**56TH ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH, 1998**

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 56th Annual General Meeting of the Company will be held at C-25 Jai Hind Co-op. Hsg. Soc. Ltd., Goods Shed Road, Kalyan on Wednesday the 30th September, 1998 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, 1998 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 Shrikant Somani who retires by rotation under Article 162 of the Articles of Association of the Company, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. J. K. Lalla, who retires by rotation under Article 162 of the Articles of Association of the Company, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri K. R. Somani, 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 Friday the 25th September, 1998 to Wednesday the 30th September 1998 (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
5th September, 1998

S. B. SOMANI
CHAIRMAN

THE CHEMO-PHARMA LABORATORIES LIMITED

DIRECTORS' REPORT

TO
THE MEMBERS

The Directors present herewith the 56th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

After accounting all expenses of operation, and providing depreciation of Rs. 15,20,215/-, the working for the year resulting in net loss of Rs. 83,23,334/-. After the adjustment of provision for taxation written back (of the previous year) of Rs. 30,000/- less balance brought forward from previous year Rs. 30,51,212/-. The net loss of Rs. 52,42,122/- carried to the Balance Sheet.

OPERATIONS

The Company has to suspend its operations and declared lock-out of the factory which took effect from 28th November, 1997. The lock-out still continues.

The Company is exploring the possibility of leasing / licensing part of its existing plant and machinery to other chemical manufacturers. The Company has identified the prospective chemical manufacturers and negotiations are at an advanced stage.

PUBLIC DEPOSITS

As on 31st March, 1998 the Company did not hold any Public Deposits.

PARTICULARS OF EMPLOYEES

There was no employee in the Company who was receipt of remuneration of Rs. 25,000/- per month or Rs. 3,00,000/- in a year in the aggregate.

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 regarding Conservation of Energy, Technology and Foreign Exchange Earnings and outgo is given in the Annexure.

AUDIT REPORT

With regard to the observations of the Auditors in their Audit Report, reference is invited to Notes 3, 4, 6, & 7 of Schedule 16 forming part of the Accounts which is self explanatory.

AUDITORS

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

DIRECTORS

Shri Shrikant Somani, Dr. J. K Lalla and Shri K. R. Somani will retire at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

THE CHEMO-PHARMA LABORATORIES LIMITED

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
5th September, 1998

S. B. SOMANI
CHAIRMAN

ANNEXURE TO THE DIRECTORS REPORT

Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 for the year ended 31st March, 1998.

A. CONSERVATION OF ENERGY

I. POWER AND FUEL CONSUMPTION

1. Electricity :		3. Furnace Oil / LDO :	
a. Purchased		Quantity (K. Ltr.)	19.00
Units (KWH / Lacs)	1.13	Total Amount (Rs. / Lacs)	1.76
Total Amount (Rs. / Lacs)	6.18	Average Rate (K. Ltr.)	9.26
Average Rate / Units (Rs.)	5.46		
b. Own Generation	—		
2. Coal :		4. Other / Internal Generation :	
Quantity	—	Quantity	—
Total Cost (Rs. / Lacs)	—	Total Cost	—
Average Rate (Rs.)	—	Average Rate / Unit	—

II. CONSUMPTION PER UNIT OF PRODUCTION

Products)	
Units)	Since the Company manufacturing several bulks drugs
Electricity)	and having regard to the records and other books
Furnace Oil)	maintained by the Company, it is impracticable
Coal)	to apportion the utilities.
Other)	

B. TECHNOLOGY ABSORPTION : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as Foreign Exchange earning and outgo is contained in Notes to Accounts.

On behalf of the Board of Directors

Mumbai
Date : 5th September, 1998

S.B. SOMANI
Chairman

SHRIKANT SOMANI
Vice-Chairman

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, 1998 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 part of Accounts (iii) some on-account payments which are subject to adjustment (Note No. 6) (iv) 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. 7).
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, 1998 and
 - (b) In the case of Profit and Loss Account, of the Loss 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. However physical verification of the stock in the factory premises at the year end could not be verified due to lockout in the factory with effect from 13-11-1997.
 - 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 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.

THE CHEMO-PHARMA LABORATORIES LIMITED

- 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 not prima-facie, 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 repayment of principal and interest. As regard other loans and advances, reference is invited to Note No. 6 in schedule "16".
- 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, prices paid for purchase of goods, raw materials and services and sale of goods, materials 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. However the determination of unserviceable or damaged stores, raw materials and finished goods could not be made at the end of the year due to lock-out.
- 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. However we could not verify the records, as the same are lying in the factory premises which is under lock-out.
- xv) The Company has engaged in services of a practising firm of Chartered Accountants for internal Audit, the coverage of which is fairly commensurate with the size and nature of the Company's business.
- xvi) The Company was having manufacturing activity for the part of the year. The management has given to understand that the cost records are maintained at factory. However, we could not review the cost records maintained by the Company due to Lock-Out in the factory premises.
- xvii) According to the records of the Company, there have been delays in depositing Provident Fund contributions and Employees State Insurance dues with the appropriate authorities. An amount of Rs. 1,82,033/- towards Provident Fund and Rs. 9,168/- towards Employees State Insurance are outstanding 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, 1998, 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
Date : 5th September, 1998

K. K. KSHIRSAGAR
PARTNER

THE CHEMO-PHARMA LABORATORIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1998

	Schedule	<u>Rupees</u>	<u>31st March 1998 Rupees</u>	<u>31st March 1997 Rupees</u>
SOURCES OF FUNDS :				
Shareholders Funds :				
Share Capital	1	1,50,00,000		1,50,00,000
Reserves and Surplus	2	5,14,14,738		5,44,65,950
			6,64,14,738	6,94,65,950
Loan Funds :				
Unsecured Loans	3		2,53,42,371	1,73,36,874
	TOTAL		9,17,57,109	8,68,02,824
APPLICATION OF FUNDS :				
Fixed Assets :	4			
Gross Block		3,54,39,279		3,55,59,859
Less : Depreciation		2,60,85,302		2,46,98,098
		93,53,977		1,08,61,761
Capital Work-in-Progress		9,20,461		9,20,461
			1,02,74,438	1,17,82,222
Investments	5		3,20,90,061	3,17,68,306
Current Assets, Loans and Advances :				
Inventories	6	2,19,47,307		1,47,92,673
Sundry Debtors	7	34,79,007		46,53,482
Cash & Bank Balances	8	1,12,040		2,96,980
Interest accrued on Investments		2,265		2,265
Loans and Advances	9	3,14,69,499		2,84,29,818
		5,70,10,118		4,81,75,218
Less : Current Liabilities & Provisions	10	(1,34,44,630)		(49,22,922)
			4,35,65,488	4,32,52,296
Deferred Revenue Expenditure			5,85,000	—
(to the extent not written off or adjusted)				
Debit Balance in Profit & Loss A/c.			52,42,122	—
	TOTAL		9,17,57,109	8,68,02,824
Notes forming part of Accounts	16			

As per our Report Annexed
For Batliboi & Purohit
Chartered Accountants

On behalf of the Board of Directors

K. K. KSHIRSAGAR
Partner
Mumbai :
Date : 5th September, 1998

S. B. SOMANI
Chairman

SHRIKANT SOMANI
Vice-Chairman