



Samrat Pharmachem Limited

**7th Annual Report
1998-99**

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 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.

Registered Office

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

NOTICE

NOTICE is hereby given that the SEVENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on **Tuesday, the 28th September, 1999 at 1.00 p.m.** at the Registered Office of the company at **Plot No. A2/3445, GIDC Phase IV, Ankleshwar - 393002, 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, 1999 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 Mehta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Jaswantraji 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 11 days from 18th September, 1999 to 28th September, 1999 (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 : 31st May, 1999

REPORT OF THE DIRECTORS

TO THE MEMBERS

Your Directors have pleasure in presenting the Seventh Annual Report with audited accounts for the year ended **31st March, 1999.**

FINANCIAL RESULTS

| | 31st March, 99 | 31st March, 98 |
|--------------------------------------|-----------------------|----------------|
| Turnover | 98,321,265.01 | 95,315,727.89 |
| Profit before tax | 229,424.32 | 1,162,909.11 |
| Less: Provision for Taxation | 25,990.00 | 130,641.00 |
| Profit after tax | 203,434.32 | 1,032,268.11 |
| Balance brought forward | 7,377,240.14 | 6,344,972.03 |
| Taxation adjustment of previous year | (370.00) | (0.00) |
| Balance carried forward | 7,580,304.46 | 7,377,240.14 |

OPERATIONS

Your company's performance during the year has been reasonable considering the slowdown in the economy and general slackness in demand. Sales during the year was Rs. 983.21 Lacs as compared to Rs. 953.16 Lacs in the previous year. Production of 266.83 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.

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.

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.

YEAR 2000 (Y2K) COMPLIANCE

The company has spent Rs. 15,000 to make the software & hardware Year 2000 (Y2K) compliant. The company's production, sales, distribution & accounting will not be affected by the Y2K bug and all its activities will be carried out safely.

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, 2000. It has not been delisted on any of these exchanges for non-payment of listing fees.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rajesh Mehta & Shri Jaswantra Mehta retire by rotation and are eligible for re-appointment.

AUDITORS

The Auditors of the Company M/s. Nalin S. Parekh & Co., Mumbai, Chartered Accountants hold office upto the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

INSURANCE

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

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 : 31st May, 1999

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 1999

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 (1998-99) | Previous Year (1997-98) |
|------------------------------------|---------------------------|----------------------------|
| 1. PURCHASED ELECTRICITY | | |
| Units | 209,528.00 | 89,920.00 |
| Total Amount (Rs.) | 847,516.00 | 420,506.00 |
| Rate / Unit (Rs.) | 4.04 | 4.84 |
| 2. DIESEL OIL | | |
| Units (Litres) | 1,45,632.00 | 97,473.22 |
| Total Amount (Rs.) | 1,385,739.68 | 917,163.20 |
| Rate / Unit (Rs.) | 9.52 | 9.41 |
| 3. CONSUMPTION PER KILOGRAM | | |
| Production | 266,825.79 | 280,977.95 |
| Bulk Drugs (Kgs) | | |
| Electricity / Kg | 3.18 | 1.50 |
| Diesel Oil / Kg | 5.19 | 3.26 |

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. 1,846,040.00 |
| F.O.B. Value of export of finished goods (Previous year Rs. 1,703,969.00) | |
| Foreign exchange used | Rs. 51,621,009.26 |
| Import of raw materials (Previous year Rs. 59,330,733.86) | |

For and on behalf of the Board of Directors

Lalit Mehta
Managing Director

Champak Parekh
Jt Managing Director

Place : Mumbai
Dated : 31st May, 1999

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, 1999** 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 the Profit and Loss Accounts and the Balance Sheet of the Company comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956 to the extent applicable.
 - (e) 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 1999**, 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

Place : Mumbai
Dated : 31st May, 1999

Nalin S. Parekh
[Proprietor]

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, 1999, 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.
21. The computer hardware and software of the Company are Y2K compatible and in our opinion, the assumption of going concern will not be vitated by the impact, if any of Y2K.
22. Payment against supplies from SSI and ancillary undertakings are generally made in accordance with agreed credit terms and to the extent ascertained from available information, there were no overdues nor any outstandings for more than a month.

**For Nalin S. Parekh & Co.
Chartered Accountants**

**Nalin S. Parekh
[Proprietor]**

**Place : Mumbai
Dated : 31st May, 1999**

BALANCE SHEET AS AT 31ST MARCH, 1999

| PARTICULARS | SCHEDULE | 31-Mar-99 Rs. | 31-Mar-98 Rs. |
|---|----------|------------------|------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| EQUITY SHARE CAPITAL | 1 | 30,897,000.00 | 30,897,000.00 |
| RESERVES AND SURPLUS | | | |
| (i) CAPITAL RESERVE | | 89,000.00 | 89,000.00 |
| (ii) PROFIT AND LOSS ACCOUNT | | 7,580,304.46 | 7,377,240.14 |
| LOAN FUNDS | | | |
| (i) SECURED LOANS | 2 | 10,391,804.75 | 8,185,072.99 |
| (ii) UNSECURED LOANS | | 0.00 | 0.00 |
| TOTAL | | 48,958,109.21 | 46,548,313.13 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| GROSS BLOCK | 3 | 13,448,868.10 | 11,722,744.94 |
| DEPRECIATION | | 1,933,490.94 | 1,532,423.99 |
| NET BLOCK | | 11,515,377.16 | 10,190,320.95 |
| CAPITAL WORK-IN-PROGRESS | | 1,601,900.00 | 2,711,755.22 |
| INVESTMENTS | | | |
| | 4 | 20,000.00 | 20,000.00 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| INVENTORIES | 5 | 25,498,845.83 | 19,375,162.09 |
| SUNDRY DEBTORS | 6 | 14,626,559.73 | 13,894,064.39 |
| CASH & BANK BALANCES | 7 | 4,232,837.20 | 7,962,981.33 |
| OTHER CURRENT ASSETS | | 779,860.00 | 365,291.00 |
| LOANS AND ADVANCES | 8 | 991,355.99 | 2,243,111.25 |
| | | 46,129,458.75 | 43,840,610.06 |
| LESS : CURRENT LIABILITIES AND PROVISIONS | 9 | (11,873,915.02) | (12,040,542.82) |
| NET CURRENT ASSETS | | 34,255,543.73 | 31,800,067.24 |
| MISCELLANEOUS EXPENDITURE | | | |
| [To the Extent Not Written Off] | | | |
| PRELIMINARY EXPENSES | | 292,797.60 | 341,597.20 |
| PUBLIC ISSUE EXPENSES | | 1,272,490.72 | 1,484,572.52 |
| TOTAL | | 48,958,109.21 | 46,548,313.13 |

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 Mehta
Managing Director

Rajesh Mehta
Director

Nalin S. Parekh
Proprietor

Champak Parekh
Jt Managing Director

Hitesh Parekh
Director

Place : Mumbai

Dated : 31st May, 1999

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999

| PARTICULARS | SCHEDULE | 31-Mar-99 Rs. | 31-Mar-98 Rs. |
|---|----------|------------------|------------------|
| INCOME | | | |
| SALES | | 98,321,265.01 | 95,315,727.89 |
| INCREASE IN STOCK | | 6,470,955.01 | 4,373,123.95 |
| OTHER INCOME | 10 | 1,226,425.51 | 83,579.20 |
| TOTAL [A] —> | | 106,018,645.53 | 99,772,431.04 |
| EXPENDITURE | | | |
| MATERIALS, MANUFACTURING & OTHER EXPENSES | 11 | 93,843,391.19 | 89,044,970.10 |
| SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS | 12 | 1,843,541.35 | 1,502,927.12 |
| OFFICE AND ADMINISTRATION EXPENSES | 13 | 2,106,357.22 | 1,613,604.45 |
| SELLING AND DISTRIBUTION EXPENSES | 14 | 5,132,007.52 | 4,942,911.61 |
| INTEREST & FINANCE CHARGES | 15 | 1,372,775.58 | 742,172.62 |
| DEPRECIATION ON FIXED ASSETS | | 517,853.73 | 497,428.75 |
| PRELIMINARY & PUBLIC ISSUE EXPENSES W/OFF | | 260,881.40 | 260,881.40 |
| LOSS ON SALE OF FIXED ASSET | | 712,413.22 | 4,625.88 |
| TOTAL [B] —> | | 105,789,221.21 | 98,609,521.93 |
| PROFIT BEFORE TAX [A] - [B] | | 229,424.32 | 1,162,909.11 |
| LESS : PROVISION FOR INCOME TAX | | (25,990.00) | (130,641.00) |
| PROFIT AFTER TAX | | 203,434.32 | 1,032,268.11 |
| OPENING BALANCE IN PROFIT & LOSS ACCOUNT | | 7,377,240.14 | 6,344,972.03 |
| ADD : PROFIT AFTER TAX | | 203,434.32 | 1,032,268.11 |
| TAXATION ADJUSTMENT OF PREVIOUS YEAR | | (370.00) | 0.00 |
| BALANCE CARRIED FORWARD | | 7,580,304.46 | 7,377,240.14 |

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 Mehta
Managing Director

Rajesh Mehta
Director

Nalin S. Parekh
Proprietor

Champak Parekh
Jt Managing Director

Hitesh Parekh
Director

Place : Mumbai
Dated : 31st May, 1999

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999

| PARTICULARS | 31-Mar-99 Rs. | 31-Mar-98 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, SUBSCRIBED & PAID UP | | |
| 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 | 1,187,800.00 | 238,100.32 |
| BANK OVERDRAFT FROM SCHEDULED BANK | 7,312,049.71 | 3,148,896.12 |
| IMPORT CREDIT FROM SCHEDULED BANK | 1,891,955.04 | 4,298,076.55 |
| EXPORT CREDIT FROM SCHEDULED BANK | 0.00 | 500,000.00 |
| [Secured against Fixed Assets, Stock, Book Debts & Personal Guarantee of Executive Directors] | | |
| TOTAL | 10,391,804.75 | 8,185,072.99 |

[3] FIXED ASSETS [AT COST]

| NAME OF ASSET | GROSS BLOCK 31/03/98 | ADDITIONS/ (SALE) | GROSS BLOCK 31/03/99 | DEP UPTO 31/03/98 | DEPN FOR THE YEAR | DEDUCT FOR ASSET SOLD | TOTAL DEPN | NET BLOCK 31/03/98 | NET BLOCK 31/03/99 |
|---------------------------|-------------------------|----------------------|-------------------------|----------------------|----------------------|--------------------------|---------------|-----------------------|-----------------------|
| LAND | 857,619.00 | 0.00 | 857,619.00 | 0.00 | 0.00 | 0.00 | 0.00 | 857,619.00 | 857,619.00 |
| BUILDING | 2,010,700.40 | 1,523,519.22 | 3,534,219.62 | 189,679.72 | 72,594.48 | 0.00 | 262,274.20 | 1,821,020.68 | 3,271,945.42 |
| PLANT AND MACHINERY | 7,355,992.77 | 120,663.94 | 7,476,656.71 | 982,509.24 | 318,907.87 | (116,786.78) | 1,184,630.33 | 6,373,483.53 | 6,292,026.38 |
| OFFICE PLANT & EQUIPMENTS | 535,117.00 | 81,940.00 | 617,057.00 | 216,349.24 | 61,368.66 | 0.00 | 277,717.90 | 318,767.76 | 339,339.10 |
| FURNITURE AND FIXTURES | 827,994.77 | 0.00 | 827,994.77 | 107,631.67 | 52,127.22 | 0.00 | 159,758.89 | 720,363.10 | 668,235.88 |
| VEHICLES | 135,321.00 | 0.00 | 135,321.00 | 36,254.12 | 12,855.50 | 0.00 | 49,109.62 | 99,066.88 | 86,211.38 |
| As At 31-Mar-99 | 11,722,744.94 | 1,726,123.16 | 13,448,868.10 | 1,532,423.99 | 517,853.73 | (116,786.78) | 1,933,490.94 | 10,190,320.95 | 11,515,377.16 |
| 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 |

[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 |

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999

| PARTICULARS | 31-Mar-99 Rs. | 31-Mar-98 Rs. |
|---|------------------|------------------|
| [5] INVENTORIES | | |
| RAW MATERIALS | 1,698,369.66 | 2,027,577.25 |
| FUEL | 45,700.00 | 63,763.68 |
| FINISHED GOODS | 23,754,776.17 | 17,283,821.16 |
| TOTAL | 25,498,845.83 | 19,375,162.09 |
| [6] SUNDRY DEBTORS | | |
| [Unsecured, Considered Good] | | |
| OUTSTANDING FOR MORE THAN SIX MONTHS | 1,071,941.85 | 573,808.32 |
| OTHERS | 13,554,617.88 | 13,320,256.07 |
| TOTAL | 14,626,559.73 | 13,894,064.39 |
| [7] CASH AND BANK BALANCES | | |
| CASH BALANCE | 343,325.87 | 318,744.96 |
| WITH SCHEDULED BANKS IN CURRENT ACCOUNTS | 103,849.44 | 2,003,177.94 |
| WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS | 3,785,661.89 | 5,641,058.43 |
| TOTAL | 4,232,837.20 | 7,962,981.33 |
| [8] LOANS AND ADVANCES | | |
| [Unsecured, Considered good] | | |
| ADVANCES | 511,265.99 | 1,724,400.00 |
| [Recoverable in cash or in kind or against value to be received] | | |
| DEPOSITS | 480,090.00 | 518,711.25 |
| TOTAL | 991,355.99 | 2,243,111.25 |
| [9] CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES | | |
| SUNDRY CREDITORS FOR GOODS | 10,112,543.15 | 10,803,498.50 |
| SUNDRY CREDITORS FOR EXPENSES | 1,028,876.80 | 837,079.10 |
| SUNDRY CREDITORS FOR FIXED ASSETS | 121,992.00 | 0.00 |
| ADVANCES RECEIVED AGAINST ORDER/GOODS | 283,756.70 | 225,390.48 |
| BANK OVERDRAFT WITH SCHEDULED BANK | 300,756.37 | 106,014.74 |
| | 11,847,925.02 | 11,971,982.82 |
| PROVISION FOR INCOME TAX | 25,990.00 | 68,560.00 |
| TOTAL | 11,873,915.02 | 12,040,542.82 |

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999

| PARTICULARS | 31-Mar-99 Rs. | 31-Mar-98 Rs. |
|---|----------------------|----------------------|
| [10] OTHER INCOME | | |
| EXPORT INCENTIVES | 438,646.00 | 13,384.20 |
| INCOME FROM SALE OF SCRAP | 19,182.00 | 36,500.00 |
| INTEREST | 0.00 | 31,895.00 |
| DIVIDEND FROM SHARES OF SARASWAT CO-OP BANK | 3,000.00 | 1,800.00 |
| INSURANCE CLAIM (STOCK) | 765,597.51 | 0.00 |
| TOTAL | 1,226,425.51 | 83,579.20 |
| [11] MATERIALS, MANUFACTURING AND OTHER EXPENSES | | |
| RAW MATERIALS CONSUMED | 79,356,727.37 | 82,941,771.40 |
| PURCHASE OF TRADED GOODS | 6,202,792.27 | 0.00 |
| JOB WORK CHARGES | 1,439,879.00 | 1,458,350.00 |
| POWER | 864,093.00 | 420,506.00 |
| FUEL CONSUMED | 1,385,739.68 | 917,163.20 |
| WATER CHARGES | 173,909.00 | 76,734.00 |
| ANALYTICAL & TESTING CHARGES | 148,175.62 | 117,088.82 |
| CENTRAL EXCISE DUTY | 1,357,228.00 | 674,225.00 |
| REPAIRS TO PLANT & MACHINERY | 1,344,383.25 | 938,597.33 |
| FACTORY CESS & TAXES | 26,744.00 | 35,198.00 |
| EFFLUENT TREATMENT & POLLUTION CONTROL | 1,536,832.00 | 1,465,336.35 |
| OTHERS | 6,888.00 | 0.00 |
| TOTAL | 93,843,391.19 | 89,044,970.10 |
| [12] SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS | | |
| SALARIES & WAGES | 1,381,846.35 | 1,089,700.32 |
| EMPLOYEES' STATE INSURANCE | 31,451.00 | 20,358.30 |
| PROVIDENT FUND | 184,107.00 | 216,529.00 |
| PROFESSION TAX | 2,180.00 | 480.00 |
| REFRESHMENT & STAFF WELFARE | 243,957.00 | 175,859.50 |
| TOTAL | 1,843,541.35 | 1,502,927.12 |
| [13] OFFICE AND ADMINISTRATION EXPENSES | | |
| OFFICE ELECTRICITY | 60,549.10 | 60,217.00 |
| LEGAL & PROFESSIONAL CHARGES | 308,528.00 | 188,719.00 |
| PRINTING & STATIONERY | 186,283.52 | 165,670.80 |
| CONVEYANCE | 61,511.00 | 35,507.00 |
| MOTOR CAR & SCOOTER EXPENSES | 95,121.00 | 47,628.21 |
| TRAVELLING | 127,353.00 | 55,730.00 |
| POSTAGE, TELEPHONE & TELECOM CHARGES | 422,182.00 | 323,451.00 |
| DIRECTORS REMUNERATION | 480,250.00 | 481,500.00 |

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999

| PARTICULARS | 31-Mar-99 Rs. | 31-Mar-98 Rs. |
|---|---------------------|---------------------|
| AUDITOR'S REMUNERATION | 42,500.00 | 17,500.00 |
| ROC FEES | 1,360.00 | 0.00 |
| STOCK EXCHANGE LISTING FEES | 39,450.00 | 38,650.00 |
| DATA PROCESSING CHARGES | 28,333.00 | 30,512.50 |
| REPAIRS TO OFFICE | 78,601.00 | 20,215.00 |
| INSURANCE CHARGES | 112,075.10 | 68,329.00 |
| SUNDRY EXPENSES | 62,260.50 | 79,974.94 |
| TOTAL | 2,106,357.22 | 1,613,604.45 |
| [14] SELLING & DISTRIBUTION EXPENSES | | |
| EXPORT EXPENSES | 158,818.50 | 353,679.80 |
| ADVERTISEMENT & PUBLICITY | 53,004.50 | 137,825.00 |
| BUSINESS PROMOTION | 22,648.00 | 67,617.00 |
| DISCOUNT ACCOUNT | 62,422.78 | 128,472.60 |
| COMMISSION & BROKERAGE | 571,302.74 | 658,145.21 |
| WAREHOUSING & GODOWN CHARGES | 8,200.00 | 5,990.00 |
| SALES TAX | 3,307,739.00 | 2,937,671.00 |
| OCTROI DUTY | 81,907.00 | 69,006.00 |
| DELIVERY CHARGES | 862,950.00 | 584,505.00 |
| BAD DEBTS | 3,015.00 | 0.00 |
| TOTAL | 5,132,007.52 | 4,942,911.61 |
| [15] INTEREST & FINANCE CHARGES | | |
| BANK INTEREST & CHARGES | 1,367,983.58 | 738,227.62 |
| OTHER INTEREST | 4,792.00 | 3,945.00 |
| TOTAL | 1,372,775.58 | 742,172.62 |

SIGNATORIES TO SCHEDULES 1 TO 15

As per our report of even date

For Nalin S. Parekh & Co.
Chartered AccountantsFor and on behalf of the board
Lalit Mehta
Managing DirectorRajesh Mehta
DirectorNalin S. Parekh
ProprietorChampak Parekh
Jt Managing DirectorHitesh Parekh
DirectorPlace : Mumbai
Dated : 31st May, 1999

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1999

[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, 1999

31st March, 1998

Licenced Capacity

No Licence is Required

Installed Capacity (Kgs)

528,000.00

528,000.00

Actual Production (Kgs)

266,825.79

280,977.95

(ii) Analysis of Raw Materials consumed

31st March, 1999

31st March, 1998

| Class of goods | Kgs. | Rs. | Kgs. | Rs. |
|-------------------|--------------|----------------------|--------------|----------------------|
| Pharmaceutical | | | | |
| Raw Materials | 1,110,806.00 | 78,722,920.92 | 1,215,863.60 | 81,941,155.11 |
| Packing Materials | | 626,096.45 | | 998,951.94 |
| Chlorine | 642.00 | 7,710.00 | 58.00 | 1,664.35 |
| Total | | <u>79,356,727.37</u> | | <u>82,941,771.40</u> |

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

Purchases of Traded Goods

| Class of goods | Yr end | Kgs. | Rs. |
|----------------|----------|----------|--------------|
| Pharmaceutical | 31/03/99 | 4,500.00 | 6,202,792.27 |
| Raw Materials | 31/03/98 | 0.00 | 0.00 |
| Total | 31/03/99 | 4,500.00 | 6,202,792.27 |
| | 31/03/98 | 0.00 | 0.00 |

[4] CONSUMPTION OF MATERIALS

31st March, 1999

31st March, 1998

| | Rs. | %age | Rs. | %age |
|------------------------|----------------------|----------------|----------------------|----------------|
| Raw Materials Imported | 68,017,291.16 | 85.71% | 63,124,769.64 | 76.11% |
| Indigenous | 11,339,436.21 | 14.29% | 19,817,001.76 | 23.89% |
| Total | <u>79,356,727.37</u> | <u>100.00%</u> | <u>82,941,771.40</u> | <u>100.00%</u> |

[5] SALES

| Class of Goods | Unit | 31st March, 99 | | 31st March, 98 | |
|----------------|------|----------------|---------------|----------------|---------------|
| | | Quantity | Value | Quantity | Value |
| | | | Rs. | | Rs. |
| Pharmaceutical | Kgs | 489,157.40 | 98,321,265.01 | 243,302.60 | 95,315,727.89 |
| Bulk Drugs | | | | | |

[6] CONTINGENT LIABILITIES

In respect of Letters of Credit issued by the Company's Bankers: Rs. 4,611,600.00 (Previous year Rs.16,374,152.00).

In respect of Bank Guarantees given by the Company's Bankers Rs. 266,692.55 (Previous year Rs. 272,019.00).

[7] FOREIGN EXCHANGE FLUCTUATION

Loss on account of foreign exchange fluctuation accounted during the year is Rs. 665,899.26 (Previous year Rs. 161,886.56).

[8] AUDITOR'S REMUNERATION

| | 31st March, 1999 | 31st March, 1998 |
|---------------------|---------------------|---------------------|
| For Statutory Audit | Rs. 17,500/- | Rs. 15,000/- |
| For Taxation | Rs. 25,000/- | Rs. 2,500/- |
| Total | <u>Rs. 42,500/-</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 Mehta
Managing Director

Rajesh Mehta
Director

Nalin S. Parekh
[Proprietor]

Champak Parekh
Jt Managing Director

Hitesh Parekh
Director

Place : Mumbai

Dated : 31st May, 1999

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

State Code : **04**

Registration No. : **04-17820**

Balance Sheet Date : **31st March, 1999**

II. Capital raised during the year (Rupees in thousands)

Public Issue (Including Premium) Rights Issue

NIL

NIL

Bonus Issue

Private Placement (Including Premium)

NIL

NIL

III. Position of mobilisation and Deployment of Funds

(Rupees in thousands)

Total Liabilities

Total Assets

60832

60832

Sources of Funds

Paid up Capital

Reserves and Surplus

30897

7669

Secured Loans

Unsecured Loans

10391

NIL

Application of Funds

Net Fixed Assets

Investments

13117

20

Net Current Assets

Miscellaneous Expenditure

34255

1565

Accumulated Losses

NIL

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

IV. Performance of Company (Rupees in thousands)

| | |
|----------------------------|-----------------------|
| Turnover | Total Expenditure |
| 98321 | 99318 |
| Profit/Loss before Tax | Profit/Loss after Tax |
| +229 | +203 |
| Earning per share (in Rs.) | |
| 0.07 | |

**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**

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 : 31st May, 1999**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1999

| PARTICULARS | 31-Mar-99 Rs. | 31-Mar-98 Rs. |
|---|-----------------------|-----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS | 229,424.32 | 1,162,909.11 |
| ADJUSTMENTS FOR : | | |
| DEPRECIATION | 517,853.73 | 497,428.75 |
| PROFIT/LOSS ON SALE OF ASSETS | 712,413.22 | 4,625.88 |
| PRELIMINARY EXPENSES | 260,881.40 | 260,881.40 |
| INTEREST/DIVIDEND | 1,369,775.58 | 708,477.62 |
| | <u>2,860,923.93</u> | <u>1,471,413.65</u> |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | <u>3,090,348.25</u> | <u>2,634,322.76</u> |
| ADJUSTMENTS FOR : | | |
| TRADE AND OTHER RECEIVABLES | 104,690.92 | (166,981.92) |
| INVENTORIES | (6,123,683.74) | (4,295,807.08) |
| TRADE PAYABLES | (318,799.43) | 1,301,919.80 |
| | <u>(6,337,792.25)</u> | <u>(3,160,869.20)</u> |
| CASH GENERATED FROM OPERATIONS | <u>(3,247,444.00)</u> | <u>(526,546.44)</u> |
| INTEREST PAID | (1,372,775.58) | (742,172.62) |
| DIRECT TAXES PAID | (68,930.00) | (62,081.00) |
| | <u>(1,441,705.58)</u> | <u>(804,253.62)</u> |
| CASH FLOW BEFORE EXTRAORDINARY ITEMS | <u>(4,689,149.58)</u> | <u>(1,330,800.06)</u> |
| EXTRAORDINARY ITEMS | 0.00 | 0.00 |
| NET CASH FROM OPERATING ACTIVITIES | <u>(4,689,149.58)</u> | <u>(1,330,800.06)</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| PURCHASE OF FIXED ASSETS | (2,555,323.16) | (1,260,825.00) |
| CAPITAL WORK-IN-PROGRESS | 1,109,855.22 | (100,755.74) |
| INTEREST/DIVIDEND RECEIVED | 3,000.00 | 33,695.00 |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(1,442,467.94)</u> | <u>(1,327,885.74)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| SUBSIDY FROM GOVERNMENT | 0.00 | 89,000.00 |
| PROCEEDS FROM LONG TERM BORROWINGS | 2,206,731.76 | 2,730,243.77 |
| NET CASH USED IN FINANCING ACTIVITIES | 2,206,731.76 | 2,819,243.77 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>(3,924,885.76)</u> | <u>160,557.97</u> |
| CASH AND CASH EQUIVALENTS AS AT 1st APRIL, 1998 (OPENING BALANCE) | 7,856,966.59 | 7,696,408.62 |
| CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 1999 (CLOSING BALANCE) | 3,932,080.83 | 7,856,966.59 |

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, 1999 and 31st March, 1998** 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 : 31st May, 1999

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 7th Annual General Meeting being held on **Tuesday, the 28th day of September, 1999 at the Registered Office of the company at Plot No. A2/3445, GIDC Phase IV, 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 7th Annual General Meeting of the Company to be held on Tuesday, the 28th day of September, 1999 and at any adjournment thereof.

Signed this _____ day of _____ 1999.

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.