

ANNUAL REPORT

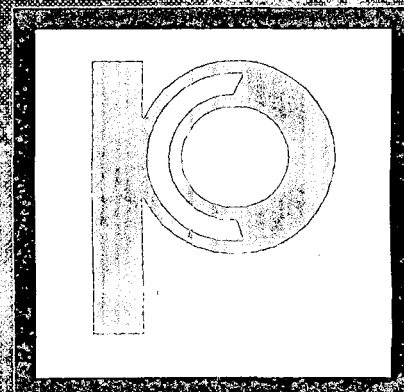
1997-98

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CERTIFIED TRUE COPY
PRATIKSHA CHEMICALS LIMITED

[Handwritten Signature]

PRATIKSHA CHEMICAL LTD.



SEVENTH ANNUAL REPORT
1997-98

BOARD OF DIRECTORS

Shri Harish K. Bhatt	- Chairman & Whole-time Director
Shri Vasant B. Muzumdar	- Managing Director
Shri Harshad K. Patel	- Joint Managing Director
Shri Jayesh K. Patel	- Director
Shri Rohit K. Chokshi	- Director
Shri Rambhai M. Patel	- Nominee Director (GIIC)

COMPANY SECRETARY

Mr. A.B.Shah

AUDITORS

Mulani Kajarekar & Co.
Chartered Accountants
Ahmedabad.

BANKERS

Dena Bank
Bank of Baroda
Co-Operative Bank of Ahmedabad
State Bank of India

REGISTERED OFFICE

PRATIKSHA CHEMICALS LTD.

3rd Floor, H.K. Complex,
Opp.Dharnidhar Derasar,
Vasna, Ahmedabad - 380 007.

FACTORY

195/2,Near Natraj Industrial Estate,
Village Iyawa- Vasna,
Sanand, Dist. Ahmedabad.

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the Company will be held on 19th September, 1998 at 10.00 a.m. at Registered Office of the Company at 3rd Floor, H. K. Complex, Opp. Dharnidhar Derasar, Vasna, Ahmedabad - 380007 to transact the following business.

ORDINARY BUSINESS

- 1). To receive, consider and adopt the profit and loss account of the Company for the year ended on 31st March, 1998 and Balance Sheet as at that date and Directors' Report and Auditors' Report thereon.
- 2). To Appoint a Director in place of Shri J.K. PATEL, who retires by rotation and is eligible for re-appointment.
- 3). To appoint Auditors and to fix their remuneration.

Place : Ahmedabad

BY ORDER OF THE BOARD OF DIRECTORS,

Date : 24/07/98

**A.B.SHAH
COMPANY SECRETARY**

NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. The members/proxies desirous of attending the meeting are requested to hand over the attendance slip duly filled in and signed at the meeting venue.
2. The Register of Members and share Transfer Books of the Company will remain closed from 15th Sept., 1998 to 19th Sept., 1998 (both days inclusive).
3. As M/s. Sharp Information & Processing Services P. Ltd., has discontinued themselves from share transfer Agent activity, Members are requested to communicate directly at the Registered office of the Company for any matter relating to share transfer.
4. As a measure of economy, Annual Reports will not be distributed at the meeting. So, members are requested to bring their copy of Annual Report with them to the annual General Meeting.



DIRECTORS' REPORT

To,
Members,

Your Directors have pleasure in presenting Seventh Annual Report of the Company together with the Audited statements of Accounts for the financial year ended on 31st March, 1998.

1. FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	FINANCIAL YEAR 1997-98	PREVIOUS YEAR 1996-97
Profit/(Loss) before Depreciation	(03.00)	(32.80)
Depreciation	33.05	19.30
Profit/(Loss) before Tax	(36.06)	(52.10)
Provision for Tax	NIL	NIL
Profit/(Loss) after Tax	(36.06)	(52.10)

2. DIVIDEND

Since the company has incurred loss during the year under review, no dividend has been recommended.

3. OPERATIONS

During the year under review, Despite of slack industrial market and liquidity crisis, company has reached reasonable turnover of around Rs. 1.98 crores, which is more than twice than that of the previous year. However, Company could not make profit being loaded by heavy interest and other overheads.

4. FUTURE PROSPECTS

During the year under review, Company has concentrated mainly on exports through merchant exporters. Company has good inquiries on hand which are quite prospective. Company has put more emphasis on quality control comparable to international standard. In the times to come, your Directors are quite hopeful of wiping out of loss through achieving better sales target.

5. DIRECTORS

Shri Jayesh K. Patel, Director of the company retires by rotation and being eligible, offers himself for reappointment. Shri D.V.Muzumdar and Smt. R.H.Patel, Directors of the company have resigned during the year on account of personal grounds.

Shri Kinnar N Vaidya, Professional Director, resigned on account of personal grounds after the financial year 1997- 98. However, Gujarat Industrial Investment Corporation Ltd. (GIIC) has appointed its Nominee, Shri R.M.Patel, on the Board of the Company after the financial year 1997-98.

6. PERSONNEL

Your directors wish to place on record their appreciation for the contribution to growth of the business made by employees at all levels.

Information as required pursuant to section 217(2A) of Companies Act, 1956 is given in Annexure - A.

7. AUDITORS

M/s. Mulani Kajarekar & Co; Chartered Accountants, Ahmedabad, Auditors of the company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

8. DEPOSITS

During the year under review, the company has not accepted any deposit falling under section 58-A of Companies Act, 1956.

9. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The additional information required to be disclosed in terms of notification No.1029 dated 31st December, 1998 issued by the Department of Company Affairs, Ministry of finance is appended hereto and form part of this report. During the year under review, there has been an earning and outgo of foreign exchange, details of which is given in item no. 14 to notes to Accounts. The company does not have any imported technology.

10. PROJECTION V/S. ACTUALS

The profitability projection for the year 1997-98 as per prospectus dated 06/09/95 in respect of Public issue of equity shares of the Company and the actuals against the same are as under.

PARTICULARS	PROJECTED (RS.)	ACTUALS (RS.)
Turnover	1183.20 Lacs	198.31 Lacs
Profit/(Loss) before tax	290.18 Lacs	(36.06 Lacs)

Reasons for variations are elaborated in point No. 3 of this report which are Self-explanatory.

11. LISTING

Equity shares of the company are listed on Ahmedabad and Mumbai Stock Exchanges. Company has paid Annual Listing fees for the year under review.

12. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the whole-hearted co-operation extended to company from various departments of the central and state governments, company's bankers and financial institutions and employees of the company and look forward for the same cordial relationship in coming years.

PLACE : AHMEDABAD
DATE : 24/07/98

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HARISH K. BHATT
CHAIRMAN

PRATIKSHA CHEMICALS LTD.

ANNEXURE
FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel consumption

	Current Year (1997-98)	Previous Year (1996-97)
1. Electricity		
(a) Purchased		
Unit	139518.00	58140.00
Total amount (Rs.)	629920.92	231566.00
Rate / Unit	4.51	3.98
(b) Own generation		
(i) Through diesel generator		
Unit	4506.00	4316.00
Units per ltr. of diesel oil	0.52	0.24
Cost / Unit	5.00	37.57
2. Furnance Oil / LDO		
Quantity (k.ltrs.)	80000.00	26190.00
Total amount (Net of Excise)	697952.00	193175.00
Average rate	8.72	7.37
3. Others/internal generation (Please give details)		
Quantity	N.A.	N.A.
Total Cost	N.A.	N.A.
Rate / Unit	N.A.	N.A.

B. Consumption per unit of production

Products (with details) unit

Electricity (i) Purchased	4.51	3.98
(ii) Own Generation	5.00	37.57
Furance oil / LDO	8.72	7.37

ANNEXURE - A

Sr. No.	Name of the Employee	Age	Designation	Gross Remuneration (Rs.)	Qualification	Experience	Date of Comm. of Employment	Particulars of Last Employment
1	Mr. V.B.Muzumdar	66	Managing Director	3,00,000.	B.Sc. (Hons) B.Sc. (Tech)	42	01/12/94	President, Geerewat Dyestuff Ltd. THAILAND


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AUDITORS' REPORT

To :
The Members,
PRATIKSHA CHEMICALS LIMITED,
Ahmedabad.

We have audited the attached Balance Sheet of PRATIKSHA CHEMICALS LIMITED as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date annexed thereto and report as follows :

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. In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books.
3. The Balance Sheet and the Profit and Loss Account are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes annexed thereto and subject to following notes referred to in Schedule - 'K'.
 - (i) Note No. 7 regarding accounting of subsidy of Rs. 16.08 lacs as income for the year resulting in lowering of losses by Rs. 16.08 lacs and increase in assets by a like amount.
 - (ii) Note No. 8 regarding deferring of interest resulting in lowering of losses by Rs. 45.76 lacs and increase in assets by a like amount.
 - (iii) Note No. 9 regarding change in method of accounting of amortisation of share issue expenses which has resulted in lowering of losses by Rs. 4.77 lacs and an decrease in liabilities by a like amount.

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 the Profit and Loss Account, of the loss for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board and on the basis of such examination of the books and records of the Company as we considered appropriate and on the basis of the information and explanations given to us during the course of our audit, we further report that in our opinion :
 - i. the Fixed Asset Register showing full particulars including quantitative details and situation of fixed assets is under compilation. The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancy has been noticed on such verification.
 - ii. none of the fixed assets of the Company have been revalued during the year.
 - iii. the stocks of finished goods and raw materials have been physically verified by the Management. The frequency of verification is reasonable. Since the Company follows the practice of charging to revenue items of stores and spare parts at the stage of purchase itself, stocks of such items are taken at the end of the year.
 - iv. 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 physical verification of stocks as compared to book records have been properly dealt with in the books of account.
 - vi. the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.