



Samrat Pharmachem Limited

**5th Annual Report
1996-97**

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 Mehta	<i>Managing Director</i>
Shri Champak Parekh	<i>Joint Managing Director</i>
Shri Rajesh Mehta	<i>Executive Director (Finance)</i>
Shri Hitesh Parekh	<i>Executive Director (Technical)</i>
Shri Naresh Mankad	<i>Director</i>
Shri Suman Lad	<i>Director</i>
Shri Joseph Vedamuthu	<i>Director</i>
Shri Jaswantraai 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,
C. S. T., Mumbai - 400 001.

Dena Bank
GIDC Industrial Estate,
Ankleshwar - 393 002,
Gujarat.

NOTICE

NOTICE is hereby given that the FIFTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 27th September, 1997 at 1.00 p.m. at The Sadanand Hotel, Rajpipla Road, Ankleshwar - 393 002, Gujarat 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, 1997 and the Balance Sheet as at that date, together with Directors and Auditors Report thereon.
2. To appoint a director in place of Shri Hitesh C. Parekh who retires by rotation and being eligible offers himself for re- appointment.
3. 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, 1997 to 27th September, 1997 (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 of Directors

Lalit Mehta
Managing Director

Champak Parekh
Jt Managing Director

Place : Mumbai
Dated : 30th June, 1997

REPORT OF THE DIRECTORS

(Rs. in Lacs)

TO THE MEMBERS

Your Directors have pleasure in presenting the Fifth Annual Report with audited accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	31st March, 97	31st March, 96
Turnover	79,910,822.19	62,722,788.21
Profit before tax	1,174,410.48	3,769,542.37
Less: Provision for Taxation	153,038.00	627,726.00
Profit after tax	1,021,372.48	3,141,816.37
Balance brought forward	5,353,248.55	2,211,432.18
Taxation adjustment of previous year	(29,649.00)	0.00
Balance carried forward	6,344,972.03	5,353,248.55

OPERATIONS

Your company's performance during the year has been good. Sales rose to Rs. 799.11 Lacs as compared to Rs. 627.22 Lacs in the previous year - an increase of 27.41%. Production of 252.68 tonnes of pharmaceutical bulk drugs was achieved during the year.

DIVIDEND

In order to build up resources, your Directors do not recommend payment of Dividend for the year.

WORKING CAPITAL FACILITIES

Your company was successful in raising additional finance from its principal banker towards working capital.

PROJECTIONS Vs PERFORMANCE

As required under clause 43 of the listing agreement the comparison of projections as given in the prospectus dated 24th January, 1996 as against actual performance of the company is given below :

	For 1996-97	Projections	Performance
Sales		1425.60	799.11
Profit before tax		242.99	11.75
Profit after tax		126.40	10.22
Dividend (%)		20%	Nil
Earnings per share (in Rs.)		4.21	0.33

The shortfall in performance was due to shortage of major raw material & increase in raw material prices.

DISCLOSURE OF PARTICULARS

Information as per section 217(1)(e) of the Companies Act, 1956 read with 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.

INSURANCE

The assets of the company have been adequately insured against the risk of fire & other risks.

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 Hitesh C. Parekh retires by rotation and is 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 your 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 your Company.

For and on behalf of the Board of Directors

Lalit Mehta
Managing Director

Champak Parekh
Jt Managing Director

Place : Mumbai
Dated : 30th June, 1997

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 1997

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

Section 217(1)(e) of the Companies Act, 1956

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

A. CONSERVATION OF ENERGY

Your Company continues to explore & implement measures which will help in conservation and saving of energy.

Measures taken & benefits derived are as follows :

- Hot Water coming from steam traps is recycled & used as boiler feed water.
- Using economiser effectively to pre-heat boiler feed water.
- Timely & routine preventive maintenance of boiler.
- Improvement in unit operations leading to reduction in processing time in reactor, centrifuge, drier & other equipments to minimize use of electricity.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

(A) POWER & FUEL CONSUMPTION

	Current Year (1996-97)	Previous Year (1995-96)
1. PURCHASED ELECTRICITY		
Units	82,630.00	147,988.00
Total Amount (Rs.)	296,269.00	446,913.61
Rate / Unit (Rs.)	3.59	3.02

2. DIESEL OIL

Units (Litres)	80,984.00	57,011.00
Total Amount (Rs.)	712,992.14	410,253.80
Rate / Unit (Rs.)	8.80	7.20

3. CONSUMPTION PER KILOGRAM

Production	252,675.05	269,081.00
Bulk Drugs (Kgs)		
Electricity / Kg	1.17	1.66
Diesel Oil / Kg	2.82	1.52

B. TECHNOLOGY ABSORPTION

The management has focussed 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. 504,873.84
F.o.b. Value of export of finished goods
(Previous year Rs. 6,023,114.64)

Foreign exchange used Rs. 42,218,134.00
Import of raw materials
(Previous year Rs. 37,273,302.27)

For and on behalf of the Board of Directors

Lalit Mehta
Managing Director

Champak Parekh
Jt Managing Director

Place : Mumbai
Dated : 30th June, 1997

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, 1997 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 1997, 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 : 30th June, 1997

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, 1997, 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 : 30th June, 1997

BALANCE SHEET AS AT 31ST MARCH, 1997

PARTICULARS	SCHEDULE	31-Mar-97 Rs.	31-Mar-96 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
EQUITY SHARE CAPITAL	1	30,897,000.00	30,897,000.00
RESERVES AND SURPLUS			
(i) PROFIT AND LOSS ACCOUNT		6,344,972.03	5,353,248.55
LOAN FUNDS			
(i) SECURED LOANS	2	5,454,829.22	2,976,455.77
(ii) UNSECURED LOANS	3	0.00	95,000.00
TOTAL		<u>42,696,801.25</u>	<u>39,321,704.32</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	4		
GROSS BLOCK		10,470,919.94	9,584,405.89
DEPRECIATION		1,039,369.36	583,285.77
NET BLOCK		<u>9,431,550.58</u>	<u>9,001,120.12</u>
CAPITAL WORK-IN-PROGRESS		2,610,999.48	0.00
INVESTMENTS	5	20,000.00	30,000.00
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	6	15,079,355.01	13,351,380.89
SUNDRY DEBTORS	7	12,946,832.67	8,446,012.65
CASH & BANK BALANCES	8	7,837,145.05	2,309,500.40
OTHER CURRENT ASSETS		282,135.80	2,558,508.86
LOANS AND ADVANCES	9	3,106,516.25	6,929,862.05
		<u>39,251,984.78</u>	<u>33,595,264.85</u>
LESS : CURRENT LIABILITIES AND PROVISIONS	10	<u>(10,704,784.71)</u>	<u>(5,652,613.17)</u>
NET CURRENT ASSETS		<u>28,547,200.07</u>	<u>27,942,651.68</u>
MISCELLANEOUS EXPENDITURE			
[To the Extent Not Written Off]			
PRELIMINARY EXPENSES		390,396.80	439,196.40
PUBLIC ISSUE EXPENSES		1,696,654.32	1,908,736.12
TOTAL		<u>42,696,801.25</u>	<u>39,321,704.32</u>

THE SCHEDULES REFERRED TO ABOVE FORM PART OF THE ACCOUNTS.

AS PER OUR REPORT OF EVEN DATE

FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

LALIT D. MEHTA
Managing Director

RAJESH L. MEHTA
Director

NALIN S. PAREKH
PROPRIETOR

CHAMPAK K. PAREKH
Jt Managing Director

HITESH C. PAREKH
Director

PLACE : MUMBAI
DATED : 30th JUNE, 1997

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

PARTICULARS	SCHEDULE	31-Mar-97 Rs.	31-Mar-96 Rs.
INCOME			
SALES		79,910,882.19	62,722,788.21
INCREASE IN STOCK		2,823,997.08	4,496,866.39
OTHER INCOME	11	10,150.00	1,039,345.36
TOTAL [A] —>		82,745,029.27	68,258,999.96
EXPENDITURE			
MATERIALS, MANUFACTURING & OTHER EXPS.	12	73,250,493.04	57,622,387.18
SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS	13	1,107,823.80	919,039.50
OFFICE AND ADMINISTRATION EXPENSES	14	1,462,257.92	1,153,694.97
SELLING AND DISTRIBUTION EXPENSES	15	4,116,261.86	3,767,936.37
INTEREST & FINANCE CHARGES	16	910,317.18	505,922.18
DEPRECIATION ON FIXED ASSETS		459,089.75	259,596.00
PRELIMINARY & PUBLIC ISSUE EXPENSES W/OFF		260,881.40	260,881.39
LOSS ON SALE OF FIXED ASSET		3,493.84	0.00
TOTAL [B] —>		81,570,618.79	64,489,457.59
PROFIT BEFORE TAX [A] - [B]		1,174,410.48	3,769,542.37
LESS : PROVISION FOR INCOME TAX		(153,038.00)	(627,726.00)
PROFIT AFTER TAX		1,021,372.48	3,141,816.37
OPENING BALANCE IN PROFIT & LOSS ACCOUNT		5,353,248.55	2,211,432.18
ADD : PROFIT AFTER TAX		1,021,372.48	3,141,816.37
TAXATION ADJUSTMENT OF PREVIOUS YEAR		(29,649.00)	0.00
BALANCE CARRIED FORWARD		6,344,972.03	5,353,248.55

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

CHAMPAK K. PAREKH
Jt Managing Director

RAJESH L. MEHTA
Director

HITESH C. PAREKH
Director

PLACE : MUMBAI
DATED : 30th JUNE, 1997

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

PARTICULARS	SCHEDULE	31-Mar-97 Rs.	31-Mar-96 Rs.						
[1] SHARE CAPITAL									
AUTHORISED									
5,000,000 EQUITY SHARES OF Rs.10 EACH [Previous Year 5,000,000 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 3,089,700 Equity Shares]		30,897,000.00	30,897,000.00						
[2] SECURED LOANS									
BILL DISCOUNTING ACCOUNT WITH SCHEDULED BANK		0.00	654,418.00						
BANK OVERDRAFT FROM SCHEDULED BANK [Secured against Fixed Assets, Stock, Book Debts & Personal Guarantee of Executive Directors]		5,454,829.22	2,322,037.77						
TOTAL		5,454,829.22	2,976,455.77						
[3] UNSECURED LOANS									
FROM DIRECTORS		0.00	0.00						
FROM OTHERS		0.00	95,000.00						
TOTAL		0.00	95,000.00						
[4] FIXED ASSETS [AT COST] AS PER BOOKS									
NAME OF ASSET	GROSS BLOCK 31/03/96	ADDITIONS/ (SALE)	GROSS BLOCK 31/03/97	DEP UPTO 31/03/96	DEPN FOR THE YEAR	DEDUCT FOR ASSET SOLD	TOTAL DEPN	NET BLOCK 31/03/96	NET BLOCK 31/03/97
LAND	765,479.00	92,140.00	857,619.00	0.00	0.00	0.00	0.00	765,479.00	857,619.00
BUILDING	2,010,700.40	0.00	2,010,700.40	55,364.94	67,157.39	0.00	122,522.33	1,955,335.46	1,888,178.07
PLANT AND MACHINERY	5,622,519.72	759,524.05	6,382,043.77	381,664.62	285,032.17	0.00	666,696.79	5,240,855.10	5,715,346.98
OFFICE PLANT & EQUIPMENT	428,442.00	45,350.00	473,792.00	104,608.08	54,565.84	0.00	159,173.92	323,833.92	314,618.08
FURNITURE AND FIXTURES	587,443.77	0.00	587,443.77	26,386.94	37,185.19	0.00	63,572.13	561,056.83	523,871.64
VEHICLES	169,821.00	(10,500.00)	159,321.00	15,261.19	15,149.16	(3,006.16)	27,404.19	154,559.81	131,916.81
As At 31-Mar-97	9,584,405.89	886,514.05	10,470,919.94	583,285.77	459,089.75	(3,006.16)	1,039,369.36	9,001,120.12	9,431,550.58
As At 31-Mar-96	2,463,707.39	7,120,698.50	9,584,405.89	323,689.77	259,596.00	0.00	583,285.77	2,140,017.62	9,001,120.12
[5] INVESTMENTS									
[Unquoted, At Cost]									
GOVERNMENT SECURITIES (NATIONAL SAVINGS CERTIFICATES)							0.00	10,000.00	
OTHERS (2,000 SHARES OF SARASWAT CO-OP BANK LTD)							20,000.00	20,000.00	
TOTAL							20,000.00	30,000.00	

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

PARTICULARS	31-Mar-97 Rs.	31-Mar-96 Rs.
[6] INVENTORIES		
RAW MATERIALS	2,146,087.44	3,245,434.36
FUEL	22,570.36	19,246.40
FINISHED GOODS	12,910,697.21	10,086,700.13
TOTAL	15,079,355.01	13,351,380.89
[7] SUNDRY DEBTORS		
[Unsecured, Considered Good]		
OUTSTANDING FOR MORE THAN SIX MONTHS	305,697.20	191,950.13
OTHERS	12,641,135.47	8,254,062.52
TOTAL	12,946,832.67	8,446,012.65
[8] CASH AND BANK BALANCES		
CASH BALANCE	166,273.11	53,168.40
WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	3,617,744.94	13,421.94
WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS	4,053,127.00	2,242,910.06
TOTAL	7,837,145.05	2,309,500.40
[9] LOANS AND ADVANCES		
[Unsecured, Considered good]		
ADVANCES	3,021,705.00	6,847,310.80
[Recoverable in cash or in kind or against value to be received]		
DEPOSITS	84,811.25	82,551.25
TOTAL	3,106,516.25	6,929,862.05
[10] CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
SUNDRY CREDITORS FOR GOODS	9,616,510.88	3,890,184.00
SUNDRY CREDITORS FOR EXPENSES	702,151.00	522,860.00
SUNDRY CREDITORS FOR FIXED ASSETS	17,000.00	0.00
ADVANCES RECEIVED AGAINST ORDER/GOODS	228,386.40	1,500.00
BANK OVERDRAFT	140,736.43	651,530.17
	10,704,784.71	5,066,074.17
PROVISION FOR INCOME TAX	0.00	586,539.00
TOTAL	10,704,784.71	5,652,613.17

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

PARTICULARS	31-Mar-97 Rs.	31-Mar-96 Rs.
[11] OTHER INCOME		
EXPORT INCENTIVES	0.00	686,201.86
INTEREST	10,150.00	353,143.50
TOTAL	10,150.00	1,039,345.36
[12] MATERIALS, MANUFACTURING AND OTHER EXPENSES		
RAW MATERIALS CONSUMED	62,795,936.52	51,925,540.07
PURCHASE OF TRADED GOODS	4,649,945.29	3,027,641.00
IMPORT EXPENSES	117,731.00	0.00
DUTY DRAWBACK	490,932.56	0.00
JOB WORK CHARGES	418,500.00	882,500.00
POWER	296,269.00	446,913.61
FUEL CONSUMED	712,992.14	410,253.80
WATER CHARGES	89,277.00	48,102.00
ANALYTICAL & TESTING CHARGES	138,815.43	104,365.25
CENTRAL EXCISE DUTY	2,537,100.00	142,000.00
REPAIRS TO FACTORY BUILDING	0.00	3,710.00
REPAIRS TO PLANT & MACHINERY	926,587.35	631,124.45
FACTORY CESS & TAXES	33,865.00	0.00
EFFLUENT TREATMENT & POLLUTION CONTROL	42,541.75	0.00
OTHER MANUFACTURING EXPENSES	0.00	237.00
TOTAL	73,250,493.04	57,622,387.18
[13] SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS		
SALARIES & WAGES	882,600.95	766,969.00
EMPLOYEES' STATE INSURANCE	16,439.00	16,310.00
PROVIDENT FUND	99,700.00	72,979.00
PROFESSION TAX	7,510.00	1,345.00
REFRESHMENT & STAFF WELFARE	101,573.85	61,436.50
TOTAL	1,107,823.80	919,039.50
[14] OFFICE AND ADMINISTRATION EXPENSES		
OFFICE ELECTRICITY	40,677.00	37,690.00
LEGAL & PROFESSIONAL CHARGES	137,324.00	104,001.60
PRINTING & STATIONERY	156,896.00	125,569.25
CONVEYANCE	24,413.00	16,319.00
MOTOR CAR EXPENSES	42,513.77	16,686.22
TRAVELLING	60,943.00	24,258.00
POSTAGE, TELEGRAM, TELEPHONE, TELEX	350,055.15	261,362.00
DIRECTORS REMUNERATION	481,750.00	399,000.00
AUDITOR'S REMUNERATION	17,500.00	50,250.00
ROC FEES	3,650.00	840.00
STOCK EXCHANGE LISTING FEES	27,550.00	21,020.00
DATA PROCESSING CHARGES	28,084.00	26,750.90
REPAIRS TO OFFICE	10,010.00	4,610.00
INSURANCE CHARGES	68,329.00	55,365.00
CLEARING & FORWARDING CHARGES	0.00	7,573.00
SUBSCRIPTIONS & PERIODICALS	4,078.00	0.00
SUNDRY EXPENSES	8,485.00	2,400.00
TOTAL	1,462,257.92	1,153,694.97

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

PARTICULARS	31-Mar-97 Rs.	31-Mar-96 Rs.
[15] SELLING & DISTRIBUTION EXPENSES		
EXPORT EXPENSES	106,158.32	350,525.37
ADVERTISEMENT & PUBLICITY	131,840.00	396,201.00
BUSINESS PROMOTION	39,941.70	39,930.80
DISCOUNT ACCOUNT	192,384.47	53,748.76
COMMISSION & BROKERAGE	590,073.37	461,503.44
WAREHOUSING & GODOWN CHARGES	17,815.00	74,273.00
SALES TAX	2,482,185.00	1,774,469.00
OCTROI DUTY	73,005.00	56,394.00
DELIVERY CHARGES	482,859.00	560,891.00
TOTAL	<u>4,116,261.86</u>	<u>3,767,936.37</u>
[16] INTEREST & FINANCE CHARGES		
BANK INTEREST & CHARGES	716,369.99	442,518.18
OTHER INTEREST	193,947.19	63,404.00
TOTAL	<u>910,317.18</u>	<u>505,922.18</u>

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

FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

LALIT MEHTA
Managing Director

RAJESH MEHTA
Director

NALIN S. PAREKH
PROPRIETOR

CHAMPAK PAREKH
Jt Managing Director

HITESH PAREKH
Director

PLACE : MUMBAI
DATED : 30th JUNE, 1997

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1997

[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, 1997	31st March, 1996
Licenced Capacity	No Licence is Required	
Installed Capacity (Kgs)	528,000.00	528,000.00
Actual Production (Kgs)	252,675.05	269,081.00

(ii) Analysis of Raw Materials consumed

Class of goods	Kgs.	31st March, 1997		31st March, 1996	
		Rs.		Rs.	
Pharmaceutical Raw Materials	692,795.00	62,303,372.17	773,819.89	51,542,704.21	
Packing Materials		492,564.35		382,835.86	
Total		62,795,936.52		51,925,540.07	

[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	31/03/97	13,398.00	4,649,945.29
	31/03/96	5,000.00	2,207,189.00
Pharmaceutical Bulk Drugs	31/03/97	0.00	0.00
	31/03/96	14,165.00	820,452.00
Total	31/03/97	13,398.00	4,649,945.29
	31/03/96	19,165.00	3,027,641.00

[4] CONSUMPTION OF MATERIALS

	31st March, 1997		31st March, 1996	
	Rs.	%age	Rs.	%age
Raw Materials Imported	46,168,374.01	73.52%	39,814,223.49	76.68%
Indigenous	16,627,562.51	26.48%	12,111,316.58	23.32%
Total	62,795,936.52	100.00%	51,925,540.07	100.00%

[5] SALES

Class of Goods	Unit	31st March, 97		31st March, 96	
		Quantity	Value Rs.	Quantity	Value Rs.
Pharmaceutical	Kgs	220,757.80	79,910,882.19	273,924.00	62,722,788.21
Bulk Drugs					

[6] CONTINGENT LIABILITIES

In respect of Letters of Credit issued by the Company's Bankers : Rs.18,732,186.00 (Previous year Rs. 5,230,560.00).

In respect of Bank Guarantees given by the Company's Bankers Rs. 310,640.25 (Previous year Rs. 310,640.25).

[7] FOREIGN EXCHANGE FLUCTUATION

Loss on account of foreign exchange fluctuation accounted during the year is Rs. 161,886.56 (Previous year Rs. 696,943.72).

[8] AUDITOR'S REMUNERATION

	31st March, 1997	31st March, 1996
For Statutory Audit	Rs. 15,000/-	Rs. 17,500/-
For Taxation	Rs. 2,500/-	Rs. 11,250/-
For Other Services		Rs. 21,500/-
Total	<u>Rs. 17,500/-</u>	<u>Rs. 50,250/-</u>

[9] **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.

[10] 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 Mehta
Managing Director

Champak Parekh
Jt Managing

Rajesh Mehta
Director

Hitesh Parekh
Director Director

Place : Mumbai

Dated : 30th June, 1997

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details :**State Code : Registration No. : Balance Sheet Date : **II. Capital raised during the year**

Public Issue (Including Premium)

Rights Issue

Bonus Issue

Private Placement (Including Premium)

III Position of mobilisation and Deployment of Funds

Total Liabilities

Total Assets

Sources of Funds

Paid up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Continued)

IV. Performance of Company

Turnover

Rs. 79,910,882.19

Total Expenditure

Rs. 78,746,621.71

Profit/Loss before Tax

Rs. +1,174,410.48

Profit/Loss after Tax

Rs. +1,021,372.48

Earning per share (in Rs.)

0.33

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

Item Code No.

(ITC Code)

:

282700

Product Description

:

Potassium Iodide

Item Code No.

(ITC Code)

:

280190

Product Description

:

Iodine I.P.

Item Code No.

(ITC Code)

:

294200

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 Mehta

Managing Director

Champak Parekh

Jt. Managing Director

Place : Mumbai

Dated : 30th June, 1997

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 1997

PARTICULARS	31-Mar-97 Rs.	31-Mar-96 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	1,174,410.48	3,769,542.37
ADJUSTMENTS FOR :		
DEPRECIATION	459,089.75	259,596.00
PROFIT/LOSS ON SALE OF ASSETS	3,493.84	0.00
PRELIMINARY EXPENSES	260,881.40	260,881.39
INTEREST/DIVIDEND	900,167.18	152,778.68
	<u>1,623,632.17</u>	<u>673,256.07</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>2,798,042.65</u>	<u>4,442,798.44</u>
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	1,640,243.84	(7,365,150.05)
INVENTORIES	(1,727,974.12)	(1,878,905.20)
TRADE PAYABLES	6,149,504.28	(1,414,906.65)
	<u>6,061,774.00</u>	<u>(10,658,961.90)</u>
CASH GENERATED FROM OPERATIONS	<u>8,859,816.65</u>	<u>(6,216,163.46)</u>
INTEREST PAID	(910,317.18)	(505,922.18)
DIRECT TAXES PAID	(810,571.00)	(141,013.00)
	<u>(1,720,888.18)</u>	<u>(646,935.18)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>7,138,928.47</u>	<u>(6,863,098.64)</u>
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	<u>7,138,928.47</u>	<u>(6,863,098.64)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(893,014.05)	(7,120,698.50)
CAPITAL WORK-IN-PROGRESS	(2,610,999.48)	0.00
SALE/REALIZATION OF INVESTMENTS	10,000.00	0.00
INTEREST RECEIVED	10,150.00	353,143.50
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,483,863.53)</u>	<u>(6,767,555.00)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL/(REFUND)	0.00	(4,838,500.00)
PROCEEDS FROM LONG TERM BORROWINGS	2,383,373.45	(1,081,996.28)
NET CASH USED IN FINANCING ACTIVITIES	<u>2,383,373.45</u>	<u>(5,920,496.28)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,038,438.39	(19,551,149.92)
CASH AND CASH EQUIVALENTS AS AT 1st APRIL, 1996 (OPENING BALANCE)	1,657,970.23	21,209,120.15
CASH AND CASH EQUIVALENTS AS AT 31st MARCH, 1997 (CLOSING BALANCE)	7,696,408.62	1,657,970.23

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, 1997 and 31st March, 1996 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 : 30th JUNE, 1997

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 Fifth Annual General Meeting being held on **Saturday, the 27th day of September, 1997 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 Fifth Annual General Meeting of the Company to be held on the 27th day of September, 1997 and at any adjournment thereof.

Signed this _____ day of _____ 1997.

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.