

# **ANNUAL ACCOUNTS**

## **2003-2004**

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**WEST BENGAL PHARMACEUTICAL & PHYTOCHEMICAL  
DEVELOPMENT CORPORATION LTD**  
(A Govt. of West Bengal Undertaking)

**ILACO HOUSE, 2<sup>ND</sup> FLOOR, 1&3, B T MAHARAJ SARANI  
KOLKATA- 700 001**

**DIRECTOR'S REPORT TO THE SHAREHOLDERS**

Gentlemen :

Your Directors have pleasure in presenting their report and audited Accounts for the year ended 31<sup>st</sup> March,2004.

Financial result of the Corporation during the year ended 31<sup>st</sup> March 2004 as furnished below shows a loss of Rs.119.98 lakhs in comparison with loss of Rs. 88.55 lakhs in the previous year. Sales turnover during year was Rs.189.58 lakhs in comparison with previous year's turn over of Rs.223.84 lakhs.

	<u>2002-2003</u> (Rs. In lakhs)	<u>2004-2005</u> (Rs. In lakhs)
Sales Turnover	223.84	189.58
Accretion /Decretion	-5.17	- 1.01
Other Income	35.33	27.64

Unitwise performance of your Corporation is narrated below :

**1. Phytochemical and Plantation Activities in North Bengal:**

Plant growth regulator (Trade name "PHYTONOL ") continued to be produced in Jalpaiguri Unit . A comparative statement of Sale of this product during the year 2003-2004 and the year preceded it is given below.

Year -----	Amount (Rs. in lakhs) -----
2002-2003	40.69
2003-2004	37.37

Production and Sale of Phytonol received a serious set back during the year owing to absence of orders from State Govt./State Seeds Corporation.

The Corporation had developed a medicinal garden at Jalpaiguri over an area of about 20 acres of land where nearly 13,000 medicinal plants and trees of about 82 varieties were planted . The same garden was maintained during the year under review.

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**MANUFACTURING ACTIVITIES AT KALYANI**

Kalyani unit had originally started for production of 8-Hydroxyquinoline but subsequently drugs based on 8-HQ were banned by Government of India and in consequence production of 8-HQ has since been stopped. Activities at Kalyani is however, were attempted to be kept alive, by manufacturing antiseptic products like Cetlon, Ioguard, Silzine, Black Phenyle etc. and also Phytoclean. Production of Glycerine Mono Stearate popularly known as GMS used in Bakery and Biscuit Industries has also been started and is being standardized at present. Further, production of Agro Inputs has also been started. Turnover of Kalyani Unit during the year 2003-04 as compared to the turnover of 2002-03 is given below follows:

Year -----	Amount (Rs. in lakhs) -----
2002-2003	89.50
2003-2004	74.53

**3. ACTIVITIES AT BEHALA**

At Company's Behala unit, Household Utility products like PHYTOFRESH, PHYTOSPRAY and PHYTOMOS continued to be produced during the year. Ayurvedic Drugs like EUSOLIN, PHYTOLIV, VITAGROW, HYPERCIN, were also produced in Behala Unit during the year. Turnover of this unit during 2003-04 as compared to the result of 2002-2003 was as follows:

Year -----	Amount (Rs. in lakhs) -----
2002-2003	72.80
2003-2004	61.05

Drug Testing and pollution Testing (Air & Water) activities at Behala Laboratory were continued. Total testing fees realized during the year 2003-04 as compared with the result of the preceding year are as follows:

Year -----	Amount (Rs. in lakhs) -----
2002-2003	20.85
2003-2004	16.63

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(3)

**SHARE CAPITAL**

During the year under review the issued and subscribed equity Share Capital of the Corporation was Rs.1562.41 lakhs compared to Rs. 1557.41 lakhs in the previous year.

**DIRECTORS**

During the year the following persons were Directors of the Corporation appointed by the C&I Dept. Govt. of West Bengal :

1.	Sri Puranjit Mukherjee	Chairman
2.	Dr. Sajal Kr. Roychoudhury	Director
3.	Sri Manik Sanyal	Director
4.	Dr. Tarasankar Bandyopadhyay	Director
5	Sri N K Guha	Director
6	Sri Kali Ghosh	Director
7	Sri P K Jana	Director
8.	Sri D. Konar	Director(w.e.f. 7.12.2003)
9.	Sri M Pal	Managing Director

M/s.Rashmi & Co. Chartered Accountants were appointed as Statutory auditors of the Corporation for the year 2003-04 by the Comptroller and Auditor General of India.

**GENERAL OVERVIEW**

Despite financial and critical marketing infrastructure constraints the Company is making every effort to achieve better working results from the ongoing activities . More stress is being given to strengthen the marketing activities of the Corporation to achieve higher sales turnover. Previously Company's main customers were Govt. Hospitals, few Government offices & few Co-operatives . Marketing activity was limited in area also. Now, the Company is trying to develop open market trade for these products by engaging distributors & marketing agents .

Promotion of the products by adopting appropriate and aggressive sales strategies have also started. These efforts are expected to give good results in the long run since for the type of low technology household products and also Agri inputs there exists fierce competition in the market. That apart Trade market is highly credit oriented where WBPPDC being a Govt. Company has serious limitations. However even with these constraints the Company is trying its best to achieve higher turnover. The Company has already opened a shop for it products in the Jail Depot at Writers Buildings.The Corporation has also started marketing of HHUP in the Public Distribution net work and in the outlets of WBECSC Ltd. , Wholesale Consumers' Cooperatives, Outlets of Arambag Hatcheries.A Street Selling van has also been introduced recently.

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**MATTERS RELATING TO EMPLOYEES**

Your Directors are pleased to inform that relationship of Company's management with its employees remained cordial during the year. Your Directors take this opportunity to place on record their appreciation of the contribution made by the officers and staff at all levels during the year. Information pursuant to Section 217(1)(e) is given in Annexure of this report so as to form a part of this report. Information pursuant to section 217(2A) is to be taken as nil.

**AUDIT COMMITTEE:**

Your Company does not come under the purview of the provisions of Sec. 292(A) of the Companies act 1956 as regard constitution of a Audit Committee.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act,1956,the Board confirms :

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) that proper accounting policies have been adopted and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) that proper and sufficient care has been taken 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 ;
- (iv) that Annual Accounts had been prepared on a going concern basis.

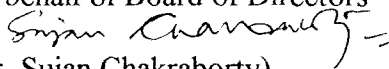
Further pursuant to section 297 and 299 of the Company Act none of the Directors of the Corporation are in any way directly or indirectly interested or concerned in any contract with the Company and as such provisions under Section-301 of the Companies Act are not applicatble.

**AUDITOR'S REPORT**

The Board noted the contents of the Report of Auditors along with the observations contained therein on the accounts of the Corporation for the financial year 2003-04.

**ACKNOWLEDGEMENT:**

Your Board gratefully acknowledges the co-operation rendered by various Departments of Government of West Bengal, Banks, Financial Institutions as well as staff and officers of this Corporation during the year 2002-2003.

On behalf of Board of Directors  
  
 (Dr. Sujan Chakraborty)  
 Chairman

(5)

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217(i)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended March 31, 2004.

CONSERVATION OF ENERGY

- |     |   |  |
|-----|---|--|
| (a) | Energy conservation measure taken   | Since the nature of Company's activities are not energy intensive the need for taking energy conservation measures is not felt at present. |
| (b) | Additional fund invested and proposals, if any, being implemented for reduction of Consumption of energy.                               | NIL  |
| (c) | Impact of the measures of (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | NIL  |
| (d) | Total energy consumption and energy consumption per unit of production  | Please refer to Form 'A' given below.  |

FORM -A  
(See Rule - 2)

Form for Disclosure of particulars with respect to

## A. POWER AND FUEL CONSUMPTION

1. <u>Electricity</u>	<u>Year</u> 2002-2003	<u>Year</u> 2003-2004
a) <u>Purchased</u> :		
Units (KWH)	34,501	24,526
Total amount (Rs.)	2,67,513	2,21,556
Rate/Units(Rs.)	7.55	9.03
	(at 22% load factor)	(at 28% load factor)
b) <u>Own Generation</u> :		
Through Diesel Generator (KWH)Units	4,784	6480
Total amount(Rs.)	26,313	32680
Cost/Unit(Rs.)	5.50	5.04

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2) Coal	NIL	NIL
3) H.S D oil consumed in Boiler		
Quantity ( Lts.)	4430	2244
Total amount (Rs.)	99631	54103
Average Rate(Rs.)	22.49 /liter	24.11 Liter

#### B. CONSUMPTION PER UNIT OF PRODUCTION

From the records and other books maintained by the Company in accordance with the provisions of the Companies Act 1956, the Company is not in a position to give information required as per this format for the current year as well as for the previous year.

#### C. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption : Please refer to Form 'B' given below :

FORM – B  
(See Rule – 2)

Form for disclosure of particulars with respect to Technology absorption.

#### Research & Development (R&D)

- |   |  |
|---|--|
| 1) Specific areas in which R&D Carried out by the Company | : Improvement of quality and yield of existing products and reduction of cost of production                          |
| 2) Future plan of action                                  | : (i) Plant level study of Bakery Enzyme developed by IICB<br>(ii) Bio- Fertiliser-Standardisation of Organic manure |

On behalf of Board of Directors

*Sujan Chakraborty*

(Dr. Sujan Chakraborty)  
Chairman

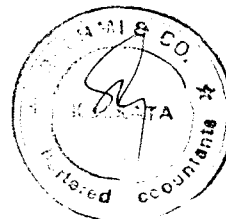
**Rashmi & Co.**  
Chartered Accountants

213 Todi Chambers Ph No. 2220-5193/2329  
2 Lal Bazar Street Tele fax : 91-33-2220-2329  
Kolkata - 700 001 Email : rashmico@satyam.net.in

### AUDITORS' REPORT

1. We report that we have audited the Balance Sheet of **West Bengal Pharmaceutical & Phytochemical Development corporation Limited, 'Ilaco House' (2<sup>nd</sup> Floor), 1 & 3 B.T. Maharaj Sarani, Kolkata -700 001** as at 31<sup>st</sup> March, 2004 signed by us under reference to this report and the Profit and Loss Account for the year ended on that date annexed therewith in which are incorporated the Accounts of the Companies Units at Behala, Kalyani and Jalpaiguri, West Bengal which are in agreement with books of accounts.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. **Subject to the following :**
  - a) **Non Provision of Doubtful Debts aggregating to Rs.199.03 Lacs and Advance to Parties aggregating to Rs.7.65 Lacs. Refer Note No. - 2 on schedule - 20**
  - b) **Non ascertainment of impact on revenue account due to changes in the Valuation of Inventory. Refer Note No. 3 on schedule - 20.**
  - c) **Non- provision of various items aggregating to Rs.26.35 Lacs (Rs.19.83 Lacs) as detailed in the Note No. - 4.**
  - d) **Non credit of Interest aggregating to Rs.9.31 Lacs. Refer Note No. - 5 on schedule - 20.**
  - e) **Non inclusion of cost of Land and Building at Behala and non provision of Depreciation thereon since inception etc. Refer Note No. - 11.**
  - f) Your attention is further drawn towards the following notes on schedule - 20:-
    - i) Receivable from Infusion India Ltd. which is outstanding for a long time without any movement in the ledger. Although the management do not consider them as Doubtful or bad but in our opinion the entire such amount Rs. 38.19 Lacs seems to be doubtful of recovery. Please refer schedule - 9 & 10.
    - ii) Non - receipt of Balance Confirmation from Parties - Refer Note No. - 8.
    - iii) Contingent Liabilities regarding ESI Rs.10 Lacs approx. refer Note No.- 9.
    - iv) Old Liabilities aggregating to Rs.55.15 Lacs - Refer Note No.-12.
    - v) Non-maintenance of Price Stored Ledger. Refer Note No. - 19.

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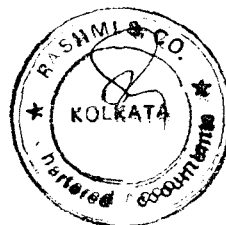
We report that :-

4. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account read together with the other notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies act, 1956 (The Act) and also give respectively, **subject to paragraph 3 above and** read together with the other notes thereon and attached thereto, give a true and fair view of the state of affairs of the company as at March 31,2004 and its losses for the year ended on that date. **Had the provision stated above been made the losses for the year would have been higher by like amount with consequent effect on the net worth of the Company.**
5. We have obtained all the information and explanations, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law, so far as appears from our examination of the books. These accounts have been prepared in compliance with the applicable Accounting Standards issued by the ICAI, referred to in Section 211(3C) of 'The Act'.

As per the information and explanations given to us and taken on records by the Board, we report none of the Directors is disqualified as on 31<sup>st</sup> March, 2004 from being appointed as director in terms of Section 274(1)(g) of 'The Act' as amended.

6. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information & explanations given to us, we further report that:
  - 6.1 The Company has maintained records to show full particulars including quantitative details and situation of its Fixed Assets. The Fixed Assets registers have not been up-dated. The Fixed Assets of the company have been physically verified during the year by the management. **Since the book balances are not upto date, we are unable to comment on the material discrepancies** (if any). There is no disposal/sale of Fixed Assets during the year.
  - 6.2 The stocks of Finished goods, Work-in-progress, Stores, Spare parts, Glass Apparatus, Raw Materials, Chemicals and Packing Materials including containers lying at different locations have been physically verified by the management during the year under audit through a Firm of Chartered Accountants as Internal Auditors.

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Chartered Accountants

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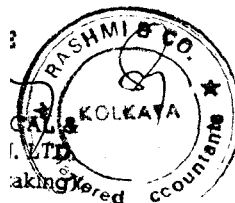
- 6.3 The procedure of physical verification of stocks followed by the management through Internal Auditor are reasonable and adequate in relation to the size of the company and nature of the business.
- 6.4 The discrepancies noticed on such physical verification of stock as compared to book records have been properly dealt with in the books of accounts.
- 6.5 The Company has not granted any Loan secured or unsecured to Company's, firms or other parties covered in the Register maintained under section 301 of the Companies' Act, 1956, **except** loans given to Infusion India Ltd. in earlier years. Interest and Principal on the said Loan are outstanding as reported else where in this report.

Prima facie on our examination it appears that the rate of Interest and other terms condition of Loan given by the Company are not prejudicial of the Company **except** non – realization of Principal and Interest as stated above.

As explained to us the matter has been referred to appropriate authority of Government of West Bengal for recovery of amount outstanding. Consequently equity shares of the said company has been offered to the Company which has since been received. Further negotiations are still in process.

**The Company has not maintained the register required under section 301 of the Companies Act'1956.**

- 6.7 In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of the goods and services. During the course of our audit no major weakness has been noticed in the Internal Control system in respect of these areas except record keeping of Fixed Assets as stated above.
- 6.8 In absence of maintenance of register u/s 301 of the Companies Act, 1956 by the Company we are unable to comment on the entries to be made in such registers.  
However there is no transaction exceeding the value of Rupees Five Lacs taken place during the year under review requiring our comments.
- 6.9 The Company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.



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