



Samrat Pharmachem Limited

**4th Annual Report
1995-96**

REGISTERED OFFICE AND FACTORY

PLOT NO. A2/3445,
GIDC PHASE IV,
ANKLESHWAR - 393 002,
GUJARAT.

CORPORATE OFFICE

SAROJ BHUVAN, GROUND FLOOR,
NEAR BHANGWADI SHOPPING ARCADE,
KALBADEVI ROAD, MUMBAI - 400 002.

BOARD OF DIRECTORS

SHRI LALIT D. MEHTA	<i>MANAGING DIRECTOR</i>
SHRI CHAMPAK K. PAREKH	<i>JT MANAGING DIRECTOR</i>
SHRI RAJESH L. MEHTA	<i>EXECUTIVE DIRECTOR (FINANCE)</i>
SHRI HITESH C. PAREKH	<i>EXECUTIVE DIRECTOR (TECHNICAL)</i>
SHRI NARESH H. MANKAD	<i>DIRECTOR</i>
SHRI SUMAN S. LAD	<i>DIRECTOR</i>
SHRI JOSEPH V. VEDAMUTHU	<i>DIRECTOR</i>
SHRI JASWANTRAI J. MEHTA	<i>DIRECTOR</i>

AUDITORS

NALIN S. PAREKH & CO.
CHARTERED ACCOUNTANTS
302 MADHAV APTS., JAWAHAR ROAD,
OPPOSITE GHATKOPAR STATION [EAST],
MUMBAI - 400 077.

BANKERS

THE SARASWAT CO-OP BANK LTD.
TAJ BUILDING,
A.K. NAYAK ROAD,
V.T., MUMBAI - 400 001.

DENA BANK
GIDC INDUSTRIAL ESTATE,
ANKLESHWAR - 393 002,
GUJARAT.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SAMRAT PHARMACHEM LIMITED WILL BE HELD AT THE **SADANAND HOTEL, RAJPIPLA ROAD, ANKLESHWAR - 393 002, GUJARAT ON 27TH SEPTEMBER, 1996 AT 1.00 p.m.** TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS

- 1 TO CONSIDER AND ADOPT THE PROFIT AND LOSS ACCOUNT OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 1996 AND THE BALANCE SHEET AS AT THAT DATE, TOGETHER WITH DIRECTORS AND AUDITORS REPORT THEREON.
- 2 TO APPOINT A DIRECTOR IN PLACE OF SHRI RAJESH L. MEHTA WHO RETIRES BY ROTATION AND BEING ELIGIBLE OFFERS HIMSELF FOR RE- APPOINTMENT.
- 3 TO APPOINT A DIRECTOR IN PLACE OF SHRI JASWANTRAI J. MEHTA WHO RETIRES BY ROTATION AND BEING ELIGIBLE OFFERS HIMSELF FOR RE- APPOINTMENT.
- 4 TO APPOINT AUDITORS AND FIX THEIR REMUNERATION.

NOTES :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS, AS THE CASE MAY BE, OF THE COMPANY.
- 2 Proxies, if any, in order to be effective, must be received at the Registered Office of the Company at Plot No. A2/3445, GIDC Phase IV, Ankleshwar - 393 002, Gujarat, not less than 48 hours before the commencement of the meeting. Proxies shall not have any right to speak at the meeting.
- 3 The Register of Members and the Share Transfer Books of the Company will remain closed for a period of nine days from 19th September, 1996 to 27th September, 1996 (both days inclusive).

- 4 Members are requested to kindly notify to The Share & Secretarial Department, Samrat Pharmachem Limited, Saroj Bhuvan, Ground floor, Near Bhangwadi Shopping Arcade, Kalbadevi Road, Mumbai 400 002, immediately of any change in their addresses.
- 5 Members are requested to quote their Folio Numbers in all their correspondence.
- 6 Members desirous of having any information regarding accounts are requested to write to the Company at least 7 days in advance of the date of Annual General Meeting so as to enable the Management to keep the information ready.
- 7 Members are requested to bring their copies of the Annual Report to the Meeting.
- 8 Members are requested to bring with them the attendance slip and hand it over at the entrance duly signed by them.

BY ORDER OF THE BOARD

LALIT D. MEHTA
MANAGING DIRECTOR

CHAMPAK K. PAREKH
JT MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 27th JUNE, 1996

REPORT OF THE DIRECTORS

TO ALL THE SHAREHOLDERS :

THE DIRECTOR'S OF THE COMPANY HAVE PLEASURE IN PRESENTING THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1996.

OPERATIONS

YOUR COMPANY'S PERFORMANCE DURING THE YEAR 1995-96 HAS BEEN IMPRESSIVE IN BOTH VOLUME & VALUE TERMS. SALES ROSE TO Rs. 627.22 LACS AS COMPARED TO Rs. 408.05 LACS IN THE PREVIOUS YEAR - AN INCREASE OF 53.71% REFLECTING IMPROVED REALIZATION AND BETTER PRODUCT MIX. THE PRODUCTION OF 269.08 TONNES OF PHARMACEUTICAL BULK DRUGS WAS ACHIEVED AS COMPARED TO 232.77 TONNES IN THE PREVIOUS YEAR - AN INCREASE OF 15.60%. NET PROFIT BEFORE TAX ACHIEVED WAS Rs. 37.70 LACS AGAINST Rs. 22.45 LACS IN THE PREVIOUS YEAR - AN INCREASE OF 67.93%.

YOUR COMPANY'S EXPORT PERFORMANCE HAS BEEN ENCOURAGING. THE COMPANY'S PRODUCTS MEET EXACTING QUALITY STANDARDS OF CUSTOMERS OF DEVELOPED AND OTHER COUNTRIES. WE HOPE TO INCREASE EXPORTS SUBSTANTIALLY IN THE COMING YEARS.

FINANCIAL RESULTS

	31st MARCH, 96	31st MARCH, 95
TURNOVER	62,722,788.21	40,804,991.99
PROFIT BEFORE TAX	3,769,542.37	2,245,356.23
LESS: PROVISION FOR INCOME TAX	627,726.00	424,826.00
BALANCE CARRIED FORWARD	3,141,816.37	1,820,530.23

DIVIDEND

IN ORDER TO BUILD UP RESOURCES, THE DIRECTORS DO NOT RECOMMEND PAYMENT OF A DIVIDEND.

EXPANSION AND DIVERSIFICATION PROJECT

YOUR COMPANY HAS COMPLETED THE EXPANSION & DIVERSIFICATION PROGRAMME AND HAS COMMENCED COMMERCIAL PRODUCTION W.E.F. 24TH MARCH, 1996.

WORKING CAPITAL FACILITIES

THE COMPANY WAS SUCCESSFUL IN RAISING ADDITIONAL FINANCE FROM ITS PRINCIPAL BANKER TOWARDS WORKING CAPITAL.

ADDITIONAL LISTING OF EQUITY SHARES

TO FACILITATE BETTER INVESTOR SERVICE YOUR COMPANY HAS OBTAINED LISTING OF ITS SHARES ON THE STOCK EXCHANGES AT PUNE & RAJKOT IN ADDITION TO ALREADY EXISTING LISTING ON BARODA, AHMEDABAD & BOMBAY STOCK EXCHANGES.

PROJECTIONS Vs PERFORMANCE

AS REQUIRED UNDER CLAUSE 43 OF THE LISTING AGREEMENT THE COMPARISON OF PROJECTIONS AS GIVEN IN THE PROSPECTUS DATED 24TH JANUARY, 1995 AS AGAINST ACTUAL PERFORMANCE OF THE COMPANY IS GIVEN BELOW :

	(Rs. in Lacs)	
For 1995-96	Projections	Performance
Sales	1264.80	627.23
Profit before tax	145.83	37.70
Profit after tax	106.88	31.42
Dividend (%)	15%	Nil
Earnings per share (in Rs.)	3.56	1.02

THE SHORTFALL IN PERFORMANCE WAS DUE TO DELAY IN COMMENCEMENT OF COMMERCIAL PRODUCTION, INCREASE IN RAW MATERIAL PRICES & FOREIGN EXCHANGE FLUCTUATION LOSS.

DISCLOSURE OF PARTICULARS

INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ARE GIVEN IN ANNEXURE FORMING PART OF THIS REPORT.

PARTICULARS OF EMPLOYEES

THE COMPANY DOES NOT HAVE ANY EMPLOYEE WHOSE PARTICULARS ARE REQUIRED TO BE GIVEN UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED UPTO DATE.

DIRECTORS

IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANIES ACT, 1956 AND THE ARTICLES OF ASSOCIATION OF THE COMPANY, SHRI RAJESH L. MEHTA AND SHRI JASWANTRAI J. MEHTA RETIRE BY ROTATION AND ARE ELIGIBLE FOR RE-APPOINTMENT.

AUDITORS

THE AUDITORS OF THE COMPANY M/S. NALIN S. PAREKH & CO. CHARTERED ACCOUNTANTS HOLD OFFICE UPTO THE FORTHCOMING ANNUAL GENERAL MEETING AND BEING ELIGIBLE OFFER THEMSELVES FOR RE-APPOINTMENT.

INDUSTRIAL RELATIONS

THE INDUSTRIAL RELATIONS CLIMATE IN THE COMPANY WAS HARMONIOUS AND CONSTRUCTIVE.

ACKNOWLEDGEMENTS

YOUR DIRECTORS ARE THANKFUL TO YOU, OUR BANKERS, CUSTOMERS, EMPLOYEES AND TO ALL THOSE WHO HAVE EXTENDED THEIR COMMITTED SUPPORT TO THE PROGRESS OF THE COMPANY.

FOR AND ON BEHALF OF THE BOARD

LALIT D. MEHTA
MANAGING DIRECTOR

CHAMPAK K. PAREKH
JT MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 27th JUNE, 1996

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 1996

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Section 217(1) of the Companies Act, 1956

The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A CONSERVATION OF ENERGY

THE COMPANY CONTINUES TO EXPLORE & IMPLEMENT MEASURES WHICH WILL HELP IN CONSERVATION AND SAVING OF ENERGY.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

A. POWER & FUEL CONSUMPTION

	Current Year (1995-96)	Previous Year (1994-95)
1. PURCHASED ELECTRICITY		
Units	147,988.00	123,406.00
Total Amount (Rs.)	446,913.61	359,763.22
Rate / Unit (Rs.)	3.02	2.91

2. LIGHT DIESEL OIL

Units (Litres)	57,011.00	45,167.00
Total Amount (Rs.)	410,253.80	322,218.76
Rate / Unit (Rs.)	7.20	7.13

3. CONSUMPTION PER KILOGRAM

Production	269,081.00	232,770.00
Bulk Drugs (Kgs)		
Electricity / Kg	1.66	1.55
L.D. Oil / Kg	1.52	1.38

B. TECHNOLOGY ABSORPTION

THE MANAGEMENT HAS FOCUSED ON PRODUCTIVITY AND QUALITY IMPROVEMENT IN ORDER TO OPTIMISE MANUFACTURING COSTS. THIS HAS HELPED IN ACHIEVING OPTIMUM MANUFACTURING COSTS, IMPROVED QUALITY OF PRODUCTS AND CONSEQUENTLY ENHANCED CUSTOMER SATISFACTION. THE COMPANY USES INDIGENOUS TECHNOLOGY.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

FOREIGN EXCHANGE EARNED Rs. 6,023,114.64
F.O.B. VALUE OF EXPORT OF FINISHED GOODS
(PREVIOUS YEAR Rs. 2,000,551.75)

FOREIGN EXCHANGE USED Rs. 37,273,302.27
IMPORT OF RAW MATERIALS
(PREVIOUS YEAR Rs. 25,847,822.00)

FOR AND ON BEHALF OF THE BOARD

LALIT D. MEHTA
MANAGING DIRECTOR

CHAMPAK K. PAREKH
JT MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 27th JUNE, 1996

AUDITOR'S REPORT

To the members of **SAMRAT PHARMACHEM LIMITED**

We have audited the attached Balance Sheet of **SAMRAT PHARMACHEM LIMITED** as at **31ST MARCH, 1996** and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

- 1 As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
 - (a) 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.
 - (b) In our opinion proper books of account as required by the law have been kept by the company so far as appears from our examination of such books.
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) insofar as it relates to the Balance Sheet, of the state of affairs of the company as at 31ST MARCH 1996, and
 - (ii) insofar as it relates to the Profit and Loss Account, of the Profit of the company for the year ended on that date.

For Nalin S. Parekh & Co.
Chartered Accountants

Nalin S. Parekh
[Proprietor]

Place : Mumbai

Dated : 27th JUNE, 1996

ANNEXURE

Re : **SAMRAT PHARMACHEM LIMITED**

Referred to in paragraph 1 of our report of even date.

- 1 The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on verification.
- 2 None of the fixed assets have been revalued during the year.
- 3 The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 4 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.
- 5 No discrepancies were noticed on verification between the physical stocks and the book records.
- 6 On the basis of our examination of stock records, we are of the opinion that 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 preceding year.
- 7 According to the information & explanations given to us, the company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- 8 According to information & explanations given to us the company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 or to companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- 9 Interest free loans and advances in the nature of loans have been given by the company to its employees who are repaying the principal amount as stipulated.

- 10 In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchases of stores, raw material including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
- 11 According to the information and explanation given to us, there were no transactions of purchase of goods or materials or sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party.
- 12 As explained to us, the company has a regular procedure for the determination of unservicable or damaged stores, raw materials and finished goods. No such unservicable or damaged goods were found.
- 13 According to the information and explanations given to us, the company has not accepted any deposits from the public.
- 14 As explained to us, the company's operations did not give rise to any realisable by-products and scrap.
- 15 In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 16 We have been informed that the company being a small scale industrial undertaking as defined in the Industries (Development and Regulation) Act, 1951, is exempt from the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- 17 The Company has generally been regular, during the year, in depositing Employees' State Insurance & Provident Fund dues with the appropriate authorities.
- 18 According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 1996, for a period of more than six months from the date they became payable.
- 19 According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- 20 The company is not a sick industrial company within the meaning of clause(o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Nalin S. Parekh & Co.
Chartered Accountants

Nalin S. Parekh
[Proprietor]

Place : Mumbai
Dated : 27th JUNE, 1996

BALANCE SHEET AS AT 31ST MARCH, 1996

PARTICULARS	SCHEDULE	31st March 96 Rs.	31st March 95 Rs.
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
EQUITY SHARE CAPITAL	1	30,897,000.00	5,005,000.00
EQUITY SHARE APPLICATION RESERVES AND SURPLUS		0.00	30,730,500.00
(i) PROFIT AND LOSS ACCOUNT		5,353,248.55	2,211,432.18
LOAN FUNDS			
(i) SECURED LOANS	2	2,976,455.77	3,943,935.05
(ii) UNSECURED LOANS	3	95,000.00	209,517.00
TOTAL		39,321,704.32	42,100,384.23
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
GROSS BLOCK	4	9,584,405.89	2,463,707.39
DEPRECIATION		583,285.77	323,689.77
NET BLOCK		9,001,120.12	2,140,017.62
INVESTMENTS			
	5	30,000.00	30,000.00
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	6	13,351,380.89	11,472,475.69
SUNDRY DEBTORS	7	8,446,012.65	5,870,185.65
CASH & BANK BALANCES	8	2,309,500.40	23,199,031.01
OTHER CURRENT ASSETS		2,558,508.86	1,591,017.06
LOANS AND ADVANCES	9	6,929,862.05	3,108,030.80
		33,595,264.85	45,240,740.21
LESS : CURRENT LIABILITIES AND PROVISIONS	10	(5,652,613.17)	(7,919,187.51)
NET CURRENT ASSETS		27,942,651.68	37,321,552.70
MISCELLANEOUS EXPENDITURE			
[To the Extent Not Written Off]			
PRELIMINARY EXPENSES		439,196.40	487,996.00
PUBLIC ISSUE EXPENSES		1,908,736.12	2,120,817.91
TOTAL		39,321,704.32	42,100,384.23

THE SCHEDULES REFERRED TO ABOVE FORM PART OF THE ACCOUNTS.

AS PER OUR REPORT OF EVEN DATE

FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS

NALIN S. PAREKH
PROPRIETOR

PLACE : MUMBAI
DATED : 27th JUNE, 1996

FOR AND ON BEHALF OF THE BOARD

LALIT D. MEHTA
Managing Director

CHAMPAK K. PAREKH
Jt Managing Director

NARESH H. MANKAD
Director

RAJESH L. MEHTA
Director

HITESH C. PAREKH
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1996

PARTICULARS	SCHEDULE	31st March 96 Rs.	31st March 95 Rs.
<u>INCOME</u>			
SALES		62,722,788.21	40,804,991.99
INCREASE IN STOCK		4,496,866.39	3,183,570.36
OTHER INCOME	11	1,039,345.36	845,500.00
TOTAL [A] —>		<u>68,258,999.96</u>	<u>44,834,062.35</u>
<u>EXPENDITURE</u>			
MATERIALS, MANUFACTURING & OTHER EXPS	12	57,622,387.18	37,936,023.03
SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS	13	919,039.50	690,463.73
OFFICE AND ADMINISTRATION EXPENSES	14	1,153,694.97	703,275.50
SELLING AND DISTRIBUTION EXPENSES	15	3,767,936.37	2,263,418.40
INTEREST & FINANCE CHARGES	16	505,922.18	827,312.12
DEPRECIATION ON FIXED ASSETS		259,596.00	168,213.34
PRELIMINARY & PUBLIC ISSUE EXP W/OFF		260,881.39	0.00
TOTAL [B] —>		<u>64,489,457.59</u>	<u>42,588,706.12</u>
PROFIT BEFORE TAX [A] - [B]		3,769,542.37	2,245,356.23
LESS : PROVISION FOR INCOME TAX		(627,726.00)	(424,826.00)
PROFIT AFTER TAX		<u>3,141,816.37</u>	<u>1,820,530.23</u>
OPENING BALANCE IN PROFIT & LOSS ACCOUNT		2,211,432.18	390,901.95
ADD : PROFIT AFTER TAX		3,141,816.37	1,820,530.23
BALANCE CARRIED FORWARD		5,353,248.55	2,211,432.18

THE SCHEDULES REFERRED TO ABOVE FORM PART OF THE ACCOUNTS.

AS PER OUR REPORT OF EVEN DATE

FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS

NALIN S. PAREKH
PROPRIETOR

FOR AND ON BEHALF OF THE BOARD

LALIT D. MEHTA
Managing Director

RAJESH L. MEHTA
Director

CHAMPAK K. PAREKH
Jt Managing Director

HITESH C. PAREKH
Director

NARESH H. MANKAD
Director

PLACE : MUMBAI
DATED : 27th JUNE, 1996

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1996

PARTICULARS	31st March 96 Rs.	31st March 95 Rs.						
[1] SHARE CAPITAL								
AUTHORISED								
5,000,000 EQUITY SHARES OF Rs.10 EACH [Previous Year 500,000 Equity Shares]	50,000,000.00	50,000,000.00						
ISSUED AND SUBSCRIBED								
3,089,700 EQUITY SHARES OF Rs.10 EACH FULLY PAID [Previous Year 500,500 Equity Shares]	30,897,000.00	5,005,000.00						
[2] SECURED LOANS								
BILL DISCOUNTING ACCOUNT WITH SCHEDULED BANK	654,418.00	525,450.00						
BANK OVERDRAFT FROM SCHEDULED BANK [Both Secured against Fixed Assets, Stock, Book Debts & Personal Guarantee of Executive Directors]	2,322,037.77	3,418,485.05						
TOTAL	2,976,455.77	3,943,935.05						
[3] UNSECURED LOANS								
FROM DIRECTORS	0.00	87,000.00						
FROM OTHERS	95,000.00	122,517.00						
TOTAL	95,000.00	209,517.00						
[4] FIXED ASSETS [AT COST] AS PER BOOKS								
NAME OF ASSET	GROSS BLOCK 31/03/95	ADDITIONS	GROSS BLOCK 31/03/96	DEP UPTO 31/03/95	DEPN FOR THE YEAR	TOTAL DEPN	NET BLOCK 31/03/95	NET BLOCK 31/03/96
LAND	158,355.00	607,124.00	765,479.00	0.00	0.00	0.00	158,355.00	765,479.00
BUILDING	540,493.40	1,470,207.00	2,010,700.40	108,098.68	(52,733.74)	55,364.94	432,394.72	1,955,335.46
PLANT AND MACHINERY	1,494,490.22	4,128,029.50	5,622,519.72	151,145.18	230,519.44	381,664.62	1,343,345.04	5,240,855.10
OFFICE PLANT & EQUIPMENT	209,636.00	218,806.00	428,442.00	55,267.17	49,340.91	104,608.08	154,368.83	323,833.92
FURNITURE AND FIXTURES	37,231.77	550,212.00	587,443.77	4,713.54	21,673.40	26,386.94	32,518.23	561,056.83
VEHICLES	23,501.00	146,320.00	169,821.00	4,465.20	10,795.99	15,261.19	19,035.80	154,559.81
As At 31-Mar-96	2,463,707.39	7,120,698.50	9,584,405.89	323,689.77	259,596.00	583,285.77	2,140,017.62	9,001,120.12
As At 31-Mar-95	2,408,403.19	55,304.20	2,463,707.39	155,476.43	170,216.90	325,693.33	2,252,926.76	2,138,014.06
[5] INVESTMENTS								
[Unquoted, At Cost]								
GOVERNMENT SECURITIES (NATIONAL SAVINGS CERTIFICATES)			10,000.00			10,000.00		
OTHERS (2,000 SHARES OF SARASWAT CO-OP BANK LTD)			20,000.00			20,000.00		
TOTAL			30,000.00			30,000.00		

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1996

PARTICULARS	31st March 96 Rs.	31st March 95 Rs.
[6] INVENTORIES		
RAW MATERIALS	3,245,434.36	5,876,961.95
FUEL	19,246.40	5,680.00
FINISHED GOODS	10,086,700.13	5,589,833.74
TOTAL	13,351,380.89	11,472,475.69
[7] SUNDRY DEBTORS		
[Unsecured, Considered Good]		
OUTSTANDING FOR MORE THAN SIX MONTHS	191,950.13	35,053.13
OTHERS	8,254,062.52	5,835,132.52
TOTAL	8,446,012.65	5,870,185.65
[8] CASH AND BANK BALANCES		
CASH BALANCE	53,168.40	363,880.63
WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	13,421.94	17,892,066.44
WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS	2,242,910.06	4,943,083.94
TOTAL	2,309,500.40	23,199,031.01
[9] LOANS AND ADVANCES		
[Unsecured, Considered good]		
ADVANCES	6,847,310.80	2,904,100.80
[Recoverable in cash or in kind or against value to be received]		
DEPOSITS	82,551.25	203,930.00
TOTAL	6,929,862.05	3,108,030.80
[10] CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
SUNDRY CREDITORS FOR GOODS	3,890,184.00	4,404,642.50
SUNDRY CREDITORS FOR EXPENSES	522,860.00	1,009,227.15
ADVANCES RECEIVED AGAINST ORDER/GOODS	1,500.00	415,581.00
BANK OVERDRAFT	651,530.17	1,989,910.86
	5,066,074.17	7,819,361.51
PROVISION FOR INCOME TAX	586,539.00	99,826.00
TOTAL	5,652,613.17	7,919,187.51

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1996

PARTICULARS	31st March 96 Rs.	31st March 95 Rs.
[11] OTHER INCOME		
EXPORT INCENTIVES	686,201.86	845,500.00
INTEREST	353,143.50	0.00
TOTAL	<u>1,039,345.36</u>	<u>845,500.00</u>
[12] MATERIALS, MANUFACTURING AND OTHER EXPENSES		
RAW MATERIALS CONSUMED	51,925,540.07	32,097,561.32
PURCHASE OF TRADED GOODS	3,027,641.00	4,174,453.53
JOB WORK CHARGES	882,500.00	468,000.00
POWER	446,913.61	359,763.22
FUEL CONSUMED	410,253.80	322,218.76
WATER CHARGES	48,102.00	34,329.00
ANALYTICAL & TESTING CHARGES	104,365.25	72,593.37
EXCISE DUTY	142,000.00	128,450.00
REPAIRS TO FACTORY BUILDING	3,710.00	0.00
REPAIRS TO PLANT & MACHINERY	631,124.45	276,253.93
OTHER MANUFACTURING EXPENSES	237.00	2,400.00
TOTAL	<u>57,622,387.18</u>	<u>37,936,023.03</u>
[13] SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS		
SALARIES & WAGES	766,969.00	568,856.73
EMPLOYEES' STATE INSURANCE	16,310.00	16,693.00
PROVIDENT FUND	72,979.00	49,728.00
PROFESSION TAX	1,345.00	0.00
REFRESHMENT & STAFF WELFARE	61,436.50	55,186.00
TOTAL	<u>919,039.50</u>	<u>690,463.73</u>
[14] OFFICE AND ADMINISTRATION EXPENSES		
OFFICE ELECTRICITY	37,690.00	17,803.00
LEGAL & PROFESSIONAL CHARGES	104,001.60	115,775.00
PRINTING & STATIONERY	125,569.25	50,391.50
CONVEYANCE	16,319.00	19,378.00
MOTOR CAR EXPENSES	16,686.22	0.00
TRAVELLING	24,258.00	4,880.00
POSTAGE, TELEGRAM, TELEPHONE, TELEX	261,362.00	59,207.00
DIRECTORS REMUNERATION	399,000.00	321,000.00
AUDITOR'S REMUNERATION	50,250.00	12,500.00
ROC FEES	840.00	0.00
STOCK EXCHANGE LISTING FEES	21,020.00	0.00
DATA PROCESSING CHARGES	26,750.90	0.00
REPAIRS TO OFFICE	4,610.00	23,630.00
INSURANCE CHARGES	55,365.00	66,169.00
CLEARING & FORWARDING CHARGES	7,573.00	9,250.00
SUNDRY EXPENSES	2,400.00	3,292.00
TOTAL	<u>1,153,694.97</u>	<u>703,275.50</u>

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1996

PARTICULARS	31st March 96 Rs.	31st March 95 Rs.
[15] SELLING & DISTRIBUTION EXPENSES		
EXPORT EXPENSES	350,525.37	353,143.30
ADVERTISEMENT & PUBLICITY	396,201.00	58,109.75
BUSINESS PROMOTION	39,930.80	0.00
DISCOUNT ACCOUNT	53,748.76	36,856.53
COMMISSION & BROKERAGE	461,503.44	260,820.32
WAREHOUSING & GODOWN CHARGES	74,273.00	0.00
SALES TAX	1,774,469.00	963,982.00
OCTROI DUTY	56,394.00	66,362.00
BAD DEBTS	0.00	43,500.00
DELIVERY CHARGES	560,891.00	480,644.50
TOTAL	<u>3,767,936.37</u>	<u>2,263,418.40</u>
[16] INTEREST & FINANCE CHARGES		
BANK INTEREST & CHARGES	442,518.18	459,186.12
GSFC INTEREST	0.00	44,537.00
OTHER INTEREST	63,404.00	323,589.00
TOTAL	<u>505,922.18</u>	<u>827,312.12</u>

SIGNATORIES TO SCHEDULES 1 TO 16
AS PER OUR REPORT OF EVEN DATE

**FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS**

NALIN S. PAREKH
PROPRIETOR

FOR AND ON BEHALF OF THE BOARD

LALIT D. MEHTA
Managing Director

RAJESH L. MEHTA
Director

CHAMPAK K. PAREKH
Jt Managing Director

HITESH C. PAREKH
Director

NARESH H. MANKAD
Director

PLACE : MUMBAI
DATED : 27th JUNE, 1996

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1996
[1] SIGNIFICANT ACCOUNTING POLICIES
(a) System of Accounting

The accounts have been prepared under the historical cost convention and on accrual basis.

(b) Fixed Assets

Fixed assets are stated at cost along with costs directly attributable to bring the assets to their working condition.

(c) Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs from time to time.

Depreciation on assets added during the year has been provided on pro-rata basis.

(d) Investments

Investments are stated at cost.

(e) Inventories

Raw materials, Stores and spares and Work-in-Progress are valued at cost.

Finished goods are valued at lower of cost or realisable value.

(f) Sales

Sales are recognised when goods are supplied in accordance with the terms of sale and are recorded net of trade discounts and rebates but include excise duty and sales tax.

(g) Customs / Excise Duty

Customs and Excise Duty are accounted / provided as and when goods are debonded.

(h) Foreign currency transaction

Transactions in foreign exchange are accounted at a standard exchange rate. The difference between the amount originally recorded and the settlement amount is recognised in the Profit and Loss Statement as exchange rate fluctuation.

(i) Gratuity

Company being less than five years in existence, the Payment of Gratuity Act is not applicable.

[2] QUANTITATIVE INFORMATION IN RESPECT OF GOODS MANUFACTURED BY THE COMPANY
(i) Licenced Capacity, Installed Capacity & Production

(As Certified by the Management)

Class of goods	Pharmaceutical Bulk Drugs	
	31st March, 1996	31st March, 1995
Licenced Capacity	No Licence is Required	
Installed Capacity (Kgs)	528,000.00	250,000.00
Actual Production (Kgs)	269,081.00	232,770.00

(ii) Analysis of Raw Materials consumed

Class of goods	31st March, 1996		31st March, 1995	
	Kgs.	Rs.	Kgs.	Rs.
Pharmaceutical Raw Materials	773,819.89	51,542,704.21	632,887.00	31,510,214.42
Packing Materials		382,835.86		439,661.25
Chlorine		287.00		8,235.65
Total		51,925,540.07		31,958,111.32

[3] PARTICULARS IN RESPECT OF INVENTORIES AND PURCHASES OF TRADED GOODS
Purchases of Traded Goods

Class of goods	Yr end	Kgs.	Rs.
Pharmaceutical Raw Materials	31/03/96	5,000.00	2,207,189.00
	31/03/95	NIL	NIL
Pharmaceutical Bulk Drugs	31/03/96	14,165.00	820,452.00
	31/03/95	26,926.50	4,174,453.43
Total	31/03/96	19,165.00	3,027,641.00
	31/03/95	26,926.50	4,174,453.43

[4] CONSUMPTION OF MATERIALS

	31st March, 1996		31st March, 1995	
	Rs.	%age	Rs.	%age
Raw Materials Imported	39,814,223.49	76.68%	23,908,846.67	74.81%
Indigenous	12,111,316.58	23.32%	8,049,264.65	25.19%
Total	51,925,540.07	100.00%	31,958,111.32	100.00%

[5] SALES

Class of Goods	Unit	31st March, 96		31st March, 95	
		Quantity	Value Rs.	Quantity	Value Rs.
Pharmaceutical Bulk Drugs	Kgs	273,924.00	62,722,788.21	230,329.00	40,804,991.99

[6] DEPRECIATION

An amount of Rs. 71,993.72 has been written back on account of excess provision of depreciation on Buildings. The profit for the year stands increased to this extent.

[7] CONTINGENT LIABILITIES

In respect of Letters of Credit issued by the Company's Bankers : Rs. 5,230,560.00 (Previous year Rs. 3,112,200.00).

The Income-tax Department has raised a demand of Rs. 14,210/- for the assessment year 1994-95 (year ended 31/3/94). The company has appealed against it.

[8] FOREIGN EXCHANGE FLUCTUATION

Loss on account of foreign exchange fluctuation accounted during the year is Rs. 696,943.72 (Previous year Rs. 195,219.18).

[9] AUDITOR'S REMUNERATION

	31st March, 1996	31st March, 1995
For Statutory Audit	Rs. 17,500/-	Rs. 7,500/-
For Taxation	Rs. 11,250/-	Rs. 5,000/-
For Other Services	Rs. 21,500/-	
Total	Rs. 50,250/-	Rs. 12,500/-

[10] REMUNERATION paid u/s 198 of the Companies Act, 1956 to Managing Director, Joint Managing Director and Executive Directors are in accordance with the approval of the Central Government and or within the limits laid down under Schedule XIII to the Companies Act, 1956 & included in the Profit & Loss Account, as Directors Remuneration.

[11] Previous period's figures have been re-arranged, re-grouped and re-classified where necessary.

AS PER OUR REPORT OF EVEN DATE

FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS

NALIN S. PAREKH
PROPRIETOR

FOR AND ON BEHALF OF THE BOARD

LALIT D. MEHTA
Managing Director

RAJESH L. MEHTA
Director

CHAMPAK K. PAREKH
Jt Managing Director

HITESH C. PAREKH
Director

NARESH H. MANKAD
Director

PLACE : MUMBAI
DATED : 27th JUNE, 1996

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

State Code : 04

Registration No. : 04-17820

Balance Sheet Date : 31st March, 1996

II. Capital raised during the year

Public Issue (Including Premium) Rights Issue

NIL

NIL

Bonus Issue

Private Placement (Including Premium)

NIL

NIL

III Position of mobilisation and Deployment of Funds

Total Liabilities

Total Assets

Rs.44,974,317.49

Rs.44,974,317.49

Sources of Funds

Paid up Capital Reserves and Surplus

Rs. 30,897,000.00

Rs. 5,353,248.55

Secured Loans Unsecured Loans

Rs. 2,976,455.77

Rs. 95,000.00

Application of Funds

Net Fixed Assets Investments

Rs. 9,001,120.12

Rs. 30,000.00

Net Current Assets

Miscellaneous Expenditure

Rs.27,942,651.68

Rs. 2,347,932.52

Accumulated Losses

NIL

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**IV. Performance of Company**

Turnover

Rs. 62,722,788.21

Total Expenditure

Rs. 59,992,591.20

Profit/Loss before Tax

Rs. +3,769,542.37

Profit/Loss after Tax

Rs. +3,141,816.37

Earning per share (in Rs.)

1.02

**V. Generic names of three principal products/services of Company
(as per monetary terms)**

Item Code No.

:

282700

(ITC Code)

Product Description

:

Potassium Iodide

Item Code No.

:

280190

(ITC Code)

Product Description

:

Iodine I.P.

Item Code No.

:

294200

(ITC Code)

Product Description

:

Ferrous Fumerate

AS PER OUR REPORT OF EVEN DATE**FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS****NALIN S. PAREKH**
PROPRIETOR**FOR AND ON BEHALF OF THE BOARD****LALIT D. MEHTA**
Managing Director**RAJESH L. MEHTA**
Director**CHAMPAK K. PAREKH**
Jt Managing Director**HITESH C. PAREKH**
Director**NARESH H. MANKAD**
DirectorPLACE : MUMBAI
DATED : 27th JUNE, 1996

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 1996

PARTICULARS	31st March 96 Rs.	31st March 95 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	3,769,542.37	2,245,356.23
ADJUSTMENTS FOR :		
DEPRECIATION	259,596.00	168,213.34
PRELIMINARY EXPENSES	260,881.39	0.00
INTEREST/DIVIDEND	152,778.68	827,312.12
	<u>673,256.07</u>	<u>995,525.46</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>4,442,798.44</u>	<u>3,240,881.69</u>
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	(7,406,337.05)	(5,811,911.53)
INVENTORIES	(1,878,905.20)	(6,892,186.73)
TRADE PAYABLES	(1,414,906.65)	1,129,456.41
	<u>(10,700,148.90)</u>	<u>(11,574,641.85)</u>
CASH GENERATED FROM OPERATIONS	<u>(6,257,350.46)</u>	<u>(8,333,760.16)</u>
INTEREST PAID	(505,922.18)	(827,312.12)
DIRECT TAXES PAID	(99,826.00)	(336,758.00)
	<u>(605,748.18)</u>	<u>(1,164,070.12)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>(6,863,098.64)</u>	<u>(9,497,830.28)</u>
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	<u>(6,863,098.64)</u>	<u>(9,497,830.28)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(7,120,698.50)	(55,304.20)
INTEREST RECEIVED	353,143.50	0.00
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,767,555.00)</u>	<u>(55,304.20)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL/(REFUND)	(4,838,500.00)	33,230,500.00
PUBLIC ISSUE EXPENSES	0.00	(2,120,817.91)
PROCEEDS FROM LONG TERM BORROWINGS	(1,081,996.28)	(1,192,640.73)
NET CASH USED IN FINANCING ACTIVITIES	<u>(5,920,496.28)</u>	<u>29,917,041.36</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(19,551,149.92)</u>	<u>20,363,906.88</u>
CASH AND CASH EQUIVALENTS AS AT 1st APRIL, 1995	21,209,120.15	845,213.27
CASH AND CASH EQUIVALENTS AS AT 31st MARCH, 1996	<u>1,657,970.23</u>	<u>21,209,120.15</u>

AUDITOR'S CERTIFICATE

I have verified the above cash flow statement of Samrat Pharmachem Limited derived from the audited financial statements for the years ended 31st March, 1996 and 31st March, 1995 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

**FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS**

PLACE : MUMBAI
DATED : 27th JUNE, 1996

**NALIN S. PAREKH
PROPRIETOR**

Registered Office

Plot No. A2/3445, GIDC Phase IV, Ankleshwar - 393 002, Gujarat

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

L. F. No. (s) _____

NAME OF THE SHAREHOLDER/PROXY _____

ADDRESS _____

No. of shares held : _____

I/We hereby record our presence at the Fourth Annual General Meeting being held on the **27th day of September, 1996** at **THE SADANAND HOTEL, RAJPIPLA ROAD, ANKLESHWAR - 393 002, GUJARAT.**

SIGNATURE OF THE SHAREHOLDER / PROXY *

* Strike out whichever is not applicable.

PROXY FORM

I/We _____

of _____

being a Member / Members of **SAMRAT PHARMACHEM LIMITED, Ankleshwar,**

hereby appoint _____

of _____ or failing him _____

_____ of _____

as my/our proxy to vote for me/us on my behalf, at the Fourth Annual General Meeting of the Company to be held on the 27th day of September, 1996 and at any adjournment thereof.

Signed this _____ day of _____ 1996.

Please Affix 30 P. Revenue Stamp here
--

Signatures of Member(s)
across the stamp**Note :** The proxy must be deposited with the Registered Office of the Company at Plot No. A2/3445, GIDC Phase IV, Ankleshwar 393 002, GUJARAT not less than 48 hours before the time for holding the meeting.

Book-Post

If undelivered please return to :

Samrat Pharmachem Limited

Plot No. A2/3445,

GIDC, Phase 4,

Ankleshwar - 393 002,

Gujarat.