

**61ST
ANNUAL REPORT
2002-2003**



CERTIFIED TO BE TRUE COPY

For Chemo-Pharma Laboratories Ltd.,


DIRECTOR.

Directors : Shri S. B. Somani (Chairman)
Shri V. O. Somani
Shri K. L. Mundra
Shri. Madhusudan Vyas

Bankers : Union Bank of India, Mumbai
Bank of Baroda, Mumbai
Lord Krishna Bank, Mumbai

Auditors : Batliboi & Purohit
Chartered Accountants
Mumbai

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

Administration Office
Empire House, 214,
Dr. D. N. Road,
Fort,
Mumbai – 400 001.

NOTICE

To,
The Members

Notice is hereby given that the 61st Annual General Meeting of the Company will be held at Plot No.5, MIDC, Kalyan Bhiwandi Road, Post – Saravali, Via Kalyan, Dist. Thane (Maharashtra) on Tuesday the 30th September, 2003 at 11.00 a.m. to transact the following business.

Ordinary Business

1. To receive, Consider and Adopt the Audited Profit & Loss Account for the year ended 31st March, 2003 and the Balance Sheet as on date and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of **Shri K. L. Mundra** who retires by rotation under Articles 162 of the Articles of Association of the Company, and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix remuneration.

On Behalf of the Board

Place : Mumbai
Date : 4th September, 2003

S/d.
S. B. Somani
Chairman

Note:

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 a proxy need not be a member.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 25th September, 2003 to 30th September, 2003 (both days inclusive)
3. Members are requested to intimate to the Company immediately any changer in their registered address.

On Behalf of the Board

Place : Mumbai
Date : 4th September, 2003

S/d.
S. B. Somani
Chairman

DIRECTORS' REPORT

To,
The Members

The Directors present herewith the 61st Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2003.

Financial Results

After accounting all expenses of operation, and providing depreciation of Rs.3,53,706/- the working for the year resulting in net loss of Rs.8,63,221/-, After the loss brought forward from previous year Rs.2,39,33,661/- the Total Loss of Rs.2,47,96,882/- carried to the Balance Sheet.

OPERATIONS

As reported in the earlier year, the Company was under lock-out since 28th November, 1997 which still continues.

The Company is exploring the possibility of leasing / licensing part of its existing plant and machinery to the other chemical manufactures. The Company has identified the prospective chemical manufacturers and negotiations are in progress.

PUBLIC DEPOSIT : As on 31st March, 2003 the Company did not hold any Public Deposit.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under section 217(2) (A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975 as amendment are not required to be furnished as there were no employees receiving total emoluments of Rs. 24,00,000/- for the full year or Rs. 2,00,000/- per month.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

As required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, etc. are not given due to lock-out in the factory for the whole year.

DIRECTOR'S RESPONSIBILITY STATEMENT

In term of Section 217 (2AA) of the Companies Act, 1956, we, the Directors of Chemo Pharma Laboratories Ltd., state in respect of Financial Year 2002-03 that:

- a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently

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- and made judgements 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 that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 a going concern basis;

AUDITORS:

M/s. Batliboi & Purohit, Auditors of the Company, retire at the Sixty Annual General Meeting of the Company, and being eligible offer themselves for re-appointment.

AUDITOR'S REPORT:

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

DIRECTOR

Shri D. M. Popat, Dr. Suresh Parikh, Shri Vijay Kalantri, Shri J. K. Lalla, Shri G. C. Chandalia and Shri. K. R. Somani resigned during the period under review. The Directors record their appreciation of the valuable services rendered by them during their tenure.

Shri. K. L. Mundra retire at the ensuring Annual General Meeting and being eligible, have offered themselves for re-appointment.

CORPORATE GOVERNANCE

Your Company is fully committed to the philosophy of conducting its business with due compliance of laws, rules and regulations. The sound Internal Control and efficient Management Information Systems, which play a pivotal role in Corporate Governance, are place in your Company.

GENERAL

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

ACKNOWLEDGMENT:

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

BY ORDER OF THE BOARD

S/d.
Shri S. B. Somani
CHAIRMAN

Mumbai
Date : 4th September, 2003

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REPORT OF THE AUDITORS

**To,
THE MEMBERS**

We have audited the attached Balance Sheet of Chemo Pharma Laboratories Limited as at 31st March, 2003 and also the annexed Profit & Loss Account 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required 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, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We have obtained all 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. In our opinion, the Profit & Loss Account and Balance Sheet comply with Mandatory Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956, except non provision of gratuity, leave encashment AS-15 & diminution in the value of Long Term Investment AS-13 as referred to in Note 2 & 3b of Schedule – 15 Notes forming Part of Accounts.
4. Subject to (i) Non-provision of gratuity and encashment of leave benefits (Note No.2) (ii) Investments in excess of limits prescribed U/s 372 and approval from Central Government (Note No.3(a)) and Diminution in the value of Long Term Investments as referred to in Clause No.3 (b) of the Notes forming part of Accounts (iii) Some on account payments which are subject to adjustment (Notes No.5) (iv) Non provision of extra /multiple shift allowance in respect of depreciation Under Section 205(2) (b) on assets of fine Chemicals Unit for previous years (Note No.6). (v) Non-provision of Interest and doubtful debts & advances amounting to Rs.23,02,383/- & Rs.96,95,007/- respectively (Note no. 18 & 19).
5. In our Opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of the books, and the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the same and give a true and fair view:
 - i) In the case of Balance Sheet, of the state of affair of the Company as at 31st March, 2003.
 - ii) In the case of Profit & Loss Account of the Loss for the year ended on that date.
 - iii) In the case of Cash Flow Statement of Cash flows for the year ended on that date.
6. On the basis of written representations received from Directors, as on 31st March'2003 and taken on record by the Board of Directors, We report that none of the Directors are disqualified as on 31st March'2003 from being appointed as Directors in terms of clause (g) of Sub Section (4) of Section 274 of the Companies Act, 1956.

7. As required by the manufacturing and other Companies (Auditor's Report) Order 1988, issued by 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.
- i. The Company has maintained proper records of fixed Assets however, we could not verify the records as the same were lying in the factory which is under lock-out (The same requires to be updated). The Fixed Assets could not be physically verified by the management during the year due to lock-out.
 - ii. None of the Fixed Assets have been revalued during the year.
 - iii. The Stock of finished goods, raw materials, stores in the factory premises. The materials became outdated, Expiry, damaged due to lock-out in the factory and written off in earlier years.
 - iv. 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 face 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.
 - v. In our opinion, the rate of interest and terms and conditions of the 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 face 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.
 - vi. The Advance in the nature of loan to employees with interest are recovered as stipulated. Where as the Advance and Loans to Factory staff & workers were not recovered as per stipulation due to lock out. 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. 5 in Schedule '15'.
 - vii. 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 sale of other assets.
 - viii. There are no transaction of purchase of goods and materials and sale of goods and materials and services in pursuance of a contract of arrangement entered in register maintained under section 301 and aggregating during the year to more than Rs.50,000/- in respect of the party.
 - ix. 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.
 - x. 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.

- xi. As there are no trading or manufacturing activity during the year due to lock out the management feel that it is not necessary to have an outside internal auditor.
- xii. There are, no manufacturing activity during the year and hence the question of maintenance of cost records does not arise.
- xiii. According to the records of the Company, there have been delays in depositing Provident Fund Contributions and Employees State Insurance dues with the appropriate authorised. A amount of Rs.5,45,316/- towards Provident Fund and Rs.1,09,328/- towards Employees State Insurance are Outstanding at the year end.
- xiv. No disputed amount payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2003 for a period of more than Six months from the date they become payable.
- xv. 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.
- xvi. The Company is not a Sick Industrial Company within the meaning of clause (0) of the Sub Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
- xvii. In respect of trading activity of Shares, proper records have been maintained of the transactions and contracts for Purchases. The Shares are pending for transfer in the name of the Company (refer note No.3(c)).

For BATLIBOI & PUROHIT
Chartered Accountants

S/d.
K.KSHIRSAGAR
Partner

Mumbai
Date: 4th September, 2003