

# **CHEMO PHARMA LABORATORIES LTD.**

**70<sup>TH</sup> ANNUAL REPORT**

**2011 - 2012**



<b>DIRECTORS</b>	:	SHRI MADHUSUDAN VYAS SHRI GHANSHYAM K. JOSHI SHRI RAM MANOHAR KHANDELWAL SHRI NANDKUMAR PAREEK
<b>BANKERS</b>	:	AXIS BANK LTD., MUMBAI STATE BANK OF INDIA, MUMBAI
<b>AUDITORS</b>	:	BATLIBOI & PUROHIT CHARTERED ACCOUNTANTS MUMBAI
<b>REGISTERED OFFICE</b>	:	5, KUMUD APARTMENT CHS. LTD. KARNIK ROAD, CHIKAN GHAR, KALYAN, DIST. THANE -421301 (MAHARASHTRA)
<b>ADMINISTRATION OFFICE</b>	:	EMPIRE HOUSE, 3 <sup>RD</sup> FLOOR 214, DR. D. N. ROAD, FORT, MUMBAI – 400 001.
<b>WEB.</b>	:	<a href="http://www.thechemopharmalaboratoriesltd.com">www.thechemopharmalaboratoriesltd.com</a>
<b>E-MAIL</b>	:	<a href="mailto:contact@thechemopharmalaboratoriesltd.com">contact@thechemopharmalaboratoriesltd.com</a>

**NOTICE**

Notice is hereby given that the **SEVENTIETH ANNUAL GENERAL MEETING** of the Company will be held at 5-Kumud Apartment, Co. Op. Hsg. Soc. Ltd., Karnik Road, Chikan Ghar, Kalyan, Dist. Thane-421301 (Maharashtra) on **Thursday, 30<sup>th</sup> August, 2012 at 4.00 P.M.** to transact the following business.

**Ordinary Business**

1. To receive, Consider and Adopt the Audited Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2012 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 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.

**Note:**

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not later than 48 hours before the meeting.
2. Members are requested to notify immediately any change in their address to M/s Sharex Dynamic (India) Pvt. Ltd. Unit No. 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East) Mumbai-400072.
3. The Register of Members & Share Transfer Book of the Company will remain closed from 23<sup>rd</sup> August, 2012 to 30<sup>th</sup> August, 2012 (Both days inclusive).
4. Members desiring to submit mandates, to lodge transfer deed(s) for registration of transfer of shares are requested to forward the same so as to reach the Company's Registrars M/s Sharex Dynamic (India) Pvt. Ltd. Unit No. 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri ( East) Mumbai-400072 on or before 23<sup>rd</sup> August, 2012. The Company will not be in a position to act upon any document, which is incomplete or received after 23<sup>rd</sup> August, 2012.
5. In accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be re-appointed are given in the Corporate Governance Report.
6. Members are requested to quote their Registered Folio Nos. on all correspondence with the Company.
7. Members are requested to send their queries to the Company, if any on Accounts at least 10 days before the Meeting.
8. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
9. Members/Proxies should bring the attendance slip duly filled in, for attending the Meeting. The Attendance slip is sent with this Annual Report.
10. Recently, the Ministry of Corporate Affairs (MCA) , Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed Companies to send official documents to their shareholders electronically as part of its green initiatives in Corporate Governance.  
Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send Documents like the Notice convening the General Meetings, Financial Statements, Directors', Auditors' Report, etc to the email address provided by you with your depositories.  
We request you to update your email address with your Depository Participant to ensure that the Annual Report and other documents reach you on your preferred email.
11. Members can avail of the Nomination facility by filing Form 2B with the Company or its Registrar. Blank forms will be supplied on request. In case of shares held in demat form, the Nomination has to be lodged with their DP.
12. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts(s). Members holding shares in physical form can submit their PAN details to M/s Sharex Dynamic (India) Pvt. Ltd.

**ON BEHALF OF THE BOARD****Sd/-****M. S. VYAS  
DIRECTOR****PLACE: MUMBAI  
DATE: JUNE 29, 2012**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management of CHEMO PHARMA LABORATORIES LIMITED in its Analysis Report has highlighted the performance and outlook of the Company in order to comply with the requirement of Corporate Governance as laid down in Clause 49 of the Listing Agreement. However, investors and readers are cautioned that this discussion contains certain forward looking statements that involve risk and uncertainties.

### **OVERVIEW**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. Our management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

Since the Company had discontinued its manufacturing operations few years back, the Directors are exploring new business opportunities.

### **OUTLOOK, OPPORTUNITIES AND THREATS**

At present the Company is not carrying any manufacturing operation and hence surplus funds have been deployed in a manner that same can be liquidated at any time to meet Capital requirement of the new business.

### **RISK AND CONCERN**

There are no perceived risks in the present activity.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate internal checks and controls.

### **FINANCIAL PERFORMANCE**

The Company earned a Other Income of Rs 10,669,113/- as against Rs.3,63,063/- in the previous year 2010-11. The Profit after taxation was Rs. 8,480,378/- as against Rs.35,150/- in the previous year 2010-11.

### **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.

**BY ORDER OF THE BOARD**

**PLACE : MUMBAI**  
**Date: JUNE 29, 2012**

Sd/-  
**M. S. VYAS**  
**DIRECTOR**

**DIRECTORS' REPORT**

To,  
The Members

The Directors present herewith the **SEVENTIETH ANNUAL REPORT** and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2012.

**FINANCIAL RESULTS**

The Company earned a Other Income of Rs 10,669,113/- as against Rs. 3,63,063/- in the previous year 2010-11. The Profit before and after taxation was Rs. 8,480,378/- as against Rs. 35,150/- in the previous year 2010-11.

**OPERATIONS**

There was no Manufacturing activity during the Year. The Company's main activities are Share Trading and Other Investments

**PUBLIC DEPOSIT**

As on 31<sup>st</sup> March, 2012 the Company did not have any Public Deposit.

**PARTICULARS OF EMPLOYEES**

None of the Employees of the Companies are in receipt of Remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**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 as there has not been any manufacturing operation during the under report.

**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 2011-12 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 judgments 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 Seventieth Annual General Meeting of the Company, and being eligible offer themselves for re-appointment.

**AUDITOR'S REPORT:**

The Board of Directors are making following clarification / explanation on the observations made by the Auditors in their Report on Notes Nos :- 14, 15, and 16 of the Notes to the Accounts :-

Note No:- 14 – There is no diminution in value of investments of Rs.167,65,076/- in the Equity Shares of Tecil Chemical & Hydro Power Limited (TECIL) as the market value of the land in possession of the said company is having substantial value and based on its current market value, the fair value of Equity Shares of TECIL will be far in excess of the cost of acquisition of the investment made by the Company.

Note No :- 15- As the inter corporate deposit of Rs 1,42,00,000/- given to Ellora Mercantile Private Limited is recoverable, no provision was required to be made.

Note No :- 16- In the opinion of the Board of directors, there are fair chances that the appeals filed by the Company before I.T.A.T the demand of Rs.31,77,291/- and penalty of Rs.60,47,659/- for the Assessment Year 2003-2004 will be decided in favour of the company. Hence, no provision has been made.

#### **DIRECTOR:**

Shri G. K. Joshi, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

#### **REVOCATION OF SUSPENSION IN TRADING OF SHARES WITH BOMBAY STOCK EXCHANGE:**

The Board of Directors have pleasure in informing the Members that the Suspension in Trading of Shares of the Company was revoked w.e.f. 05/10/2011 vide BSE Notice No. 20110929-15 dated 29/09/2011.

#### **CORPORATE GOVERNANCE:**

Report on Corporate Governance and a Certificate from S. K. Jain & Company, 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**

Sd/-

**M. S. VYAS  
DIRECTOR**

**PLACE: MUMBAI  
DATE : JUNE 29, 2012**

### **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**

Sd/-

**M. S. VYAS  
DIRECTOR**

**PLACE : MUMBAI  
DATE : JUNE 29, 2012**

## **CORPORATE GOVERNANCE REPORT**

### **1. Company's Philosophy on Code of Governance:**

Your Company is fully committed to the principles of transparency, integrity and accountability in all spheres of its operations and has been practicing the principles of good corporate governance over the years. In keeping with this commitment, your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings and continuously endeavors to review strengthen and upgrade its systems and procedures so as to bring in transparency and efficiency in its various business segments.

Your Board of Directors present the Corporate Governance Report for the year 2011-12 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on 31<sup>st</sup> March 2012

### **2. Board of Directors:**

The Company's Board comprised of Four Directors: one is Promoter Executive Director, one is Non-Executive Director and two are Non-Executive Independent Directors. The Chairman of the Board is Executive Promoter Director. The number of Non-Executive Independent Directors is 50% of the total strength of the Board.

During the year 10 (Ten) Board Meetings were held on 27/04/2011, 31/05/2011, 13/06/2011, 26/07/2011, 12/08/2011, 02/09/2011, 12/09/2011, 13/10/2011, 18/01/2012 and 10/02/2012. The attendance of the Directors in the Board Meetings and last Annual General Meeting is given here below.

Name	Category and Designation	No. of Board Meetings attended during the year 2011-2012	Whether attended last AGM	No. of Directorship in other Limited Companies	No. of Membership of other committee	No. of Chairmanship of other Committee
Shri M. S. Vyas	EC	9	Yes	0	Nil	Nil
Shri G. K. Joshi	ID	10	Yes	3	2	3
Shri R. M. Khandelwal	ID	2	Yes	1	2	Nil
Shri N. K. Pareek	ID	8	No	1	2	Nil

**EC – Executive Chairman**

**ID – Independent Director**

### **Particulars of Re-appointed/appointed Directors:**

Name : Shri Ghanshyam K. Joshi  
 Designation : Director  
 Age : 68 Years  
 Experience : Science graduate from Mumbai University and has more than 3 decades of experience in managing day to day operations of limited companies.  
 Other Directorship : M/s Tecil Chemicals & Hydro Power Ltd.  
                                   M/s Citric India Ltd.  
                                   M/s. Coral Hub Limited

### **Board Committees**

The Board has constituted the following Committees of Directors:

#### **(a) 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 reconstituted by the Board in its Meeting held on 18<sup>th</sup> January, 2012. Shri N. K. Pareek was appointed as Member of the Audit Committee in place of Shri Madhusudan Vyas, Whole Time Director of the Company. The Audit Committee after reconstitution comprises of the following Members:

1. Shri G. K. Joshi Chairman
2. Shri R. M. Khandelwal Member
3. Shri N. K. Pareek Member

The Audit Committee met 4 times i.e. on 27/04/2011, 26/07/2011, 13/10/2011 and 18/01/2012. The attendances of members are as follows:

Name	Category	Meetings during the year 2011-12	
		Held	Attended
Shri G. K. Joshi	Chairman	4	4
Shri R. M. Khandelwal	Member	4	2
Shri M. S. Vyas	Member	4	3
Shri N. K. Pareek	Member	4	1

**(b) 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.

**ii. Composition:**

The Shareholder Grievance Committee was reconstituted by the Board in its Meeting held on 18<sup>th</sup> January, 2012. Shri N. K. Pareek was appointed as Member of the Shareholder Grievance Committee in place of Shri Madhusudan Vyas, Whole Time Director of the Company. The Shareholder Grievance Committee after reconstitution comprises of the following Members:

1. Shri G. K. Joshi Chairman
2. Shri M. S. Vyas Member
3. Shri N. K. Pareek Member

The constitution and terms of reference of the Share Transfer & Shareholders'/Investors' Grievance Committee is in agreement with the guideline prescribed under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate certificates by the Company; (ii) looks into various issues relating to shareholders, including the redressal of Shareholders' and investors' complaints like transfer of shares, non-receipt of Balance Sheet, dividend etc; and (iii) carries out the functions envisaged under the Code of Conduct for Prevention of Insider Trading adoption in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Committee met 4 times i.e. on 27/04/2011, 26/07/2011, 13/10/2011 and 18/01/2012. The attendances of members are as follows: