



Samrat Pharmachem Limited

**6th Annual Report
1997-98**

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 SIXTH ANNUAL GENERAL MEETING of the Members of the Company will be held on **Monday, the 28th September, 1998** 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, 1998 and the Balance Sheet as at that date, together with Directors and Auditors Report thereon.
2. To appoint a director in place of Shri Suman S. Lad who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Joseph V. Vedamuthu who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification, the following as a Special Resolution :

"RESOLVED THAT the pursuant to the recently pronounced guideline no. SMDRP/CIR/14/98 dated 29th April, 1998 of SEBI regarding delisting of shares from a stock exchange and subject to the approval of SEBI and the concerned stock exchanges, the consent of the Company is hereby accorded to the Board to delist the shares of the Company from Saurashtra Kutch Stock Exchange Limited & Pune Stock Exchange Limited with effect from 31st December, 1998 and to all acts, things, deeds necessary and expedient in complying with the said guidelines for delisting of the shares."

6. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.

"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Lalit Damodar Mehta as Managing Director

of the Company and to his receiving remuneration, benefits and amenities for a period of 4 years & 7 months commencing from 1st September, 1998 to 31st March, 2003 upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Lalit Damodar Mehta, a draft whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Lalit Damodar Mehta, provided however that the remuneration payable to Mr. Lalit Damodar Mehta shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto"

7. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.

"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Champak Kantilal Parekh as Joint Managing Director of the Company and to his receiving remuneration, benefits and amenities for a period of 4 years & 7 months commencing from 1st September, 1998 to 31st March, 2003 upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Champak Kantilal Parekh, a draft whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Champak Kantilal Parekh, provided however

that the remuneration payable to Mr. Champak Kantilal Parekh shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto"

8. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.

"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Rajesh Lalit Mehta as Whole-time Director - Finance of the Company and to his receiving remuneration, benefits and amenities for a period of 4 years & 7 months commencing from 1st September, 1998 to 31st March, 2003 upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Rajesh Lalit Mehta, a draft whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Rajesh Lalit Mehta, provided however that the remuneration payable to Mr. Rajesh Lalit Mehta shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto"

9. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.

"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309 and other applicable provisions, if any, of the

Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Hitesh Champak Parekh as Whole-time Director - Technical of the Company and to his receiving remuneration, benefits and amenities for a period of 4 years & 7 months commencing from 1st September, 1998 to 31st March, 2003 upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Hitesh Champak Parekh, a draft whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Hitesh Champak Parekh, provided however that the remuneration payable to Mr. Hitesh Champak Parekh shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto"

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 ten days from 19th September, 1998 to 28th September, 1998 (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 : 1st August, 1998

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

SEBI has recently promulgated guidelines for delisting of shares from the stock exchange where the shares of the Company are either not quoted or thinly traded.

The Board has observed that the shares of the Company are rarely traded on the Saurashtra Kutch Stock Exchange Limited & Pune Stock Exchange Limited and hence the Board recommends delisting of the shares of the Company from these two stock exchanges. This requires the permission of the shareholders at the General Meeting

by passing a special resolution.

None of the Director of the Company is interested or concerned in the said Resolution.

Item No. 6, 7, 8, 9

At the meeting of the Board of Directors held on 31st July, 1998, the following four whole-time directors were re-appointed for the period of four years and seven months with effect from 1st August, 1998 to 31st March, 2003 :

Name of Director	Re-appointed as
Mr. Lalit D. Mehta	Managing Director
Mr. Champak K. Parekh	Joint Managing Director
Mr. Rajesh L. Mehta	Wholetime Director (Finance)
Mr. Hitesh C. Parekh	Wholetime Director (Technical)

Nature of Duties

Mr. Lalit D. Mehta, Managing Director, shall look after the overall business, administrative, commercial, marketing, technical, financial matters and such other related functions of the Company.

Mr. Champak K. Parekh, Joint Managing Director, shall look after the overall business, administrative, commercial, marketing, technical, financial matters and such other related functions of the Company.

Mr. Rajesh L. Mehta, Wholetime Director (Finance), shall look after the financial matters and such other related functions of the Company.

Mr. Hitesh C. Parekh, Wholetime Director (Technical), shall look after the technical matters and such other related functions of the Company.

Remuneration

The directors shall be entitled to the following emoluments, benefits and perquisites during the period of their employment subject to the ceiling limits laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956.

Salary

Director	Salary Scale
Mr. Lalit D. Mehta	Rs. 11,000-1,000-13,000
Mr. Champak K. Parekh	Rs. 11,000-1,000-13,000
Mr. Rajesh L. Mehta	Rs. 9,000-1,000-11,000
Mr. Hitesh C. Parekh	Rs. 9,000-1,000-11,000

Perquisites

Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to the Managing Director, Joint Managing Director, Wholetime Director (Finance) and Wholetime Director (Technical) are as under :

The Company shall provide for, or pay the expenses for, a car with driver and telephone facility at the residence of the Managing Director, Joint Managing Director, Wholetime Director (Finance) and Wholetime Director (Technical). Provision of, or payment of expenses of, a car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the director.

Minimum Remuneration : Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may, in its discretion, increase the remuneration payable to them, subject to obtaining such approvals as may be required.

Sitting Fees : No sitting fees will be paid to the appointee for attending the meeting of the Board of Directors or committee thereof of the Company.

Other Terms

- a) They shall not become interested or otherwise be concerned directly or through their spouse and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- b) They shall be entitled to re-imbursement of all actual travelling, lodging & boarding expenses and entertainment expenses reasonably incurred in connection with the business of the Company.
- c) They shall observe secrecy with regard to information acquired by him in the course of his appointment and shall not use the same for his own purpose either during the currency of this agreement or thereafter.

In compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolution in terms as

set out in items 6, 7, 8 & 9 of the accompanying Notice are now being placed before the Members in the General Meeting for their approval.

Except Mr. Lalit Damodar Mehta, Mr. Champak Kantilal Parekh, Mr. Rajesh Lalit Mehta and Mr. Hitesh Champak Parekh no other Director of the Company is concerned or interested in the said Ordinary Resolutions.

This Explanatory Statement is and should be treated as an abstract under section 302 of the Companies Act, 1956, of the Agreements to be entered into between the Company and Mr. Lalit Damodar Mehta, Mr. Champak Kantilal Parekh, Mr. Rajesh Lalit Mehta and Mr. Hitesh Champak Parekh

By Order of the Board of Directors

Lalit Mehta
Managing Director

Champak Parekh
Jt Managing Director

Place : Mumbai

Dated : 1st August, 1998

REPORT OF THE DIRECTORS

TO THE MEMBERS

Your Directors have pleasure in presenting the Sixth Annual Report with audited accounts for the year ended **31st March, 1998**.

FINANCIAL RESULTS

	31st March, 98	31st March, 97
Turnover	95,315,727.89	79,910,822.19
Profit before tax	1,162,909.11	1,174,410.48
Less: Provision for Taxation	130,641.00	153,038.00
Profit after tax	1,032,268.11	1,021,372.48
Balance brought forward	6,344,972.03	5,353,248.55
Taxation adjustment of previous year	(0.00)	(29,649.00)
Balance carried forward	7,377,240.14	6,344,972.03

OPERATIONS

Your company's performance during the year has been good. Sales rose to Rs. 953.16 Lacs as compared to Rs. 799.11 Lacs in the previous year - an increase of 19.28%. Production of 280.98 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, 1995 as against actual performance of the company is given below :

	For 1997-98	Projections	(Rs. in Lacs) Performance
Sales		1586.40	953.16
Profit before tax		273.30	11.64
Profit after tax		145.67	10.33
Dividend (%)		25%	Nil
Earnings per share (in Rs.)		4.86	0.33

The shortfall in performance was due to increase in major raw material price, depreciation of rupee against US dollar and increase in effluent treatment & pollution control expenses.

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 Suman S. Lad & Shri Joseph V. Vedamuthu retire by rotation and are eligible for re-appointment

Shri Naresh H. Mankad, who is liable to retire by rotation at the ensuing Annual General Meeting has expressed his unwillingness to continue as Director due to his other pre-occupations. Your directors place on record their appreciation of the valuable guidance provided by him to the company.

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.

LISTING OF SHARES

The Company's shares are listed on the Bombay Stock Exchange, The Ahmedabad Stock Exchange, The Baroda Stock Exchange, Saurashtra Kutch Stock Exchange & Pune Stock Exchange. It has paid the listing fees at all the stock exchanges for the period upto 31st March, 1999. It has not been delisted on any of these exchanges for non-payment of listing fees.

However, the Board has observed that the shares of the Company are rarely traded on the Saurashtra Kutch Stock Exchange & Pune Stock Exchange and hence the Board recommends delisting of the shares of the Company from these two stock exchanges. The required permission of the shareholders is sought at the General Meeting by passing a special resolution.

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 : 1st August, 1998

**ANNEXURE TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31st MARCH, 1998**

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 (1997-98)	Previous Year (1996-97)
1. PURCHASED ELECTRICITY		
Units	89,920.00	82,630.00
Total Amount (Rs.)	420,506.00	296,269.00
Rate / Unit (Rs.)	4.84	3.59
2. DIESEL OIL		
Units (Litres)	97,473.22	80,984.00
Total Amount (Rs.)	917,163.20	712,992.14
Rate / Unit (Rs.)	9.41	8.80

3. CONSUMPTION PER KILOGRAM

Production	280,977.95	252,675.05
Bulk Drugs (Kgs)		
Electricity / Kg	1.50	1.17
Diesel Oil / Kg	3.26	2.82

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. 1,703,969.00
F.O.B. Value of export of finished goods
(Previous year Rs. 504,873.84)

Foreign exchange used Rs. 59,330,733.86
Import of raw materials
(Previous year Rs. 42,218,134.00)

For and on behalf of the Board of Directors

Lalit Mehta
Managing Director

Champak Parekh
Jt Managing Director

Place : Mumbai

Dated : 1st August, 1998

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, 1998** 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 1998, 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, 1998

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. In our opinion, reasonable records have been maintained by the Company for the sale & disposal of scrap. As explained to us, the company's operations did not give rise to any realisable by-products.
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, 1998, 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, 1998**

BALANCE SHEET AS AT 31ST MARCH, 1998

PARTICULARS	SCHEDULE	31-Mar-98 Rs.	31-Mar-97 Rs
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
EQUITY SHARE CAPITAL	1	30,897,000.00	30,897,000.00
RESERVES AND SURPLUS			
(i) CAPITAL RESERVE		89,000.00	0.00
(ii) PROFIT AND LOSS ACCOUNT		7,377,240.14	6,344,972.03
LOAN FUNDS			
(i) SECURED LOANS	2	8,185,072.99	5,454,829.22
(ii) UNSECURED LOANS		0.00	0.00
TOTAL		<u>46,548,313.13</u>	<u>42,696,801.25</u>
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
GROSS BLOCK	3	11,722,744.94	10,470,919.94
DEPRECIATION		<u>1,532,423.99</u>	<u>1,039,369.36</u>
NET BLOCK		<u>10,190,320.95</u>	<u>9,431,550.58</u>
CAPITAL WORK-IN-PROGRESS		<u>2,711,755.22</u>	<u>2,610,999.48</u>
INVESTMENTS	4	20,000.00	20,000.00
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	5	19,375,162.09	15,079,355.01
SUNDRY DEBTORS	6	13,894,064.39	12,946,832.67
CASH & BANK BALANCES	7	7,962,981.33	7,837,145.05
OTHER CURRENT ASSETS		365,291.00	282,135.80
LOANS AND ADVANCES	8	<u>2,243,111.25</u>	<u>3,106,516.25</u>
		<u>43,840,610.06</u>	<u>39,251,984.78</u>
LESS : CURRENT LIABILITIES AND PROVISIONS	9	<u>(12,040,542.82)</u>	<u>(10,704,784.71)</u>
NET CURRENT ASSETS		<u>31,800,067.24</u>	<u>28,547,200.07</u>
MISCELLANEOUS EXPENDITURE			
[To the Extent Not Written Off]			
PRELIMINARY EXPENSES		341,597.20	390,396.80
PUBLIC ISSUE EXPENSES		<u>1,484,572.52</u>	<u>1,696,654.32</u>
TOTAL		<u>46,548,313.13</u>	<u>42,696,801.25</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

NALIN S. PAREKH
PROPRIETOR

PLACE : MUMBAI
DATED : 30th JUNE, 1998

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

Samrat Pharmachem Limited

6th Annual Report (1997-98)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS	SCHEDULE	31-Mar-98 Rs.	31-Mar-97 Rs.
INCOME			
SALES		95,315,727.89	79,910,882.19
INCREASE IN STOCK		4,373,123.95	2,823,997.08
OTHER INCOME	10	83,579.20	11,650.00
TOTAL [A] —>		<u>99,772,431.04</u>	<u>82,746,529.27</u>
EXPENDITURE			
MATERIALS, MANUFACTURING & OTHER EXPENSES	11	89,044,970.10	73,250,493.04
SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS	12	1,502,927.12	1,107,823.80
OFFICE AND ADMINISTRATION EXPENSES	13	1,613,604.45	1,462,257.92
SELLING AND DISTRIBUTION EXPENSES	14	4,942,911.61	4,116,261.86
INTEREST & FINANCE CHARGES	15	742,172.62	911,817.18
DEPRECIATION ON FIXED ASSETS		497,428.75	459,089.75
PRELIMINARY & PUBLIC ISSUE EXPENSES W/OFF		260,881.40	260,881.40
LOSS ON SALE OF FIXED ASSET		4,625.88	3,493.84
TOTAL [B] —>		<u>98,609,521.93</u>	<u>81,572,118.79</u>
PROFIT BEFORE TAX [A] - [B]		1,162,909.11	1,174,410.48
LESS : PROVISION FOR INCOME TAX		(130,641.00)	(153,038.00)
PROFIT AFTER TAX		<u>1,032,268.11</u>	<u>1,021,372.48</u>
OPENING BALANCE IN PROFIT & LOSS ACCOUNT		6,344,972.03	5,353,248.55
ADD : PROFIT AFTER TAX		1,032,268.11	1,021,372.48
TAXATION ADJUSTMENT OF PREVIOUS YEAR		0.00	(29,649.00)
BALANCE CARRIED FORWARD		<u>7,377,240.14</u>	<u>6,344,972.03</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, 1998

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS	31-Mar-98 Rs.	31-Mar-97 Rs.
[1] SHARE CAPITAL		
AUTHORISED		
5,000,000 EQUITY SHARES OF Rs.10 EACH	50,000,000.00	50,000,000.00
[Previous Year 5,000,000 Equity Shares]		
ISSUED AND SUBSCRIBED		
3,089,700 EQUITY SHARES OF Rs.10 EACH FULLY PAID	30,897,000.00	30,897,000.00
[Previous Year 3,089,700 Equity Shares]		
[2] SECURED LOANS		
BILL DISCOUNTING ACCOUNT WITH SCHEDULED BANK	238,100.32	0.00
BANK OVERDRAFT FROM SCHEDULED BANK	3,148,896.12	5,454,829.22
IMPORT CREDIT FROM SCHEDULED BANK	4,298,076.55	0.00
EXPORT CREDIT FROM SCHEDULED BANK	500,000.00	0.00
[Secured against Fixed Assets, Stock, Book Debts & Personal Guarantee of Executive Directors]		
TOTAL	8,185,072.99	5,454,829.22

(3) FIXED ASSETS (AT COST)

NAME OF ASSET	GROSS BLOCK 31/03/97	ADDITIONS/ (SALE)	GROSS BLOCK 31/03/98	DEPN UPTO 31/03/97	DEPN FOR THE YEAR	DEDUCT FOR ASSET SOLD	TOTAL DEPN	NET BLOCK 31/03/97	NET BLOCK 31/03/98
LAND	857,619.00	0.00	857,619.00	0.00	0.00	0.000	0.00	857,619.00	857,619.00
BUILDING	2,010,700.40	0.00	2,010,700.40	122,522.33	67,157.39	0.00	189,679.72	1,888,178.07	1,821,020.68
PLANT AND MACHINERY	6,382,043.77	973,949.00	7,355,992.77	666,696.79	315,812.45	0.00	982,509.24	5,715,346.98	6,373,483.53
OFFICE PLANT & EQUIPMENT	473,792.00	61,325.00	535,117.00	159,173.92	57,175.32	0.00	216,349.24	314,618.08	318,767.76
FURNITURE AND FIXTURES	587,443.77	240,551.00	827,994.77	63,572.13	44,059.54	0.00	107,631.67	523,871.64	720,363.10
VEHICLES	159,321.00	(24,000.00)	135,321.00	27,404.19	13,224.05	(4,374.12)	36,254.12	131,916.81	99,066.88
As At 31-Mar-98	10,470,919.94	1,251,825.00	11,722,744.94	1,039,369.36	497,428.75	(4,374.12)	1,532,423.99	9,431,550.58	10,190,320.95
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

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS	31-Mar-98 Rs.	31-Mar-97 Rs.
[4] INVESTMENTS		
[Unquoted, At Cost]		
GOVERNMENT SECURITIES (NATIONAL SAVINGS CERTIFICATES)	0.00	0.00
OTHERS (2,000 SHARES OF SARASWAT CO-OP BANK LTD)	20,000.00	20,000.00
TOTAL	20,000.00	20,000.00
[5] INVENTORIES		
RAW MATERIALS	2,027,577.25	2,146,087.44
FUEL	63,763.68	22,570.36
FINISHED GOODS	17,283,821.16	12,910,697.21
TOTAL	19,375,162.09	15,079,355.01
[6] SUNDRY DEBTORS		
[Unsecured, Considered Good]		
OUTSTANDING FOR MORE THAN SIX MONTHS	573,808.32	305,697.20
OTHERS	13,320,256.07	12,641,135.47
TOTAL	13,894,064.39	12,946,832.67
[7] CASH AND BANK BALANCES		
CASH BALANCE	318,744.96	166,273.11
WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	2,003,177.94	3,617,744.94
WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS	5,641,058.43	4,053,127.00
TOTAL	7,962,981.33	7,837,145.05
[8] LOANS AND ADVANCES		
[Unsecured, Considered good]		
ADVANCES	1,724,400.00	3,021,705.00
[Recoverable in cash or in kind or against value to be received]		
DEPOSITS	518,711.25	84,811.25
TOTAL	2,243,111.25	3,106,516.25
[9] CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
SUNDRY CREDITORS FOR GOODS	10,803,498.50	9,616,510.88
SUNDRY CREDITORS FOR EXPENSES	837,079.10	702,151.00
SUNDRY CREDITORS FOR FIXED ASSETS	0.00	17,000.00
ADVANCES RECEIVED AGAINST ORDER/GOODS	225,390.48	228,386.40

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS	31-Mar-98 Rs.	31-Mar-97 Rs.
BANK OVERDRAFT WITH SCHEDULED BANK	106,014.74	140,736.43
	11,971,982.82	10,704,784.71
PROVISION FOR INCOME TAX	68,560.00	0.00
TOTAL	12,040,542.82	10,704,784.71
[10] OTHER INCOME		
EXPORT INCENTIVES	13,384.20	0.00
INCOME FROM SALE OF SCRAP	36,500.00	0.00
INTEREST	31,895.00	10,150.00
DIVIDEND FROM SHARES OF SARASWAT CO-OP BANK	1,800.00	1,500.00
TOTAL	83,579.20	11,650.00
[11] MATERIALS, MANUFACTURING AND OTHER EXPENSES		
RAW MATERIALS CONSUMED	82,941,771.40	62,795,936.52
PURCHASE OF TRADED GOODS	0.00	4,649,945.29
IMPORT EXPENSES	0.00	117,731.00
DUTY DRAWBACK	0.00	490,932.56
JOB WORK CHARGES	1,458,350.00	418,500.00
POWER	420,506.00	296,269.00
FUEL CONSUMED	917,163.20	712,992.14
WATER CHARGES	76,734.00	89,277.00
ANALYTICAL & TESTING CHARGES	117,088.82	138,815.43
CENTRAL EXCISE DUTY	674,225.00	2,537,100.00
REPAIRS TO PLANT & MACHINERY	938,597.33	926,587.35
FACTORY CESS & TAXES	35,198.00	33,865.00
EFFLUENT TREATMENT & POLLUTION CONTROL	1,465,336.35	42,541.75
TOTAL	89,044,970.10	73,250,493.04
[12] SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS		
SALARIES & WAGES	1,089,700.32	882,600.95
EMPLOYEES' STATE INSURANCE	20,358.30	16,439.00
PROVIDENT FUND	216,529.00	99,700.00
PROFESSION TAX	480.00	7,510.00
REFRESHMENT & STAFF WELFARE	175,859.50	101,573.85
TOTAL	1,502,927.12	1,107,823.80
[13] OFFICE AND ADMINISTRATION EXPENSES		
OFFICE ELECTRICITY	60,217.00	40,677.00
LEGAL & PROFESSIONAL CHARGES	188,719.00	137,324.00
PRINTING & STATIONERY	165,670.80	156,896.00
CONVEYANCE	35,507.00	24,413.00
MOTOR CAR EXPENSES	47,628.21	42,513.77

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS	31-Mar-98 Rs.	31-Mar-97 Rs.
TRAVELLING	55,730.00	60,943.00
POSTAGE, TELEPHONE & TELECOM CHARGES	323,451.00	350,055.15
DIRECTORS REMUNERATION	481,500.00	481,750.00
AUDITOR'S REMUNERATION	17,500.00	17,500.00
ROC FEES	0.00	3,650.00
STOCK EXCHANGE LISTING FEES	38,650.00	27,550.00
DATA PROCESSING CHARGES	30,512.50	28,084.00
REPAIRS TO OFFICE	20,215.00	10,010.00
INSURANCE CHARGES	68,329.00	68,329.00
SUBSCRIPTIONS & PERIODICALS	0.00	4,078.00
SUNDRY EXPENSES	79,974.94	8,485.00
TOTAL	1,613,604.45	1,462,257.92
[14] SELLING & DISTRIBUTION EXPENSES		
EXPORT EXPENSES	353,679.80	106,158.32
ADVERTISEMENT & PUBLICITY	137,825.00	131,840.00
BUSINESS PROMOTION	67,617.00	39,941.70
DISCOUNT ACCOUNT	128,472.60	192,384.47
COMMISSION & BROKERAGE	658,145.21	590,073.37
WAREHOUSING & GODOWN CHARGES	5,990.00	17,815.00
SALES TAX	2,937,671.00	2,482,185.00
OCTROI DUTY	69,006.00	73,005.00
DELIVERY CHARGES	584,505.00	482,859.00
TOTAL	4,942,911.61	4,116,261.86
[15] INTEREST & FINANCE CHARGES		
BANK INTEREST & CHARGES	738,227.62	717,869.99
OTHER INTEREST	3,945.00	193,947.19
TOTAL	742,172.62	911,817.18

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, 1998

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1998

[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.

[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, 1998	31st March, 1997
Licenced Capacity	No Licence is Required	
Installed Capacity (Kgs)	528,000.00	528,000.00
Actual Production (Kgs)	280,977.95	252,675.05

(ii) Analysis of Raw Materials consumed

<u>Class of goods</u>	Kgs.	31st March, 1998		31st March, 1997	
		Rs.	Kgs.	Rs.	
Pharmaceutical					
Raw Materials	1,215,863.60	81,941,155.11	692,795.00	62,303,372.17	
Packing Materials		998,951.94		492,564.35	
Total		82,940,107.05		62,795,936.52	

[3] PARTICULARS IN RESPECT OF INVENTORIES AND PURCHASES OF TRADED GOODS

Purchases of Traded Goods

Class of goods	Yr end	Kgs.	Rs.
Pharmaceutical	31/03/98	0.00	0.00
Raw Materials	31/03/97	13,398.00	4,649,945.29
Total	31/03/98	0.00	0.00
	31/03/97	13,398.00	4,649,945.29

[4] CONSUMPTION OF MATERIALS

	31st March, 1998		31st March, 1997	
	Rs.	%age	Rs.	%age
Raw Materials Imported	63,124,769.64	76.11%	46,168,374.01	73.52%
Indigenous	19,817,001.76	23.89%	16,627,562.51	26.48%
Total	82,941,771.40	100.00%	62,795,936.52	100.00%

[5] SALES

Class of Goods	Unit	31st March, 98		31st March, 97	
		Quantity	Value Rs.	Quantity	Value Rs.
Pharmaceutical Bulk Drugs	Kgs	243,302.60	95,315,727.89	220,757.80	79,910,882.19

[6] CONTINGENT LIABILITIES

In respect of Letters of Credit issued by the Company's Bankers: Rs.1,63,74,152.00 (Previous year Rs.18,732,186.00).

In respect of Bank Guarantees given by the Company's Bankers Rs. 272,019.00 (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, 1998	31st March, 1997
For Statutory Audit	Rs. 15,000/-	Rs. 15,000/-
For Taxation	Rs. 2,500/-	Rs. 2,500/-
For Other Services		
Total	<u>Rs. 17,500/-</u>	<u>Rs. 17,500/-</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] The process of quantifying gratuity is not yet completed and therefore no provision for gratuity is made.

[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**

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, 1998**

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 (Rupees in thousands)

Public Issue (Including Premium)

Rights Issue

Bonus Issue

Private Placement (Including Premium)

III. Position of mobilisation and Deployment of Funds

(Rupees in thousands)

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**IV. Performance of Company (Rupees in thousands)**

Turnover	Total Expenditure
95316	94236
Profit/Loss before Tax	Profit/Loss after Tax
+1163	+1032
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

**FOR NALIN S PAREKH & CO.
CHARTERED ACCOUNTANTS****NALIN S. PAREKH
PROPRIETOR****PLACE : MUMBAI
DATED : 30th JUNE, 1998****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**

Samrat Pharmachem Limited

6th Annual Report (1997-98)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS	31-Mar-98 Rs.	31-Mar-97 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	1,162,909.11	1,174,410.48
ADJUSTMENTS FOR :		
DEPRECIATION	497,428.75	459,089.75
PROFIT/LOSS ON SALE OF ASSETS	4,625.88	3,493.84
PRELIMINARY EXPENSES	260,881.40	260,881.40
INTEREST/DIVIDEND	708,477.62	900,167.18
	<u>1,471,413.65</u>	<u>1,623,632.17</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>2,634,322.76</u>	<u>2,798,042.65</u>
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	(166,981.92)	1,640,243.84
INVENTORIES	(4,295,807.08)	(1,727,974.12)
TRADE PAYABLES	<u>1,301,919.80</u>	<u>6,149,504.28</u>
	<u>(3,160,869.20)</u>	<u>6,061,774.00</u>
CASH GENERATED FROM OPERATIONS	<u>(526,546.44)</u>	<u>8,859,816.65</u>
INTEREST PAID	(742,172.62)	(911,817.18)
DIRECT TAXES PAID	<u>(62,081.00)</u>	<u>(810,571.00)</u>
	<u>(804,253.62)</u>	<u>(1,722,388.18)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>(1,330,800.06)</u>	<u>7,137,428.47</u>
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	<u>(1,330,800.06)</u>	<u>7,137,428.47</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(1,260,825.00)	(893,014.05)
CAPITAL WORK-IN-PROGRESS	(100,755.74)	(2,610,999.48)
SALE/REALIZATION OF INVESTMENTS	0.00	10,000.00
INTEREST/DIVIDEND RECEIVED	33,695.00	11,650.00
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,327,885.74)</u>	<u>(3,482,363.53)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	0.00	0.00
SUBSIDY FROM GOVERNMENT	89,000.00	0.00
PROCEEDS FROM LONG TERM BORROWINGS	<u>2,730,243.77</u>	<u>2,383,373.45</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>2,819,243.77</u>	<u>2,383,373.45</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>160,557.97</u>	<u>6,038,438.39</u>
CASH AND CASH EQUIVALENTS AS AT 1st APRIL, 1997 (OPENING BALANCE)	<u>7,696,408.62</u>	<u>1,657,970.23</u>
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 1998 (CLOSING BALANCE)	<u>7,856,966.59</u>	<u>7,696,408.62</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, 1998 and 31st March, 1997** 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, 1998

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 Sixth Annual General Meeting being held on **Monday, the 28th day of September, 1998** 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 Sixth Annual General Meeting of the Company to be held on Monday, the 28th day of September, 1998 and at any adjournment thereof.

Signed this _____ day of _____ 1998.

Please Affix 30 P. Revenue Stamp here
--

Signature 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.