

CHEMO PHARMA LABORATORIES LTD.

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65TH ANNUAL REPORT

2006-2007

DIRECTORS

: Shri S. B. Somani (Chairman)
Shri V. O. Somani
Shri K. L. Mundra
Shri. Madhusudan Vyas
Shri. Ghanshyam K. Joshi
Shri. Ram Manohar Khandelwal
Shri. K. P. Patil
(Appointed w.e.f.29.06.2007)

BANKERS

: Axis Bank Ltd., Mumbai
Union Bank of India, Mumbai
Bank of Baroda, Mumbai
Lord Krishna Bank, Mumbai

AUDITORS

: Batliboi & Purohit
Chartered Accountants
Mumbai

REGISTERED OFFICE

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

Notice is hereby given that the 65TH 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 Friday 28th September, 2007 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, 2007 and the Balance Sheet as on date and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of **Shri G. K. Joshi** who retires by rotation under Articles 162 of the Articles of Association of the Company, and being eligible offers himself for reappointment.
3. Not to appoint a Director in place of **Shri V. O. Somani**, who retires by rotation under Article 162 of the Articles of Association of the Company and being eligible, has not offered himself for re – appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix remuneration.

SPECIAL BUSINESS:

5. To consider and if though fit, to pass with or without modification the following Resolution as an Ordinary Resolution.

“RESOLVED THAT **Shri K. P. Patil**, who was appointed as an Additional Director on 29th June, 2007 and who in terms of Section 260 of the Companies Act, 1956 holds Office as such upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing along with the requisite deposit under section 257 of the Companies Act, 1956, from a Shareholder of the Company signifying his intention to propose **Shri K.P. Patil** as a candidate for the Office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

Note:

1. Explanatory Statement as required Under Section 173 (2) of the Companies Act 1956 annexed
2. 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.
3. The Register of Member and the Share Transfer Books of the Company will remain closed from 21st September, 2007 to 28th September, 2007 (both days inclusive)
4. Members are requested to intimate to the Company immediately any changer in their registered address.

On Behalf of the Board

Place: Mumbai
Date: 30th August, 2007

Sd/-
S. B. Somani
Chairman

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5**

The Board of directors appointed Shri K. P. Patil as Additional Director with effect from 29th June, 2007 by passing the resolution in the Board Meeting, pursuant to Articles of Association of the Company and section 260 of the Companies Act, 1956. As per the said section, Shri K. P. Patil will hold office upto the date of this Annual General Meeting. A notice pursuant to section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose him as a candidate for the office of the Director. The profile of Shri K. P. Patil is given hereto under the head 'Additional Information'.

Shri K. P. Patil, being concerned, is interested in the resolution. None of the other directors of the company is concerned or interested in the resolution. Your Directors, therefore, recommend the resolution for your approval.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS : During the year under report the Company has not carried out any manufacturing activity. The manufacturing activity has become unviable due to diverse factors such as high cost of production and technological obsolescence. The Management of the Company has been exploring possibility to diversify its activity but there has been no significant progress.

OUTLOOK, OPPORTUNITIES AND THREATS : Since the Company has not been carrying any manufacturing activity and is planning to diversify its activities in other fields, the Board of Directors are not dealing with this Section of the MDA.

RISK AND CONCERN : The manufacturing activities has been discontinued as the Board of Directors have found the same unviable. Hence there are no comments.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY : The Company has adequate internal checks and controls.

FINANCIAL PERFORMANCE : There was no manufacturing activity during the year under report. The Company, however, earned aggregate income of Rs.305.27 Lacs (including profit on Sale of Fixed Assets at Kalyan amounting to Rs.266.50 Lacs and Sundry Balances Written Back Rs.22.24 Lacs). The profit before Depreciation and taxation is Rs.1.93 Lacs as against Rs.3.91 Lacs in previous year. The Profit after tax is Rs.1.20 Lacs as against Rs.0.70 Lacs in previous year.

CAUTIONARY STATEMENT : Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.

30th August, 2007.

DIRECTORS' REPORT

To,
The Members

The Directors present herewith the 65th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS : There was no manufacturing activity during the year under report. The Company, however, earned aggregate income of Rs.305.27 Lacs (including profit on Sale of Fixed Assets at Kalyan amounting to Rs.266.50 Lacs and Sundry Balances Written Back Rs.22.24 Lacs). The profit before Depreciation and taxation is Rs.1.93 Lacs as against Rs.3.91 Lacs in previous year. The Profit after tax is Rs.1.20 Lacs as against Rs.0.70 Lacs in previous year.

OPERATIONS : During the year the Company sold all its fixed assets of the Chemical Division at Kalyan. Thus, the Company no longer remains a Manufacturing Company. The Board of Directors of the Company has been exploring various avenues for commencing any other business activity, but no significant progress has been made.

PUBLIC DEPOSIT : As on 31st March, 2007 the Company did not have 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 2006-07 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 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 Five 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 2a, b, 3, 5a, b, 10, 11, 12 of the Schedule 15 forming part of the Accounts which are self-explanatory.

DIRECTOR : Shri V. O. Somani, Director of the Company retires by rotation under Article 162 of the Articles of Association of the Company, and though eligible for re-appointment has not offered himself for re-appointment and hence he shall cease to be Director of the Company from the conclusion of forth coming Annual General Meeting.

Shri K. P. Patil was appointed as Additional Director of your Company on 29.06.2007. The cease to hold his office at the ensuing Annual General Meeting and being eligible, offer himself for reappointment as Director liable to retire by rotation.

Shri. G. K. Joshi retires at the ensuring Annual General Meeting and being eligible, has offered himself for re-appointment.

CORPORATE GOVERNANCE : Report on corporate governance and a certificate from Pramod S. Shah & Associates, Practicing Company Secretary regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreement with the Stock Exchange is given as Annexure II forming part of this Report.

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

Place: Mumbai
Date: 30th August, 2007

Sd/-
S. B. SOMANI
CHAIRMAN

ANNEXURE TO THE DIRECTOR'S REPORT

Statements of Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A.	CONSERVATION OF ENERGY	Not Applicable.
B.	TECHNOLOGY ABSORPTION	Not Applicable.
C.	FOREIGN EXCHANGE EARNING AND OUTGO	Rs. NIL

BY ORDER OF THE BOARD

Place: Mumbai
Date: 30TH August, 2007

Sd/-
S. B. SOMANI
CHAIRMAN

ANNEXURE II

Corporate Governance Report 2006-2007**1. Company's Philosophy :**

The Company's Philosophy is to ensure good Corporate Governance. The Company believes in transparency in all its dealings.

2. Board of Directors :

On 31-03-2007 the Board of Directors comprises of a Non Executive Chairman, Five Independent Directors. During the year Five Board Meetings were held on 19/04/2006, 17/07/2006, 02/09/2006, 18/12/2006 and 20/03/2007. The attendance of the Directors in the Board Meetings and last Annual General Meeting is given here below.

Name	Category and Designation	Date of Resignation	No. of Board Meetings held during the year 2006-2007	No. of Board Meetings attended during the year 2006-2007	Whether attended last AGM held on 29/09/2006	Directorship in other Companies	Chairmanship in Committees of Boards of other Companies	Membership in Committees of Boards of other Companies
Shri S. B. Somani	NEC	-	5	5	Yes	3	0	0
Shri V. O. Somani	ID	-	5	0	No	0	0	0
Shri K. L. Mundra	ID	-	5	5	Yes	3	0	0
Shri Madhusudan Vyas	ID	-	5	5	Yes	0	0	0
Shri G.K. Joshi	ID	-	5	5	Yes	4	2	3
Shri Ram Manohar Khandelwal	ID	-	5	5	Yes	3	0	1

NED – Non-Executive Chairman

ID – Independent Director

Note:

- 1. Shri K. P. Patil, Independent Director, appointed w.e.f. 29/06/2007**

Particulars of Re-appointed Director:

Name	:	Shri K. P. Patil
Designation	:	Independent Director
Age	:	60 years
Qualification	:	BA, LL.B
Experience	:	30 years
Other Directorship	:	M/s Indian Infotech & Software Limited M/s Ravindra Trading & Agencies Limited

Shareholding in the Company : Nil

Name	:	Shri G. K. Joshi
Designation	:	Independent Director
Age	:	63 Years
Qualification	:	Inter - Science from Mumbai University
Experience	:	36 years of experience in Business
Other Directorship	:	M/s. Universal Bearing Company Pvt. Ltd. M/s. Tecil Chemicals and Hydro Power Limited M/s. Indian Infotech & Software Ltd. M/s. Citric India Limited M/s. Ravindra Trading & Agencies Limited

Shareholding in the Company : Nil

1. **Audit Committee:**

i. Terms of Reference

The role and terms of reference of Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

ii. Composition

The Audit Committee was formed on 29.12.2004 and was reconstituted on 16th December, 2005 with the following Members:

1.	Shri G. K. Joshi	Chairman
2.	Shri M. S. Vyas	Member
3.	Shri Ram Manohar Khnadelwal	Member

The Audit Committee held meetings Five times during 2006-2007 on 19/04/2006, 17/07/2006, 02/09/2006, 18/12/2006 and 20/03/2007. The attendances of members are as follows:

	No. of Attendance
1. Shri G. K. Joshi, Chairman	5
2. Shri M. S. Vyas, Member	5
3. Shri Ram Manohar Khnadelwal, Member	5

4. Shareholders/ Investors Grievance Committee :**i. Terms of Reference :**

- a) To scrutinize and approve registration of transfer of shares/ debentures/ warrants issued / to be issued by the Company.
- b) To exercise all powers conferred on the Board of Directors under Article 43 of the Article of Association.
- c) To decide all questions and matters that may arise in regard to transmission of shares / debentures / warrants issued / to be issued by the Company.
- d) To approve and issue duplicate shares / debentures / warrants certificates in lieu of those reported lost,
- e) To refer to the Board and any proposal of refusal of registration of transfer of shares / debentures / warrants for their consideration.
- f) To look into shareholders and investors complaints like transfer of shares, non- receipt of annual reports, non-receipt of declared dividends, etc., and
- g) To delegate all or any of its powers of Officers/ Authorized Signatories of the Company.