

BENGAL CHEMICALS & PHARMACEUTICALS LTD.
(A Government of India Enterprise)

29th Annual Report 2009-2010

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BENGAL CHEMICALS & PHARMACEUTICALS LTD.
(A Government of India Enterprise)

BOARD OF DIRECTORS

Shri Suprakash Kundu	Managing Director	
Shri Sanjiblal Barua	Director (Finance)	(w.e.f. 02.05.2009)
Shri M.Venkatesan	Director(Finance)	(up to 30.04.2009)
Shri.Rishav Jain (BIFR Nominee)	Special Director	(up to 30.04.2009)
Shri Anil Gupta (BIFR Nominee)	Special Director	(up to 21.10.2011)
Shri Devendra Chowdhury	Director	26.08.08 to 22.11.11
Shri.Mathew Chacko Kunnumkal	Director	26.12.08 to 18.05.10
Dr. A. J. V. Prasad	Director	(w.e.f. 09.01.2013)
Ms. Monika Verma	Director	(w.e.f.09.01.2013)

STATUTORY AUDITOR

N. C. BANERJEE & Co.
Chartered Accountants
Kolkata.

BANKERS

UNITED BANK OF INDIA
STATE BANK OF INDIA

REGISTERED OFFICE

6 Ganesh Chunder Avenue, Kolkata
E-mail : bengchem@cal.vsnl.net.
Website : www.bengalchemicals.gov.in

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD. (A Government of India Enterprise)

NOTICE

Notice is hereby given that the Adjourned 29th Annual General Meeting of the Members of the Company will be held on Monday, the 12th March, 2013 at 1:00 pm at the Conference Hall of Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers', Government of India at Shastri Bhawan, New Delhi – 110 001 to transact the following business;

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended 31st March 2010, the Balance Sheet as at that date together with the reports of the Board of Directors, Statutory Auditors and Comments of the Comptroller & Auditor General of India thereon.

Place: Kolkata

By order of the Board

Date: 28.02.2013

S. L. Barua
Director (Finance)

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy(s) to attend and vote on a poll instead of himself and such proxy need not be a Member of the Company. Proxies in order to be valid/effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. The 29th Annual General Meeting was held on 27th September 2010 and was adjourned for want of Audited Accounts. The Audited Accounts now being ready and duly commented upon by the Comptroller & Auditor General of India, the aforesaid notice for holding the adjourned 29th AGM is now being circulated.

3. This meeting has been convened on a shorter notice than that required under section 171 of the Companies Act, 1956 and consent of all the members in Form 22A have been obtained.

Date:28.02.2013

The President of India : Shareholder
Rastrapati Bhawan, New Delhi
Through the Office of Secretary,
Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers
Government of India
Shastri Bhavan, New Delhi –110001.

Shri S. C. Sharma, : Shareholder
Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers
Government of India
Shastri Bhavan, New Delhi-110 001.

Shri M. L. Sidana, Dy. Secretary : Shareholder
Department of Pharmaceuticals
Ministry of Chemicals & Fertilizers
Government of India
Shastri Bhavan, New Delhi-110 001.

Dr. AJV Prasad, Director
Bengal Chemicals & Pharmaceuticals Ltd.
Joint Secretary
Department of Chemicals & Petrochemicals
Government of India
Shastri Bhavan, New Delhi –110001.

Ms. Monika Verma, Director
Bengal Chemicals & Pharmaceuticals Ltd.
Director (Coordination)
Department of Pharmaceuticals
Government of India
Shastri Bhavan, New Delhi – 110001.

Shri Suprakash Kundu, Managing Director
Bengal Chemicals & Pharmaceuticals Limited

Shri S. L. Barua, Director (Finance)
Bengal Chemicals & Pharmaceuticals Limited

Shri Anil Gupta, BIFR Nominee Director
Bengal Chemicals & Pharmaceuticals Ltd.
'Santi Krishna', 5034/3, Sant Nagar, Karol Bagh,
New Delhi-110 005.

Sub : Notice of Adjourned 29th AGM of the Company.

Respected Sirs,

Kindly find attached herewith the notice of the Adjourned 29th AGM of the Company scheduled to be held on 12.03.2013 at 13:00 hrs at Shastri Bhawan, New Delhi.

For and on behalf of
Bengal Chemicals & Pharmaceuticals Ltd.
S. L. Barua
Director (Finance)

Encl : As above

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

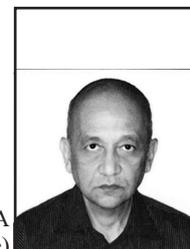
BENGAL CHEMICALS & PHARMACEUTICALS LTD.

(A Government of India Enterprise)

REPORT OF THE BOARD OF DIRECTORS



SUPRAKASH KUNDU
Managing Director



S.L. BARUA
Director(Finance)

To
The Shareholders
Bengal Chemicals & Pharmaceuticals Limited

Gentlemen,

Your Directors are pleased to present the 29th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2010.

In the year 2009-10, the Company achieved production of Rs 83.24 crores and Gross Sales of Rs.60.64 crores. This was possible due to the teamwork and improved work culture of employees.

1. PERFORMANCE

During the year 2009-10, the Company achieved 55.49 % fulfillment of target in Production and 45.65 % fulfillment of target in sales respectively. Production has decreased by Rs.639 lakhs as compared with last year. Since most of the manufacturing facilities were not available due to Up gradation & Modernization of Project work for Schedule M- WHO GMP.

PBDIT during 2009-10 was Rs.(-) 1126.18 Lakh as against Rs.161.57 Lakh during 2008-09. The Net Loss for the year 2009-10 was Rs.1939.45 lacs as compared to Net Loss of Rs.1256.26 lacs in 2008-09. This was on account of application of various Accounting Standards of The Institute of Chartered Accountants of India & high interest burden.

2. FINANCIAL PERFORMANCE

Particulars	2009-10	2008-09
Value of Production (At Trade Price)	8324.00	8963.00
Sales - (Gross turn over)	6064.40	6778.73
Sales (Net)	5732.70	6257.05
Profit(+) / Loss(-) before depreciation, Interest, Prior Period's adjustments, Provision no longer required & Tax.	(570.33)	161.57
Depreciation	151.48	148.48
Interest	662.13	911.89
Adjustment for Prior Period (Net Debit)	(374.08)	(25.92)
Provision no longer required (Net Credit)	282.15	27.93
Extra Ordinary Income (Net Debit)	(463.58)	(349.63)
Fringe Benefit Tax	-	9.84
Net Profit(+) / Loss(-)	(1939.45)	(1256.26)

3. WAYS & MEANS

During the year the Company received Plan loan of Rs.2440 lacs (Previous year Rs.2000 lacs).

4. FINANCIAL POSITION

Particulars	As on 31-03-2010	As on 31-03-2009
Share Capital	7696.04	7696.04
Secured Loan	10070.26	10477.27
Unsecured Loans	10984.64	8227.49
Grant in Aid(R&D)	1.09	1.26
Capital Reserve (Waiver of Plan & Non Plan loan)	7169.67	7169.67
TOTAL LIABILITIES(A)	35921.70	33571.73
Less Profit & Loss (Debit Balance)	14108.26	12168.81
TOTAL (B)	21813.44	21402.92
REPRESENTED BY		
Net Fixed Assets & Capital W-I-P	6597.29	3465.02
Net Current Assets	16877.32	19287.24
Less Provision for Gratuity etc.	1661.17	1349.34
TOTAL	21813.44	21402.92

In view of continuing losses year after year, the Directors do not recommended payment of any Dividend for the year under report.

5. CONTRIBUTION TO NATIONAL EXCHEQUER

Company's contribution towards contribution to National Exchequer during 2009-10 are as follows-

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

Item	Amount in Rs.lakh
1.Excise Duty	239.99
2.Service Tax	37.47
3.Sales Tax incl.VAT	299.61
4.Income Tax	31.64
5.Professional Tax	9.72
6.Entry Tax	0.87
TOTAL	619.28

6. ENERGY CONSERVATION

Your company has been attaching high priority for energy saving and taking necessary steps in this direction. A Schedule containing Energy Consumption for the year 2009-10 has been attached to this Report and marked as Annexure-A.

7. PROJECT IMPLEMENTATION

Government of India has approved Projects for upgradation and modernization of GMP compliant production facilities at Maniktala and Kanpur in addition to modernization of Chemical Plant at Panihati with CAPEX of Rs.145.00 Cr. Civil construction completed at Panihati and under progress at Maniktala and Kanpur. The work has been awarded to NBCC, a Government of India undertaking. NNE PharmaPlan and M/s. Zen Marketing Technologies have been appointed as consultants for Pharma and Chemical Plants. Machines have been ordered and have started arriving. The Greenfield projects envisaged are as under:

- a) Maniktala
- Setting up of Cephalosporin and Betalactum blocks with integrated facilities for manufacture of Tablet, Capsule, Dry Powder, Injections and Dry syrup.
 - Setting up of Oral Liquids, Plant capacity expansion of Ointment Section and External Preparations.
 - Setting up of Anti Snake Venom Serum (ASVS) manufacturing facilities, upgradation of animal house etc.
 - Central Stores, Roads, drains, ETP, Power House, Other services etc.
- b) Panihati
- Setting up facilities for manufacture and filling of Phenol.
 - Setting up Composite block for manufacture of white cleansing liquid (White Tiger), Toilet cleaners (Klin Toilet), Napthalene balls etc.
 - Upgradation & modernization and expansion of Capacity of Alum Plant.
 - Roads, drains, Site development, ETP, Power House, Administrative building. Other services

- c) Kanpur
- Manufacturing facilities of Tablets, ORS, Sterile products.
 - QC block, Quarantine block, Stores.
 - Administrative Office.
 - ETP, Site development, Power House, Services etc.
- Construction in all factories are progressing in full swing.

8. ISO 9001:2008 CERTIFICATION & GMP CERTIFICATION

Company is a ISO 9001:2008 certified organization from Bureau of Indian Standards(BIS). Our current certificate is valid from 02.07.2008 to 01.07.2011. Apart from our routine and planned Internal Audits for Quality Systems by our personnel, BIS has also organized Surveillance audit and recommended for continuation of our certificate as they were satisfied with the performance of our Quality System as per ISO requirements. The certificate has been renewed from 02.07.2011 which remains valid up to 01.07.2014.

Obtained renewal of GMP certificate for Betalactam capsules, Non-Betalactam Tablets and Ointment Sections.

9. FORESTRY AND ENVIRONMENT PROTECTION

The Company has been consistently putting its dedicated efforts to check pollution and enhance quality of work life as well as environment through sustained efforts for plantation of trees in and around the factory premises for promoting greeneries and ecological balance. Zero discharge ETP Plants are under construction at Maniktala, Panihati and Kanpur.

10. USE OF HINDI

The progress in the use of Hindi in the Company's working was reviewed by the Official Language Implementation Committee at regular intervals. Parliamentary Committee on Official Language visits the Company for inspection and review the progress on use of Hindi in the Company from time to time. They had taken into consideration the efforts of our company to promote the use of Hindi in official work. The Company has participated in Hindi Salahakar Samiti Meeting, where the progress on use of Hindi in the Company is reviewed also. The efforts of the Company is to promote the use of Hindi in official work, through Hindi notings, orders etc. printing in Hindi on the Stationery materials, Labels, Cartoons, packing of medicines etc., along with English were acknowledged and taken note by the Committee. Service files of the Employees have been prepared and printed in bilingual form. During 2009-10, there was requirement of 9 computers- 6in bilingual and 3 in English. Hindi books have been purchased for the company's library regularly. Everyday a bilingual sentence/ word is being written on the Notice Board. Cash awards are being given to employees/ officers who have passed Probodh, Praveen & Pragya examinations as per Govt. guidelines. Process of wishing Birthday of employees is going on. Company also subscribes to the Hindi news papers and magazines for its employees/ officers. Hindi version of Company's WEBSITE has been uploaded. The Company continued its endeavor to encourage the eligible employees by arranging Hindi Workshop, Seminar and Training etc., for its increased application in the official work.

11. VIGILANCE

Vigilance Department is functioning with a set up of one part time Chief Vigilance Officer & one part

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time Vigilance Officer. Vigilance Department's activities have been streamlined since 2000. During the year 2009-10, three(3) complaints were received and disposed. Besides routine activities, preventive measures like (i) Quarterly Notice of Transparency. (ii) Use of Website Tender process was introduced. Four(4) surprise inspections were made. Quarterly Returns viz. Annual Action and Anti Corruption measures, Monthly Report of C.V.O. to C.V.C. were sent.

12. BOARD OF DIRECTORS

BIFR has withdrawn its Nominee Director, Mr. Rishav Jain with effect from 30/04/2009 and in his place Mr. Anil Gupta has been inducted as a Special Director with effect from 21.10.2011. The Administrative Ministry, i.e. Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India had nominated Dr. V. Rajagopalan and Dr. Raja Sekhar Vundru as part time official Director in terms of the provisions of Article 75(2) of the Articles of Association of the Company & withdrawn its earlier nominees viz. Mr. M. C. Kunnumkal & Mr. Devendra Chaudhry with effect from 18/05/2010 & 23/11/2011 respectively.

Subsequently, the Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India has nominated Dr. A. J. V. Prasad and Ms. Monika Verma in place of V. Rajagopalan and Dr. Raja Sekhar Vundru as part time official Director respectively with effect from 9th January, 2013.

The Board wishes to place on record its sincere appreciation of the invaluable services rendered by all of them during their respective tenures as Directors of the Company.

13. AUDITORS

The Comptroller & Auditor General of India has appointed M/s N.C. Banerjee & Co., Chartered Accountants as the Auditor for conducting the Audit of the Accounts of your Company for the Financial Year 2009-2010 in place of M/s. L. N. Todi & Co., Chartered Accountants who have tendered their resignation. The Stock Audit was conducted by Internal Audit department as well as various Auditors appointed for Internal Audit of Units & depots. Stock & Internal Auditor submitted their Reports.

14. RESEARCH & DEVELOPMENT

Research and development activities in the year 2009-2010 were as under

- I. Product development activities
 1. Developed and marketed Cough Syrup Containing Diphenhydramine Hydrochloride and Cough Syrup containing Chlorpheniramine Maleate.
 2. Developed and marketed Co-trimoxazole suspension.
 3. Developed and launched Tetracycline Capsules.
 4. Injections like Cefotaxime, Ceftriaxone, Ceftidizime are also developed and marketed.

II. Development towards statutory activities

1. Obtained renewal of GMP certificate for Betalactam capsules, Non-Betalactam Tablets and Ointment Sections.
2. Satisfactory compliance to surveillance audit of ISO 9001:2008

III Technological up-gradation

Up-gradation of QC Department with some modern instruments.

Research and Development Plan for the year 2010-11

1. The Company has plans to set up QC and R&D Laboratory dedicated for Beta-lactam and Cephalosporin Plants.
2. The Company has also plans to start construction of Pilot Product Development Laboratory for Tablet, Capsule, Liquid and Ointment Products.
3. The Company shall also develop new formulations during 2010-11.

15. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The comments of the Comptroller & Auditor General of India on the Accounts for the year 2009-10 in terms of Sec.619(4) of the Companies Act,1956, forming part of the report along with Management Reply are attached.

16. OUTLOOK

The Company is a heritage company promoted by the noble scientist, Acharya P.C.Roy. The company in its 110 years long journey, was taken over by the Government of India and due to its subsequent sickness was referred to BIFR. The management is in constant endeavor to bring harmony in its operations so that it can face the challenge of stiff competition of the market. Due to its operational expansion and sincere efforts to meet up the higher targets both in production and sales, the company has faced fund crunch and operational loss. The management is confident to make good the losses by following good Corporate Governance policies.

The approval of Revival Package shall not only improve and ensure BCPL's productivity and profitability but also its statutory compliance of Schedule M, WHO-GMP norms with modernizations and capacity expansion of existing facilities and activities.

17. HUMAN RESOURCE MANAGEMENT

The company during the year has taken specific initiatives towards development of human resource and employee relations. Efforts were directed towards facilitating the organization to meet the challenges of the competitive business situation. The manpower strength as on 31.03.2010 was 719 as against 865 as on 2009.

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- **Industrial relations**

Industrial relations throughout the company have been conducive during the year under review. Continued efforts are being made to maintain cordial, congenial and peaceful atmosphere in the organization.

- **Voluntary Retirement Scheme**

18 no.s of employees have opted for VRS during the period 2009-2010.

- **Training**

Positioning and re-positioning of Human Resource Development in all the Units of the company has always been considered as a key area in order to keep pace with changes in the competitive business scenario being faced at the present juncture. To adopt measures for turn-around strategy, continuous and exemplary thrust has been given to achieve optimum utilization of the human resource available through suitable deployment and redeployment programme.

- **Employee Welfare and Family Planning**

Attention is being given for furtherance of various welfare schemes by way of providing medical facilities, transport, housing, education, cooperative societies, socio-culture activities, etc.

The Company encourages timely counseling of employees towards welfare measure. It has taken regular steps in this direction such as providing vaccines, polio, measles, tetanus etc. and other family planning measures. The employees and their dependant family members are provide with the facilities of periodical specialised consultation.

- **Scheduled Castes and Schedule Tribes**

The Company continues to follow the Government directives in the matter of reservation in all groups of SC/ST communities, OBC, Physically Handicapped, Ex-Servicemen and Minority communities etc. Employees in the various categories as on 31.01.2010 stood as follows:

Category	Gr. A	Gr. B	Gr. C	Gr. D	Total
SC	8	13	25	11	57
ST	-	-	2	-	2
OBC	-	-	-	-	-
TOTAL	8	13	27	11	59

Category	Gr. A	Gr. B	Gr. C	Gr. D	Total
VH	-	-	-	-	-
HH	-	-	-	-	-
OH	-	1	1	-	2
TOTAL	-	1	1	-	2

Other than above there were no ex-servicemen. Total No. of employees as on 31.03.2010 was 719 out of which officers were 119.

- **Schemes for welfare of disabled persons**

The disabled employees are paid disablement benefit of 100/- per month. They are engaged in light jobs commensurate with their respective physical ability. The talented disabled employees have been given the opportunity to flourish in their extra activity.

- **Particulars of employees**

No employees of the company comes under the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

- **Employment situation of Women**

The employment situation of women in each level as on 31.03.2010 is as under :-

Level	Women Employees	Total	Percentage
I	8	23	34.78%
II	12	22	54.55%
III	13	64	20.31%
IV	10	96	10.42%
V	2	125	1.60%
VI	10	164	6.10%
VII	13	51	25.49%
VIII	3	55	5.45%
IX	6	43	13.95%
X	1	28	3.57%
XI	4	17	23.53%
XII	-	13	-
XIII	1	9	11.11%
XIV	-	3	-
XV	-	4	-
XVI	-	-	-
XVII	-	-	-
XVIII	-	1	-
XIX	-	1	-
TOTAL	83	719	11.54%

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

18. DIRECTORS RESPONSIBILITY STATEMENT

The Company is in compliance with various accounting & financial reporting requirements in respect of the financial statements for the year under review. Pursuant to sec.217(2AA) of the Companies Act, 1956 and in respect of the Annual Accounts for the year under review, the Directors hereby confirm that :-

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed with explanation relating to material departures as stated in the Notes on Accounts.
- ii. Appropriate Accounting policies were selected and applied consistently except a stated by Auditors in their Report and judgment and estimates that were responsible and prudent have been made so as to give a true and fair view of the state of Affairs of the Company at the end of the Financial Year and of the loss of the Company for the year.
- iii. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken to the best of their knowledge and ability.
- iv. The Annual Accounts have been prepared on a going concern basis.

19. AUDIT COMMITTEE

The Audit Committee of BCPL has been re-constituted due to closure of contract period / resignations of previous members vide Board of Directors Meeting held on 31.12.2012.

20. AUDITORS' REPORT

The observations of the Auditors read with Notes on Accounts are self explanatory. Reply to the reservations and adverse comments made by the Auditors have been separately given as an attachment to the Directors' Report.

21. ACKNOWLEDGEMENTS

The Board of Directors place on records their appreciation for co-operation, guidance and assistance provided by the Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India from time to time for their constant support and co-operation for the smooth functioning of the company. The Directors are also very much thankful to United Bank of India. Your Directors are equally grateful to C& AG and Statutory Auditors and Cost Auditors for their whole hearted co-operation and guidance. Thanks are due to customers and the suppliers for the confidence reposed and valuable support to the Company.

The Board of Directors convey their gratitude and thanks to the officials of BRPSE, Pay & Accounts office , Department of Pharmaceuticals, Department of Expenditure, Controller General of Accounts, Planning Commission, Ministry of Labour & Employment for their whole hearted support to the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SUPRAKASH KUNDU
Managing Director

Kolkata
The 28th day of February, 2013

S.L.BARUA
Director(Finance)

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

ANNEXURE – 1

STATEMENT PURSUANT TO THE PROVISION OF SECTION 217(2-A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

Sl. No.	Name of the Employees	Age (Years)	Designation	Qualification	Date of Commencement of Employment	Last Employment held
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NOT APPLICABLE

For and on behalf of the Directors

SUPRAKASH KUNDU
Managing Director

Kolkata
The 28th day of February, 2013

S.L.BARUA
Director(Finance)

ANNEXURE - A

ENERGY CONSUMPTION 2009-10

	CURRENT YEAR	PREVIOUS YEAR
A. ELECTRICITY		
Purchased (in lakh KWH)	11.463	11.425
Amount Spent (Rs.Lakhs)	123.100	61.380
Rate/ Unit (Rs/KWH)	10.740	5.37
B. OUR GENERATION		
Through Diesel Generator (KWH)	11385.000	46585.000
Diesel Consumed (Litre)	12060.000	18829.000
Unit produced/ Litre	1.059	2.474
C. OTHER INTERNAL GENERATION		
Where Used		
Diesel Quantity K L	32.690	29.830
Cost (Rs in Lakh)	17.730	8.840

For and on behalf of the Directors

SUPRAKASH KUNDU
Managing Director

S.L.BARUA
Director(Finance)

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT,1956 ON THE ACCOUNTS OF BENGAL CHEMICALS & PHARMACEUTICALS LIMITED FOR THE YEAR ENDED 31ST MARCH 2010

The preparation of financial statements of Bengal Chemicals & Pharmaceuticals Limited for the year ended 31st March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 31st December 2012.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Bengal Chemicals & Pharmaceuticals Limited for the year ended 31st March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statement and the related Audit Report.

Balance Sheet

Source of Fund

Reserve & Surplus(Schedule-2)

The Company has not accounted for grant receivable of Rs.208 lakh for the year 2009-10 from Government of India in contravention of mandatory requirement of AS-12. This has resulted in understatement of 'Reserves & Surplus' and 'Current Assets' by Rs.208 lakh.

Profit & Loss Account

Income

Provision no longer required written back- Rs.282.15 lakhs

During the year the Company has written back an amount of Rs.254.06 lakh, towards interest accrued and due on Unsecured Loans from Government of India (Schedule 4), without reconciliation with the concerned Pay & Accounts Office of Government of India resulting in overstatement of above account head.

This has resulted in understatement of 'Net Loss' with corresponding understatement of 'Unsecured Loans' by Rs.254.06 lakh

Kolkata

Dated: 27.02.2013

**For and on behalf of the
Comptroller & Auditor General of India
(Yashodhara Ray Chaudhuri)
Pr.Director of Commercial Audit &
Ex-officio Member, Audit Board-II
Kolkata**

CAG's Comment	Management's Reply
<p>The Company has not accounted for grant receivable of Rs.208 lakh for the year 2009-10 from Government of India in contravention of mandatory requirement of AS-12. This has resulted in understatement of 'Reserves & Surplus' and 'Current Assets' by Rs.208 lakh.</p>	<p>The Grant was sanctioned on 30.03.2010 and the fund was received by the Company on 03.04.2010, but erroneously the same was not considered in the accounts of 2009-10. However, effect of the Grant will be given during finalization of accounts of 2010-11.</p>
<p>During the year the Company has written back an amount of Rs.254.06 lakh, towards interest accrued and due on Unsecured Loans from Government of India (Schedule 4), without reconciliation with the concerned Pay & Accounts Office of Government of India resulting in overstatement of above account head.</p> <p>This has resulted in understatement of 'Net Loss' with corresponding understatement of 'Unsecured Loans' by Rs.254.06 lakh.</p>	<p>The matter has been already taken up with the concerned Pay & Accounts Office of Government of India vide letter dated 28th January 2013 to send loan wise detailed calculation sheet of Principal & Interest giving break up of Penal Interest, if any.</p> <p>However, if required, adjustment for interest will be made during finalization of Annual Accounts of 2010-11 on the basis of calculation sheet of Pay & Accounts office.</p>

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

S. L. BARUA
DIRECTOR (FINANCE)

SUPRAKASH KUNDU
MANAGING DIRECTOR

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

AUDITOR'S REPORT

To
The Members of
BENGAL CHEMICALS & PHARMACEUTICALS LTD.
For the year 2009-10.

1. We have audited the attached Balance Sheet of BENGAL CHEMICALS & PHARMACEUTICALS LTD. as at 31st March' 2010 and the annexed Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the Trial Balance of Kanpur and Mumbai works, Jabalpur and Guwahati sales depot audited by Branch auditors and the Trial balances of Patna, Cuttack, Chennai, Hyderabad, Delhi, Jaipur depots, and the Trial balances of C&F agents of Raipur and Ranchi certified by management. These Financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for expressing our opinion on the financial statements of the company.
3. As required by the Companies (Auditor's report) Order 2003, issued by Government of India in terms of sub-section (4A) of Section 227 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.
4. Our observations & qualifications on the Balance Sheet, Profit & Loss account & Cash Flow Statement of the company are as follows :-
 - i. **Verification of Fixed Deposit with Bank (Rs. 14806.24 lacs)**
On our demand to show us the Fixed Deposit Receipts, the company furnished us balance confirmation certificates from two banks amounting to Rs. 13,848.89 lacs. The difference of Rs. 957.35 lacs being short, remained unexplained.

ii. (a) Balance confirmations from various parties under Debtors, Creditors, Advances & others

Sl. No.	A/c. Head -----	Amount(Dr/ Cr) ----- (Rs. in lacs)	Relating to Depot/ Unit -----
01.	Sundry Debtors	2,803.24	(Dr) Various
02.	Sundry Creditors	3,589.79	(Cr) Various
03.	Samabaya Samity	2.65	(Cr) Chennai
04.	Trade Deposit & Advance	663.73	(Cr) Various
05.	Tenants Security Deposit	207.60	(Cr) Various
06.	Debit Balance of Sundry Creditors	1667.45	(Dr) Various
07.	BCPL Credit Society	18.14	(Dr) Panihati
08.	Bengal Chemical Co-operative Stores	14.59	(Cr) Panihati
09.	BCPL Samabay Society	8.09	(Cr) Panihati
10.	BCPL Samabay Society	14.28	(Cr) Maniktala Factory
11.	BCPL Samabay Society	8.71	(Dr) H. O.
12.	Rasayan Co-operative Credit Society	6.18	(Cr) H. O.
13.	SBI Bikaner & Jaipur	0.48	(Dr) Jaipur
14.	BMC Tax Deposit Account	42.09	(Dr) Mumbai
15.	Yes Bank Ltd.	0.10	(Dr) H. O.
16.	UBI Exports	0.10	(Dr) H. O.
17.	Advance for Expenses	28.37	(Dr) Various
18.	Advance for C. W. I. P.	552.61	(Dr) Various
19.	General Suspense	88.07	(Dr) Various
20.	Security Deposit Recoverable	235.38	(Dr) Various
21.	Rent Receivable - Tenants	132.64	(Dr) Various
22.	Claim Receivable - Inward	178.83	(Dr) Various

The company failed to show us any balance confirmation from the parties carrying major balances mentioned above. The Branch Auditors also reported in the same line.

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(b) Differences in balances between General Ledger & Schedules / Records

Sl. No.	A/c. Head	As per General Ledger	As per Schedule / Excise Records / VAt Return	Diffrence	Related Depot / Unit
-----	-----	-----	-----	-----	-----
		Amounts are in rupees			
01.	<u>CENVAT</u>				
i.	Basic Duty	2,244,887.14(Dr.)	3,534,208.00 (Dr)	1,289,320.86	Kanpur
ii.	Edu. Cess	38,051.56(Cr)	27,385.00(Dr)	65,436.56	Kanpur
iii.	Sr. Higher Edu Cess	23,887.46(Dr)	11,683.00(Dr)	12,204.46	Kanpur
iv.	RG 23A II	39,028.94(Dr)	0.00	39,028.94	Kanpur

Further closing unreconciled balance between Debtors Control Account and Party Ledger of Guwahati Depot is standing at Rs. 2,69,927.05.

iii. In absence of Original Title Deeds, the Verification of Company's Title in respect of following land & building was not possible for us.

Sl. No.	Location of Property
a)	Factory at Kanpur (U.P.), 84/23 Fazalganj, Kanpur
b)	Factory / Office at Mumbai (M. S.), 502, S. V. Sarkar Marg
c)	Office at Kolkata (WB) At 6, G. C. Avenue

iv. Accrued Interest on Fixed Deposit with Bank (Receivable Rs. 813.94 lacs)

Out of the above balance, we observed that Rs. 386.50 lacs is not receivable, as the company could not show us any Fixed deposit receipt / confirmation on which this amount of interest can accrue and taken as receivable

v. (a) **Addition to CWIP Rs. 2852.45 lacs**

The company is not maintaining proper records to authenticate the value of Capital Work-in-Progress. In absence of technical evaluation for addition to C.W.I.P. it was not possible for us to ascertain the position of CWIP as shown in accounts.

(b) **Capital work-in-progress for construction of Building at Panihati**

The construction of this building was entrusted with NBCC Ltd (Govt. of India Enterprise). Now, we understand that the completion of the building has been made & it is in use of the company. On our demand for confirmation of balance from NBCC Ltd, the same was not available for our audit. In absence of this confirmation the capitalization of building from CWIPA/c could not be verified.

The above treatments contravene the AS-6 “Depreciation Accounting” and AS-10 “Accounting for fixed assets” issued by the ICAI.

vi. **Drawee Bill Scheme of Rs. 43.75 lacs**

The company is carrying a debit balance of Rs. 43.75 lacs as “Drawee Bill Scheme” for last several years. No information about the recoverability of this balance was given to us. The company also has not declared this balance as doubtful.

vii. **Service Tax Excess Deposit of Rs. 50.48 lacs (Receivable)**

The nature of these balances was not explained to us. There is no sufficient record for vindication of these balances and possibilities of recoverability of this amount. The company also is not inclined to declare the balance as doubtful of recovery.

viii. **Government Grant received for Arrear Salary Rs. 2470 lacs & VRS Rs. 2000 lacs for employees of the company**

Out of the above Grants, the following balances are lying outstanding in accounts at present :-

Arrears Salary of Rs. 837.66 lacs and VRS of Rs. 1709.38 lacs. The interest that are accruing on the deposits from bank could not be traced in the accounts. Interests should be credited in the Government Grant A/c only.

The above treatment contravenes the AS-12 “Accounting for Govt. Grants” issued by the ICAI.

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ix. Provision no longer required now written back Rs. 282.15 lacs

This amount includes Rs. 256.06 lacs taken to the credit of Profit & Loss A/c as “Provision No Longer Required Now Written Back” by transfer from Interest payable on Govt. Loan Account. The company has failed to give us the necessary information & explanations to justify this credit to Profit & Loss A/c.

x. Amount due to entities falling under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Included in Sundry Creditors, there are various balances due to entities coming under this Act. The company did not furnish us the period for which these balances are lying due to the parties. No provision for interest which the company is liable to pay as per Sec. 16 of MSMED Act has been made by the company. In absence of record we failed to ascertain the amount of interest.

xi. Segment Reporting (AS-17)

No disclosure has been made in the accounts of the company under AS-17 'Segment Reporting' issued by ICAI which is mandatory in nature.

xii. Impairment of Assets (AS-28)

The Company has not taken any steps to ascertain the Impairment Loss, if any, on its assets as required under AS-28 'Impairment of Assets' issued by ICAI.

xiii. Provisions contingent liabilities and contingent assets (AS-29)

The Company has disputed various dues of Sales Tax (including VAT), Excise Duty in different appeal forums and has shown those as Contingent liability without assessing the merits of the case. This treatment, in our opinion, was not in accordance with the AS-29, “Provisions, Contingent Liabilities and Contingent Assets” issued by ICAI.

5. Subject to our comments in Para 3 and 4 referred to above, we report that :-

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and returns for the purpose of our audit have been received from the aforesaid branches / depots not visited by us.

- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and returns received from the branches/depots.
- iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report together with the 'Notes on Accounts' and Significant Accounting Policies of the company comply with the Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the Companies Act', 1956, except as mentioned below :-

	<u>Accounting Standard (AS)</u>	<u>Reference</u>	<u>Point</u>
AS-2	Valuation of Inventory	Report on Caro (Para 3)	ii
AS-6	Depreciation Accounting	Report Para 4	v(b)
AS-9	Revenue Recognition	Report on Caro (Para 3)	iv
AS-10	Accounting for fixed Assets	Report Para 4	v(a)(b)
AS-12	Accounting for Govt. Grants	Report Para 4	viii
AS-17	Segment Reporting	Report Para 4	xi
AS-28	Impairment of Asset	Report Para 4	xii
AS-29	Provisions, contingent liabilities and Contingent Assets	Report Para 4	xiii

- v) The Ministry of Finance (Department of Company Affairs), Government of India vide notification dated 21st October 2003 has directed that clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, shall not apply to a government company.
- vi) We were informed by the management of the company that no intimation / Official Gazette notification as to the Company's obligation to make contribution u/s 441A of the Company's Act, 1956 for protection of assets of the sick industrial company has been received till this date of report.
- vii) **According to our observations mentioned in Para 4 Point No. (iv), (vi) & (vii) there will be increase in loss for the year by Rs. 480.73 lacs and decrease in net Current Assets by similar amount i.e. Loss for the year shall stand at Rs. 2420.18 lacs instead of Rs. 1939.45 lacs and net current asset shall stand at Rs. 14735.42 lacs instead of Rs. 15216.15 lacs as reported by the company.**
The impacts of our other observations on statements of Accounts as mentioned in Para 4 Point no. (i), (ii), (iii), (v), (viii), (ix), (x), (xii), (xiii) are not ascertainable.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts of the company together with the notes thereon (Schedule 23) and subject to our comments given above & Significant Accounting Policy give the information required by the Companies Act' 1956, in the manner so required, and give a true and fair view in conformity with the Accounting Principles generally accepted in India :-

- (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
- (b) in case of the Profit & Loss Account, of the Loss for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For N. C. Banerjee & Co.,
Chartered Accountants
FRN 302081E

(CA N. C. Bandopadhyay)
Partner
Mem. No. 002795

Place : Kolkata
Dated : 31.12. 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF BENGAL CHEMICALS & PHARMACEUTICALS LTD. FOR THE YEAR ENDED 31ST MARCH 2010.

- 3(i) **The Company is not maintaining fixed assets register showing full particulars including quantitative details and situation of fixed assets.**

The fixed assets have not been physically verified by the management during the year. Therefore, we are not in a position to comment whether there was any material discrepancies between records and physical balance .

As per the information made available to us, no substantial part of fixed assets has been disposed off during the year.

- 3(ii) **The management has not conducted physical verification of inventory at reasonable intervals during the year. But verification of inventory lying at different places were conducted after the end of year by company's Internal Audit Dept. and by different firms of Chartered Accountants appointed by the Company for this purpose. Verification was done in all places at the end of the year and no verification was done during the year, hence the frequency of verification is not adequate in our opinion.**

In our opinion procedure of physical verification was inadequate, it should be improved and purposeful.

In case of Raw Material and Finished goods, physical verifications have been done by the different firms of Chartered Accountants and Company's Internal Audit Department. Shortages observed have been adjusted, excess found on verification was not considered in valuation of stock.

In the method of valuation of work-in-progress, allocation of labour costs, to work-in-progress could not be justified.

- 3(iii) As informed to us, the company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

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- 3(iv) There is no adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. There is persistent failure to correct major weaknesses in internal control system.
- 3(v) As certified by the management, there are no contracts or arrangements entered which attracts section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
- 3(vi) The company has not accepted any deposits from public.
- 3(vii) In our opinion, the Company does not have any internal audit system commensurate with the size and nature of the business.
- 3(viii) We have broadly reviewed the books of accounts maintained by the Company, prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act 1956, in respect of its products like Bulk Drugs, Formulations, Cosmetics & Toiletries and Soaps & Detergents and we are of opinion that prima facie the cost records have been made and maintained.
- 3(ix)(a) According to the available records and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable, **except a slight delay in a few cases.**
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to the company were outstanding, at the year-end for a period of more than six months from the date they became payable **except, Fringe Benefit Tax for Rs. 12.01 lakh is lying outstanding at the year-end for a long period.**

3(ix)(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2010 **which have not been deposited on account of disputes as stated below :-**

Name of the Statute	Nature of dues	Amount (Rs./lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and penalty on 'White Tiger'	41.82	July 1997 to June 2001	Tribunal, Kolkata
	Excise Duty and penalty on 'White Tiger'	36.49	July 2001 to April 2003	Tribunal, Kolkata
	Excise Duty on phenyl	21.41	March 1985 to July 1986	Commissioner (Appeals), Central Excise, Kolkata
	Excise Duty & penalty on Sulphuric acid	10.94	April 1988 to March 1990	Tribunal, Kolkata
	Excise Duty & Penalty on Bauxite	0.67	March 1986 to February 1987	Commissioner (Appeals), Central Excise, Mumbai
	Excise Duty & Penalty on Absorbent Cotton	41.06	July 1987	Commissioner (Appeals), Central Excise, Mumbai
	Excise Duty & Penalty	2.21	2001-2003	Commissioner (Appeals), Central Excise, Mumbai
Sales Tax	Value Added Tax & Central Sales tax	1.26	2005-2006	D.C.(Appellate), Patna
		2.63	2006-2007	D.C.(Appellate), Patna
		1.16	2007-2008	A.C (Appellate), Kanpur
		1.12	2008-2009	A.C (Appellate), Kanpur
		21.44	2003-2004	Appellate & Revision Board, Commercial Taxes, W.B.
		542.14	2005-2006	Appellate Authority
		344.49	2006-2007	Appellate Authority
281.77	2007-2008	Appellate Authority		
646.19	2008-2009	Appellate Authority		

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3(x) **The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash loss in current financial year as well as in the immediately preceding financial year.**

3(xi) As per books and records maintained by the Company and according to the information and explanations given to us, **the Company has defaulted in repayment of the following dues :-**

Sl	Particulars	Principal Amount (Rs. in Lacs)	Interest accrued and due (Rs. in Lacs)
I.	Govt. of India Plan Loan	1149.60	63.37
ii	Govt. of India Non Plan Loan	1198.20	47.69
iii.	Govt. of West Bengal – Term Loan	82.48	249.45

The company has not issued any debenture.

3(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other investments.

3(xiii) The company is not a Chit Fund, Nidhi or Mutual Benefit fund / Society.

3(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.

3(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

- 3(xvi) **There are no term loans from banks and financial institutions outstanding as at the end of the year. The Term Loan from Govt. of West Bengal aggregating to Rs. 331.93 lacs (P.Y. Rs. 439.21 lacs) (including interest) outstanding as on 31.03.2010 represents unpaid sales tax dues converted to term loan.**
- 3(xvii) **The company is not maintaining separate bank accounts for various funds received from the Government of India. In that situation, we are unable to comment whether any funds raised on short-term basis have been applied during the year for long-term investment.**
- 3(xviii) The Company has not made during the year any allotment of shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Act.
- 3(xix) The Company has not issued any debentures during the year. Hence the creation of security or charge in this regard does not arise.
- 3(xx) The Company has not made any public issue of shares during the year.
- 3(xxi) In course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, during the year. We have been informed by the management that a fraud occurred at Kanpur Factory in the year 2007-08 which is now under sub-judice.

For N. C. Banerjee & Co.,
Chartered Accountants
FRN 302081E

(CA N. C. Bandopadhyay)
Partner
Mem. No. 002795

Place : Kolkata
Dated : 31.12. 2012

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

POINT-WISE REPLY TO AUDITOR'S REPORT OF BENGAL CHEMICALS & PHARMACEUTICALS LTD. FOR THE YEAR ENDED 31ST MARCH 2009

ANNEXURE A: REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF BENGAL CHEMICALS & PHARMACEUTICALS LTD. FOR THE YEAR ENDED 31ST MARCH 2010.

3(i) (a) *This qualification has been continuing for more than a decade as there was no proper FIXED ASSETS REGISTER for the entire company. However, the job for preparation of Fixed Asset Register was allotted to an outside firm by the Company, who submitted physical verification Report in 2010-11 which will be reflected in our books for the year 2010-11.*

As mentioned above, before proceeding to prepare the FIXED ASSETS REGISTER, physical verification was conducted at all the factories in 2010-11.

No Comments.

3(ii) *As the Annual Accounts was pending since 2006-07, physical verification could not be carried out within the respective financial years but the same was done subsequently as confirmed by the Auditors. Moreover, due to paucity of qualified and experienced staff at depot and factory level, conducting physical verification during the year was also not possible. Also, it has additional cost attached with it. However, efforts have been made to improve the existing system of physical verification of Finished Stock and Work-in-Progress from the FY 2011-12 with the induction of the INTERNAL AUDIT section at Main Accounts Office.*

Efforts have been made to improve the procedure of Physical Verification with the induction of the INTERNAL AUDIT section at Main Accounts Office.

Valuation of Inventory was made on Conservative basis by not considering excess quantity found in Physical Verification.

This has been done on the basis of Accounting Policies adopted by the company over the period of time. However, Corrective measures shall be taken after thorough review of the prevailing system in the ensuing period.

3(iii) ***No Comments.***

3(iv) *We agree that the Internal Control procedures needs to be strengthened as gradual depletion and non replacement of sufficiently trained man power in Finance department.. Primarily, efforts are being made to strengthen manpower in all prime finance functions as the first step to institute proper and efficient Internal Controls.*

- 3(v) *No Comments.*
- 3(vi) *No Comments.*
- 3(vii) *The auditors are referring to the continuous process of Internal Auditing which is not possible to install due to considerable cost attached to it. We have appointed Chartered Accountants firms as Internal Auditors at all factories and depots who have been assigned detailed job specifications to ensure proper check at all level. Moreover, we have inducted an Internal Audit section at Main Accounts Office who will directly overlook the activities of these Internal Audit firms and also conduct surprise visits to various factories /depots.*
- 3(viii) *No Comments.*
- 3(ix)(a) *Fringe Benefit Tax could not be deposited due to paucity of Working Capital. Moreover, FBT has since been abolished since 2009-10 onwards.*
- 3(ix)(b) *No Comments.*
- 3(x) *No Comments.*
- 3(xi) *Once the project activities are completed and normal production activities are geared up, then only the company will be able to meet its repayment liabilities.*
- 3(xii) *No Comments.*
- 3(xiii) *No Comments.*
- 3(xiv) *No Comments.*
- 3(xv) *No Comments.*
- 3(xvi) *Company has paid to the tune of Rs.123.00 lakhs on account of Term Loan outstanding against Govt. of West Bengal during the year 2009-10 out of fund received from the BRPSE Revival package.*
- 3(xvii) *Fund received from Govt.of India was parked in the form of STDs in Bank. Project payments were made by encashing these STDs. Balance amount is lying in Bank. Hence, there is no chance of investment on Long Term basis using fund raised for Short Term purpose.*
- 3(xviii) *No Comments.*
- 3(xix) *No Comments.*

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3(xx) *No Comments.*

3(xxi) *No Comments.*

Auditors Special Observations on accounts of the company for the year 2009-2010.

- 4.i.** *The STD's established are subject to reconciliation. However, we got confirmation of STD balances from United Bank of India and Punjab & Sind Bank as on 31/03/2010 constituting the balance of Rs.13848.89 Lacs. Indian Bank in particular has failed to submit proper accounts of Short Term Deposits (STD's) till date in respect of 2007-08, 2008-09, 2009-10 & 2010-11. The matter is being pursued with the bankers continuously.*
- 4.ii.(a)** *Necessary corrective measures shall be taken after review of prevailing system in ensuing period.*
- 4.ii.(b)** *Appropriate action shall be taken after thorough review of accounting policies and practices followed at BCPL in the ensuing year.*
- 4.iii.** *In absence of a full time Company Secretary and a legal wing, the Title Deeds of Land and Building and reconciliation of the same with Accounts could not be made in entirety. However the ownership documents like Municipal/ Corporation tax receipts etc. are available.*
- 4.iv.** *The STD's established along with Interest thereon are subject to reconciliation. More specifically, Indian Bank could not give Balance Confirmation regarding Principal and Interest as on 31/03/2010 till date. This has already been taken up with the Bank and any Profit/Loss arising out of settlement of such STDs will be booked in respective year's Profit & Loss Account.*
- 4.v. (a)** *Addition to CWIP was made on the basis of certificates received from Engineers concerned to the Projects of each factory. However, necessary corrective measures shall be taken after review of the prevailing system in the ensuing period.*
- 4.v.(b)** *Capitalization against Building at Panihati factory has been made based on the amount paid to the party against bills raised by M/s. NBCC.*
- 4.vi.** *As the balance is very old, records were not available and hence reconciliation could not be completed. However, corrective action shall be taken during finalisation of 2010-11 Accounts.*

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- 4.vii.** *Corrective action shall be taken after through Review during finalisation of 2010-11 Accounts.*
- 4.viii.** *The exact situation can be gauged only when the reconciliations of STD's and LOD's and other bank accounts is completed in all respect. The main constraint is that Indian Bank is not able to furnish the statements since 2007-08.*
- 4.ix.** *Interest on GOI Loan amounting to Rs.256.06 lakhs has been written back as per confirmation letter issued by Pay & Accounts Office, Ministry of Chemicals & Fertilizers, Govt. of India.*
- 4.x.** *Being a BIFR referred Company, Interest for delayed payment to any of the Micro, Small and Medium Enterprises has not been entertained till date. Hence, no provision on account of Interest on delayed payment has been provided in the Accounts.*
- 4.xi.** *This is primarily due to lack of I.T infrastructure which persists even till date. Corrective action will normally follow once the I.T infrastructure is established. However, this point has been noted for future compliance please.*
- 4.xii.** *Appropriate action shall be taken in the ensuing year once the Fixed Assets register is updated.*
- 4.xiii.** *Corrective action shall be taken after through Review during finalisation of 2010-11 Accounts.*

(S.L.BARUA)
DIRECTOR FINANCE
BCPL

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	As at	
		31.03.2010	31.03.2009
		<u>Rs. in Lacs</u>	<u>Rs. in Lacs</u>
I. SOURCES OF FUNDS			
1) SHARE HOLDERS' FUND:			
a) Share Capital	1	7,696.04	7,696.04
b) Reserves & Surplus	2	7,170.76	7,170.93
2) LOAN FUNDS:			
a) Secured Loans	3	10,070.26	10,477.27
b) Unsecured Loans	4	<u>10,984.64</u>	<u>8,227.49</u>
		<u>21,054.90</u>	<u>18,704.76</u>
TOTAL		<u>35,921.70</u>	<u>33,571.73</u>
II. APPLICATION OF FUNDS			
1) FIXED ASSETS:			
a) Gross Block	5	4,630.00	3,459.42
b) Less : Depreciation		<u>1,913.16</u>	<u>1,762.74</u>
c) Net Block		2,716.84	1,696.68
d) Capital Work-in-progress	6	<u>3,880.45</u>	<u>1,768.34</u>
		<u>6,597.29</u>	<u>3,465.02</u>
2) CURRENT ASSETS AND LOANS & ADVANCES			
a) Inventories	7	2,232.89	2,077.25
b) Sundry Debtors	8	2,803.24	2,538.30
c) Cash & Bank Balances	9	16,126.82	29,935.22
d) Loans & Advances	10	3,245.75	3,710.29
		<u>24,408.70</u>	<u>38,261.06</u>
Less : Current Liabilities & Provisions			
a) Current Liabilities	11	7,531.38	18,973.82
b) Provisions	12	<u>1,661.17</u>	<u>1,349.34</u>
		<u>9,192.55</u>	<u>20,323.16</u>
Net Current Assets		15,216.15	17,937.90
b) PROFIT & LOSS ACCOUNT		<u>14,108.26</u>	<u>12,168.81</u>
TOTAL		<u>35,921.70</u>	<u>33,571.73</u>
Accounting Policies and Notes on Accounts	23		

The Schedules referred to above form an integral part of the balance sheet

Suprakash Kundu
Managing Director

S.L.Barua
Director (Finance)

In terms of our report of even date
For M/s. N. C. Banerjee & Co.
Chartered Accountants
(FRN 302081E)

N. C. Bandopadhyay
(Partner)
Membership No. 002795

Place : Kolkata
Date : 31st December, 2012

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD. PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS 31ST MARCH 2010

	Schedule	As at 31.03.2010 <u>Rs. in Lacs</u>	As at 31.03.2009 <u>Rs. in Lacs</u>
INCOME			
Sales (Gross)		6,064.40	6,778.73
Less : Excise Duty		<u>331.70</u>	<u>521.68</u>
Net Sales		5,732.70	6,257.05
Other Income	13	1,027.38	1,316.38
Provision no Longer required written back		282.15	27.93
Accretion / (Decretion) to Stock of Finished & Semi-finished Products	14	31.13	567.85
TOTAL		<u>7,073.36</u>	<u>8,169.21</u>
EXPENDITURE			
Materials Consumed	15	3,718.58	4,760.54
Employees Remuneration & Benefits	16	1,820.86	1,517.94
Other Expenses of Manufacturing & Administration	17	547.82	658.54
Selling & Distribution Expenses	18	551.28	593.98
Sales Tax		346.88	337.57
Interest	29	662.13	911.89
Provision for Losses & Write Offs	20	376.46	111.14
Depreciation		151.14	148.48
TOTAL		<u>8,175.15</u>	<u>9,040.08</u>
Profit/ (Loss) for the Year		<u>(1,101.79)</u>	<u>(870.87)</u>
Extra Ordinary Income	21	(463.58)	(349.63)
Prior Period Adjustment (Note No. 5)	22	<u>(374.08)</u>	<u>(25.92)</u>
Net Profit/ (Loss) before Tax		<u>(1,939.45)</u>	<u>(1,246.42)</u>
Provision for Taxes:			
Fringe Benefit Tax		-	(9.84)
Net Profit/ (Loss) after Tax		<u>(1,939.45)</u>	<u>(1,256.26)</u>
Balance brought forward from Previous year		<u>(12,168.81)</u>	<u>(10,912.55)</u>
Balance carried to Balance Sheet		<u>(14,108.26)</u>	<u>(12,168.81)</u>
Earning per share (in Rs.) (Basic and Diluted)		<u>(252.00)</u>	<u>(163.24)</u>
Accounting Polices and Notes on Accounts	23		

The Schedules referred to above form an integral part of the Profit & Loss Account

Suprakash Kundu
Managing Director
Place : Kolkata
Date : 31st December, 2012

S.L.Barua
Director (Finance)

In terms of our report of even date
For M/s. N. C. Banerjee & Co.
Chartered Accountants (FRN 302081E)
N. C. Bandopadhyay, Partner
Membership No. 002795

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2010

	As at		As at	
	31.03.2010		31.03.2009	
	<u>Rs. in Lacs</u>		<u>Rs. in Lacs</u>	
1) SHARE CAPITAL				
AUTHORISED				
8,00,000 Equity Share of Rs. 1,000/- each		<u>8,000.00</u>		<u>8,000.00</u>
ISSUED, SUBSCRIBED & PAID UP:				
7,69,604 Equity Share of Rs. 1,000/- each fully paid pursuant to an instruction of the Government of India which payment was received otherwise than in cash		7,696.04		7,696.04
		<u><u>7,696.04</u></u>		<u><u>7,696.04</u></u>
2) RESERVES & SURPLUS				
Capital Reserve (Net) (Note No. 4)				
As per Last Account	1.26		1.65	
Less : Depreciation on Fixed Assets Acquired from Government	<u>0.17</u>	1.09	<u>0.39</u>	1.26
Addition on account of waiver of Plan & Non Plan Loan of India		<u>7,169.67</u>		<u>7,169.67</u>
		<u><u>7,170.76</u></u>		<u><u>7,170.93</u></u>
3) SECURED LOANS				
i) Cash Credit Account	484.10		250.10	
ii) Letter of Credit	1,147.12		2,097.80	
iv) Loan on Deposit	7,816.16		7,420.53	
v) Interest accrued on LOD	<u>290.95</u>	9,738.33	<u>269.63</u>	10,038.06
The cash credit account is secured by hypothecation of Raw Materials, WIP, finished Goods & Receivables and all other current assets of the Company. The Bill Discounting under Drawer Bill Scheme is secured by Hypothecation of materials procured under the bills the over all limit is additionally secured by mortgage over Registered Office at 6, Ganesh Chunder Avenue Kolkata - 700013.				
Govt. of West Bengal (Term Loan) (Secured against hypothecation of Plant and Machinery)	82.48		205.48	
Add: Interest Accrued and due on above	<u>249.45</u>	331.93	<u>233.73</u>	439.21
		<u><u>10,070.26</u></u>		<u><u>10,477.27</u></u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2010

		As at 31.03.2010 <u>Rs. in Lacs</u>		As at 31.03.2009 <u>Rs. in Lacs</u>
4) UNSECURED LOANS				
Government of India Plan Loan	7,552.00		5,112.00	
Add. Interest accrued & Due (in Penal)	<u>599.21</u>	8,151.21	<u>505.69</u>	5,617.69
Government of India Non Plan Loan	2,310.00		2,310.00	
Add. Interest accrued & Due (in Penal)	<u>523.43</u>	2,833.43	<u>299.80</u>	2,609.80
		<u>10,984.64</u>		<u>8,227.49</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2010****SCHEDULE - 5 FIXED ASSETS****(Rs. in Lacs)**

Particulars	GROSS BLOCK			DEPRECIATION		NET BLOCK				
	As at 01/04/2009	Addition	Sold/ Adjusted	As at 31/3/2010	Up to 31/3/2009	For the Year	Less: on Sales/ Adjustment	Up to 31/03/2010	As at 31/03/2010	As at 31/03/2009
Land	188.29	-	-	188.29	-	-	-	-	188.29	188.29
Building	1650.74	1167.16	11.44	2806.46	649.96	71.03	0.03	720.96	2085.50	1000.78
Chemical Machinery	737.37	-	-	737.37	577.10	22.76	-	599.86	137.51	160.27
General Machinery	658.43	10.14	-	668.57	387.95	37.76	0.17	425.88	242.69	270.48
Computer	62.10	3.93	0.76	65.27	52.58	10.09	0.86	61.81	3.46	9.52
Refrigerator, Water Cooler & Air-Conditioner	57.95	1.22	0.00	59.17	31.08	4.07	-	35.15	24.02	26.87
Printing Equipments	6.44	-	-	6.44	6.35	0.01	-	6.36	0.08	0.09
Fire Appliances	1.70	-	-	1.70	0.88	0.13	-	1.01	0.69	0.82
Furniture & Fittings	52.77	0.42	-	53.19	37.84	3.36	-	41.20	11.99	14.93
Machine & Equipments	11.63	0.42	-	12.05	8.15	0.76	-	8.91	3.14	3.48
Live Stock	12.83	-	0.51	12.32	-	-	-	-	12.32	12.83
Motors cars & Lorries	2.08	-	-	2.08	2.05	-	-	2.05	0.03	0.03
Library Books	3.96	-	-	3.96	3.77	0.04	-	3.81	0.15	0.19
Laboratory	13.13	-	-	13.13	5.03	1.13	-	6.16	6.97	8.10
GRAND TOTAL	3459.42	1183.29	12.71	4630.00	1762.74	151.14	1.06	1913.16	2716.84	1696.68
As at 31.03.2008	3427.08	28.38	0.87	3459.42	1613.88	148.48	0.40	1762.74	1696.68	

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2010

	As at 31.03.2010 Rs. in Lacs	As at 31.03.2009 Rs. in Lacs
6) CAPITAL WORK IN PROGRESS		
Opening Balance	1,768.34	108.08
Add. Additions during the year	<u>2,852.45</u>	<u>1,660.26</u>
	4,620.79	1,768.34
Less: Written Off/ Adjustments	<u>185.08</u>	<u>0.00</u>
	4,435.71	1,768.34
Less: Capitalised during year	<u>555.26</u>	<u>0.00</u>
	<u>3,880.45</u>	<u>1,768.34</u>
7) INVENTORIES:		
(As taken, valued and certified by firms of Chartered Accountants & Approved by The Management)		
Raw Materials	755.47	339.30
Packing Materials	220.78	433.09
Finished Goods	1,401.66	1,294.73
Work-in-progress	108.60	184.39
Stores Tools and Spare Parts etc.	<u>49.43</u>	<u>49.63</u>
	2,535.94	2,301.14
Less : Provision for Damaged & Unsaleable Stock	<u>303.05</u>	<u>223.89</u>
	<u>2,232.89</u>	<u>2,077.25</u>
8) SUNDRY DEBTORS: (Unsecured)		
Debts outstanding over six months		
Considered Good	591.33	804.30
Considered doubtful	<u>1,025.86</u>	<u>729.07</u>
	1,617.19	1,533.37
Others considered good	<u>2,211.91</u>	<u>1,734.00</u>
	3,829.10	3,267.37
Less: Provision for Doubtful Debts	<u>1,025.86</u>	<u>729.07</u>
	<u>2,803.24</u>	<u>2,538.30</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2010

	As at 31.03.2010 <u>Rs. in Lacs</u>		As at 31.03.2009 <u>Rs. in Lacs</u>	
9) CASH BANK BALANCES				
Cash & Cheques in hand (Cheques in hand Rs.3.27Lacs)		8.90		182.33
Cheques in transit		-		-
Balance in Savings Accounts (Employees' Security Deposits)	0.22		0.22	
Fixed Deposit (Employees' Security Deposits)	<u>0.08</u>	<u>0.30</u>	<u>0.08</u>	<u>0.30</u>
With Scheduled Banks (in Current Account)		497.44		735.77
With Scheduled Banks (in Deposit Account)(Note No. 3(d))		14,806.24		28,206.76
Interest accrued and due		<u>813.94</u>		<u>810.06</u>
		<u>16,126.82</u>		<u>29,935.22</u>
10) LOANS & ADVANCES				
(Unsecured, Considered Good, Unless otherwise stated)				
Advances recoverable in cash or in Kind or for value to be received				
Considered Good	2,426.51		2,797.72	
Considered Doubtful	<u>3.40</u>	<u>2,429.91</u>	<u>3.40</u>	<u>2,801.12</u>
Deposits:				
Port Trust Excise Department		25.41		29.47
Tax deducted at source		96.64		160.94
Drawee Bill Scheme		43.75		43.75
Others : Considered Good	602.96		644.88	
Considered Doubtful	<u>44.60</u>		<u>44.60</u>	
		<u>647.56</u>		<u>689.48</u>
Service Tax Excess Deposit		<u>50.48</u>		<u>33.53</u>
		<u>3,293.75</u>		<u>3,758.29</u>
Less: Provision for doubtful Advances & Deposits		<u>48.00</u>		<u>48.00</u>
		<u>3,245.75</u>		<u>3,710.29</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2010

	As at 31.03.2010 <u>Rs. in Lacs</u>		As at 31.03.2009 <u>Rs. in Lacs</u>	
11) CURRENT LIABILITIES				
Sundry Creditors Goods				
Small Scale Industrial Undertakings (The Names of SSI Units to whom amounts are due for more than 30 days are furnished in Note No.14)	-		225.00	
Others	<u>2,785.61</u>	2,785.61	<u>3,259.90</u>	3,484.90
Sundry Creditors - Expenses		681.47		588.38
Trade Deposits and Advances		663.73		450.71
Sundry Creditors - Project		122.71		-
Teants' Security Deposits		207.60		219.54
Book overdraft in Bank		-		11,373.88
Interest accrued but not due		102.22		167.11
Grant in Aid (VRS) Note No. 3(c)	1,857.06		2,000.00	
Less: Disbursed	<u>147.68</u>	1,709.38	<u>142.94</u>	1,857.06
Grant in Aid (Arrear Salary) Note No. 3(c)	832.24		2,470.00	
Less: Adjusted / (Disbursed)	<u>5.42</u>	837.66	<u>1,637.76</u>	832.24
Grant Received for R & D		421.00		-
		<u>7,531.38</u>		<u>18,973.82</u>
12) PROVISIONS:				
Gratuity Note No. (5)		1,256.38		982.04
Less : Encashment Note No. (6)		392.78		346.98
Fringe Benefit Tax		12.01		20.32
		<u>1,661.17</u>		<u>1,349.34</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	As at 31.03.2010 <u>Rs. in Lacs</u>	As at 31.03.2009 <u>Rs. in Lacs</u>
13) OTHER INCOME		
Interest (Gross) {Tax Deducted at source NIL (PY Rs. Nil Lakhs)}	-	318.12
Rental Income (Gross) [Tax Deducted at source Rs. Nil Lacs, (PY Rs. 2.99Lacs)]	723.46	641.71
Scrap Sales	7.41	22.49
Claims Realised	242.61	259.54
Others	53.90	74.52
	<u>1,027.38</u>	<u>1,316.38</u>
14) ACCRETION/(DECRETION) TO STOCK OF FINISHED & SEMI FINISHED PRODUCTS		
Closing Stock		
Finished Goods	1,401.65	1,294.73
Work in Progress	108.60	184.39
	<u>1,510.25</u>	<u>1,479.12</u>
Less : Opening Stock		
Finished Goods	1,294.73	757.29
Work in Progress	184.39	153.98
	<u>1,479.12</u>	<u>911.27</u>
 ACCRETION/ (DECRETION)	 <u>31.13</u>	 <u>567.85</u>
15) MATERIALS CONSUMED		
Raw and Packing Materials		
Opening Stock	772.39	556.03
Add: Purchases(Incl. Trading Purchase)	3,922.44	4,976.90
	4,694.83	5,532.93
Less : Closing Stock	976.25	772.39
	<u>3,718.58</u>	<u>4,760.54</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	As at 31.03.2010 <u>Rs. in Lacs</u>	As at 31.03.2009 <u>Rs. in Lacs</u>
16) EMPLOYEES' REMUNERATION & BENEFITS		
Salaries & Wages [After transferring Rs.271.13Lacs to other accounts (PY Rs.192.00Lacs)]	1,083.61	1,144.02
Contribution to Provident & Other Funds	142.96	111.94
Welfare expenses	140.15	130.55
Gratuity	350.89	78.92
Leave Encashment	<u>103.25</u>	<u>52.51</u>
	<u>1,820.86</u>	<u>1,517.94</u>
17) OTHER EXPENSES OF MANUFACTURING AND ADMINISTRATION		
Power & Fuel	140.83	101.47
Repairs To:		
Plant & Machinery	21.72	16.48
Building	7.95	40.55
Others	<u>20.34</u>	<u>74.47</u>
	50.01	131.50
Insurance	3.73	7.48
Rates & Taxes	52.53	91.56
Motor Car - Up- Keep	19.74	17.21
Postage & Telegram	2.43	2.51
Telephone & Telex	11.28	12.90
Printing & Stationery	11.57	9.23
Miscellaneous Expenses	250.31	274.81
Remuneration to Auditors		
Statutory	0.84	0.84
Stock & Internal	3.60	2.64
TAX AUDIT	0.16	0.16
COST AUDIT	<u>0.20</u>	<u>0.36</u>
Research & Development Expenditure	0.59	5.86
Director's Fees	<u>-</u>	<u>0.01</u>
	<u>547.82</u>	<u>658.54</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	As at 31.03.2010 <u>Rs. in Lacs</u>	As at 31.03.2009 <u>Rs. in Lacs</u>
18) SELLING & DISTRIBUTION EXPENSES		
Advertisement & Sales Promotion	23.76	22.25
Other Selling Overheads [(Including Salary Rs.201.22Lacs (PY Rs.199.69Lacs)]	285.25	291.80
Freight & Transport Charges	150.93	155.72
Rebate & Commission	<u>91.34</u>	<u>124.21</u>
	<u>551.28</u>	<u>593.98</u>
19) INTEREST		
Bank Overdraft	-	384.15
Cash Credit	43.97	35.76
Interest on L C	<u>95.80</u>	<u>104.24</u>
	139.77	524.15
Interest on GOI Loan	459.11	329.64
Others:		
Sales Tax Loan	15.68	17.98
Others	<u>47.57</u>	<u>40.12</u>
	<u>662.13</u>	<u>911.89</u>
20) PROVISION FOR LOSSES & WRITE OFFS		
Book Debts	296.79	44.78
Live Stock	0.51	0.12
Stocks	79.16	66.24
	<u>376.46</u>	<u>111.14</u>
21) EXTRA ORDINARY INCOME: (NOTE)		
Interest on STD		
Interest (Gross) [Tax Deducted at source Rs.43.33Lacs (PY Rs.6.56Lacs)]	602.27	184.25
Less: Interest on LOD	<u>1,065.85</u>	533.88
	<u>(463.58)</u>	<u>(349.63)</u>
	<u>(463.58)</u>	<u>(349.63)</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	As at 31.03.2010 <u>Rs. in Lacs</u>	As at 31.03.2009 <u>Rs. in Lacs</u>
22) PRIOR PERIOD ADJUSTMENT		
Net Debit (Credit)	<u>(374.08)</u>	<u>(25.92)</u>
DEBIT:		
Bonus	0.06	-
Depreciation	0.04	-
LTC	-	0.03
L. D. Commission	4.11	-
Commission on Sales	0.72	1.28
Freight	6.37	0.02
Interest on Sales Tax Loan	-	0.84
Sales Tax	1.69	1.06
Travelling	0.16	0.04
Interest	186.02	-
Salary	1.06	0.29
Travelling	0.39	-
Running Expenses of Vehicles	-	0.52
Rates and Taxes	-	51.71
Excise Duty	3.06	1.18
Raw Material	187.32	-
Gratuity	1.28	-
Leave encashment	1.38	-
Others	<u>2.92</u>	<u>7.79</u>
	<u>395.52</u>	<u>64.47</u>
CREDIT :		
Rental Income	1.09	23.50
Service Charges	-	6.98
Depreciation	0.26	-
Rates and Taxes	3.31	-
Sales	1.10	-
L. D. Commission	5.24	-
Others	<u>10.44</u>	<u>8.07</u>
	<u>21.44</u>	<u>38.55</u>

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

SCHEDULE 23: ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The financial statements are prepared under historical cost convention, on accrual basis of accounting except as stated otherwise and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable

1.2 FIXED ASSETS

Fixed assets are stated at cost of acquisition including freight, taxes, duties (net of CENVAT), and other incidental expenses related to acquisition, and installation. Interest during construction period to finance fixed assets is capitalised.

1.3 DEPRECIATION

Depreciation on all fixed assets other than livestock is provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis. No depreciation is provided on livestock, the cost of which is written off in the year of death.

1.4 IMPAIRMENTS

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased.

1.5 INVENTORIES

Finished Stocks are valued at the lower of cost and net realisable value (Trade Price minus 16% of Trade Price). Raw, Packing materials and Stores & Spares are valued at cost. Work in progress is valued on the basis of raw material cost plus 30% of raw material cost on account of labour. In case of Bulk finished Stock 41% of raw material cost is added to cost of overhead. Cost of Raw Materials and Packing Materials is determined on First In First Out basis and that for Stores & Spares is determined on weighted average cost basis.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

1.6 CENVAT

- I. The value of Cenvat benefits eligible is being reduced from the value of purchases of materials. Consumption of raw materials is arrived at accordingly.
- ii. The value of Cenvat benefits eligible in respect of capital items is being reduced from the cost of such assets.

1.7 EMPLOYEES' REMUNERATION AND RETIREMENT BENEFITS

Employees' remuneration and welfare expenses of Marketing Division are treated as "Selling and Distribution" expenses. Liability in respect of gratuity and leave encashment payable to the employees is provided as per actuarial valuation determined at the balance sheet date. Leave encashment payments and gratuity in case of resignation, premature retirement and termination of services are accounted for on cash basis.

1.8 LIABILITY

Liability in respect of purchases of both capital and revenue nature are accounted for on the basis of date of issue of Material Inward Slips. Estimated liability is provided for where actual amount is not ascertainable at that stage. Liabilities in respect of expenses are accounted for on the basis of date of incurring the expenses. Liabilities provided in the earlier years are written back to the extent not likely to crystallise.

1.9 PRIOR PERIOD ADJUSTMENTS

Income or expenses, which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior period, are considered in Prior Period Adjustment account

1.10 EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICY

Extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed wherever applicable

1.11 SALES

Sales are accounted for net of discounts / returns, on despatch of goods to the customers and issue of documents thereof irrespective of retirement of the same by the customers. Sales include Sales Tax.

1.12 RESEARCH & DEVELOPMENT EXPENDITURE

All expenditure, other than capital expenditure on Research & Development, is written-off in the year it is incurred. Capital expenditure on Research & Development is included under Fixed Assets.

1.13 GOVERNMENT GRANT

Government Grant related to depreciable asset is treated as deferred income, which is recognized in the Profit & Loss Account over the useful life of the asset. Government Grant related to revenue is shown as a credit in the Profit & Loss Account and related expenses are shown in debit side. Unutilised Government Grant is shown as current liability.

1.14 TAXATION

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future

1.15 TRANSACTIONS OF FOREIGN CURRENCY ITEMS

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction. Gains / losses arising out of fluctuations in foreign exchange rates between the transaction date and settlement date are recognized in the profit and loss account.

Monetary items denominated in foreign currency are restated at the exchange rate prevailing at the year-end and the overall net gain / loss is adjusted to the profit and loss account.

1.16 CONTINGENT LIABILITIES

Contingent liabilities are determined on the basis of available information and are disclosed by way of Notes On Accounts.

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2. NOTES ON ACCOUNTS

CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Claims against the company not acknowledged as debts –

- 2.1 a) The Company is facing legal actions from creditors/parties/ contractors/employees. Contingent Liabilities as far as quantifiable is Rs 58.13 Lakhs (P.Y Rs 86.96 Lakhs)
- b) In 1944, by virtue of a lease deed BCPL took possession of the premises of 164, Manicktala Main Road wherein the factory of BCPL is situated. The original lessor Shyama Charan Mitra filed a suit for eviction of BCPL, the lessee from the premises and for recovery of arrears of rental on the ground of violation of terms and conditions of lease deed by BCPL. During the pendency of this suit the original lessor died and his legal heirs and Next Generation, the subsequent purchaser of the premises, were added as plaintiffs in this suit. The suit was filed by BCPL for deposit in 1989 and it is still pending before the 1st Civil Judge, Senior Division at Sealdah Court (Title suit No. 316/1989) the next date of this suit is fixed on 06-02-2013 for hearing of a petition u/s -114 of transfer of property act which was filed by BCPL for deposit of rent.

In the year 2008 another dispute arose between BCPL and Next Generation in respect of construction works by BCPL over the premises of 164, Manicktala Main Road. A writ petition was filed by Next Generation vide W.P. NO: 960 /2010 before the High Court, Calcutta, with the allegation that BCPL has been carrying on construction on the said premises without sanctioned plan from KMC. They also sought injunction against BCPL. Considering the report of Executive Engineer of KMC, High Court passed an order of injunction restraining BCPL from continuing constructional works. The ad-interim injunction has been extended from time to time and it has last been extended up to unlimited period. The injunction was passed by High Court with direction that leave is granted to BCPL to mention before the High Court if it gets sanction from KMC in the meantime. During pending of this case another petition was filed by Next Generation vide C.C. No. 184/2010 for contempt of the order of the High Court by MD , BCPL and it has been alleged that in spite of injunction order BCPL is carrying on construction. This matter is listed at High Court for hearing.

Next Generation has filed the last suit vide C.S. No. – 109/2011 along with General Application No. 1457 of 2011 before the High Court against KMC and BCPL for boundary declaration of 164, Manicktala Main Road and 37, Canal Circular Road on the ground that BCPL had encroached the premises of Next Generation by undertaking unauthorised construction. The matter is pending for hearing. The surveyor appointed by High Court has submitted a report for perusal before the Court.

- c) A batch of Writ Petitions were filed in the Hon'ble Calcutta High Court challenging the validity of the ESI (Central) 2nd Amendment Rules 1996 enhancing the wage ceiling from Rs.3000/- to Rs.6500/- p.m. w.e.f. 1.1.97 as also enhancing the employee's and employer's

share of contributions to 1.75% and 4.75% respectively. By Judgement Order dated 30.6.00 the amendment in question was struck down and the ESIC Corporation (ESIC) went on appeal. On 16.3.04, the Hon'ble Division Bench finally set aside the Judgement Order dated 30.6.00 and allowed all the appeals of the ESIC. Consequently, the enhancement of both the wage ceiling and rates of contribution from 1.1.97 have finally been upheld by the Hon'ble Division Bench of the Calcutta High Court and the Company has been requested to forward the details of wages paid to those employees who were covered in the Writ Petitions on which contributions have not been paid from 1.1.97 to 31.3.04. The Company had contested the claim of the ESIC.

In addition, the BIFR Bench has noted that ESIC dues outstanding against the Company amounted to Rs.6.47 Lakhs. The Company, as per BIFR directives, is negotiating the matter with the ESIC authorities to sort out the issue. Accordingly, directives has been passed on 16.04.2009 u/s 45 A of the ESI Act for making a final one-time payment of Rs 53,950/- for which provision has been made in 2007-08 relating to the past years since January 1997. The Works Manager- Panihati has communicated for waiver of Interest & Penalty to the tune of Rs 42,184/- on the plea that BCPL is a BIFR referred company to ESI, for which no provision has been made in the accounts.

- d) An agreement of lease for 99 years was entered into between BCPL and M/s ION Exchange in which an arrangement was made, in case of premature termination of tenancy, that BCPL would pay Rs.30,000/- to ION Exchange for 5 years and thereafter it will pay Rs.2 Lakhs to ION Exchange as final payment and get ownership of furniture & fixtures. At the time vacation ION Exchange was to pay Rs.4,96,295/- towards rental, property tax, water charges etc. which it did not pay. The matter went for arbitration and thereafter an order was passed in favour of ION Exchange which was subsequently upheld by Mumbai High Court. A Special leave petition (SLP) before the Supreme Court was filed by BCPL which was also dismissed on 07.02.2011. Subsequently a review petition was filed by BCPL in Supreme Court, decision of which is pending as on date.

2.2 Estimated amount of contracts remaining to be executed on Capital Account and not provided for –

Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for is Rs.4670.00 Lakhs (PY Rs. 2900.00 Lakhs)

2.3 Other money for which the company is contingently liable –

- a) Letters of Credit Rs.1042.54 Lakhs outstanding as on 31.03.10 issued by the banker on behalf of the Company (PY Rs. 1891.68 Lakhs).
- b) i) Demand of Value Added Tax and Central Sales Tax of Rs 1063 Lakhs and Rs 773 Lakhs against Assessment of years 2003-04, 2005-06, 2006-07, 2007-08 & 2008-09 respectively in respect of WEST BENGAL STATE. However, the company has appealed against the said Demand before the Appellate & Revision Board, Commercial Taxes, West Bengal.
- ii) Demand of Sales Tax of Rs 1.16 Lakh and Rs 1.12 Lakh towards CST for the Assessment years 2007-08 & 2008-09 in respect of Kanpur Factory. However, the company has appealed against the said Demand before the Astt. Commissioner (Appellate)

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iii) Demand of Sales Tax of Rs. 1.26 Lakh and Rs.2.63 Lakh for the assessment of year 2005-06 and 2006-07 respectively in respect of Patna depot.

iv) No other demands are outstanding in respect of all state taxes.

- c) Counter guarantee given to bank against guarantee issued by them on behalf of the Company Rs. 35.89 Lakhs (PY Rs. 15.84 Lakhs)
- d) Demand for arrear Municipal Tax raised by Panihati Municipality amounting to Rs. 1.85 Lakhs in the previous year. During the year 2008-09 it has already been considered as liability in the books of accounts.
- e) Demand for payment of Land Revenue & Surcharges in respect of Panihati Factory raised by Government of West Bengal amounting to Rs. 51.50 Lakhs in the previous year. During the year 2008-09 it has already been considered as liability in the books of accounts.
- f) Aggregate demands raised by Excise Authorities for an amount of Rs.112.87 Lakhs (PY Rs. 112.87 Lakhs) for four cases in respect of different products produced at Panihati factory and one case in respect of Mumbai factory which have been contested by the Company and the matters are pending with different appellate authorities.
- g) The company has filed an appeal before the learned Judge of the High court of Mumbai in respect of Hire Purchase Agreement with one of the Tenant. Pending disposal of the appeal, there exist a Contingent Liability of Rs 39.24 Lakhs (P.Y- 39.24 Lakhs)

3. Utilisation of Funds provided by the Government of India under BRPSE Scheme:

- a) The balance in the Plan and Non Plan loan as on 31-03-2006 was Rs. 3816.00 Lakhs and Rs.4326.67 Lakhs respectively. Out of which the Plan loan of Rs.3404.00 Lakhs and Non Plan loan amounting to Rs. 3765.67 Lakhs pertaining to the period from 01.04.94 to 31.03.05 was waived by the Govt. of India during the year 2006-07 as per waiver scheme of BRPSE. The said amount was transferred to Capital Reserve Account and the balance of Rs.412.00 Lakhs as Plan Loan and the balance of Rs 561.00 Lakhs as Non-Plan were reflected under "Unsecured Loan". Further, GOI has released the Plan fund of Rs 700.00 Lakhs during 2006-07 has been shown under the same head.

As per the approval of BRPSE Scheme, Govt. of India has released the funds amounting to Rs. 13,719.00 Lakhs and the same were received in 2007-08. The details are as follows:

Share Capital : Rs. 5,500.00 Lakhs

Interest free Plan Loan : Rs. 2,000.00 Lakhs

(Repayable in 5 equal instalments starting from the first anniversary of withdrawal)

Interest free Non- Plan Loan : Rs. 1,749.00 Lakhs

(Repayable in 5 equal instalments starting from the first anniversary of withdrawal)

Grant in Aid (V.R.S) : Rs. 2,000.00 Lakhs

Grant for (Arrear salary) : Rs. 2,470.00 Lakhs

During the year 2008-09, as per the approved BRPSE Scheme, Govt. of India had released a further amount of Rs. 2000.00 Lakhs against Plan Loan. Further in the year 2009-10, Govt. of India released another 2440.00 Lakhs against Plan Loan.

b) Utilisation of Plan Loan & Non Plan Loan:

i) Out of the Plan Loan outstanding amounting to Rs 7552.00 (P.Y – 5112.00 Lakhs) The Company has utilised the plan loan for schedule purpose during the year in following manner

Description	2009-10 (Rs in Lakhs)	2008-09 (Rs in Lakhs)	2007-08 (Rs in Lakhs)	Cumulative
Plant & Machinery	10.14	5.76	106.68	122.58
Building	1167.16	11.44	83.33	1261.83
Others	6.52	11.18	9.33	27.03
	1183.82	28.38	199.24	1411.44
Capital W-I-P	2852.45	1660.26	55.09	4567.80
Less: WIP Capitalised	555.26	-	38.85	594.11
Total	3481.01	1688.64	215.48	5385.13

ii) Interest on GOI Loan amounting to Rs.256.06 lakhs has been written back as per confirmation letter issued by Pay & Accounts Office, Ministry of Chemicals & Fertilizers, Govt. of India.

c) Utilisation of Grant In Aid:

The wage revision of employees of BCPL of 1997 pay scale w.e.f. 01-01-1999 to 31-03-2007 has been settled in the year 2007-08(Including PF of Rs. 150.23 Lakhs and after adjustment of dues of Festival Advance & Special Advance amounting to Rs 148.36 Lakhs) and has been paid out of Grant of Rs 2470.00 Lakhs provided Govt. of India. The settled figure is subject to reconciliation. Balance in this account as on 31-03-2010 is Rs.837.66 Lakhs (PY- Rs.832.24 Lakhs). TDS on Account of Arrear Salary to the tune of Rs 62.23 Lakhs has been deposited on behalf of the employees out of the GOI funds. But the same has not been recovered from the employees during 2007-08. Subsequently, recovery of excess payment of Arrear Salary has been started from 2008-09 onwards. During the years 2008-09 & 2009-10 the amount recovered is Rs. 0.67 Lakhs & 5.42 Lakhs respectively.

VRS (constituting of Exgratia, Gratuity and Leave Salary) amounting to Rs.147.68 Lakhs (P.Y.- Rs 142.94 Lakhs) till 31.03.10 has been paid out of Rs 2000Lakhs provided by the GOI funds as Grant, which is also subject to reconciliation.

d) Short Term Fixed Deposit with Banks at the end of the year is Rs 14806.24 Lakhs (P.Y-Rs 28206.76 Lakhs), which is subject to reconciliation/ confirmation. Indian Bank has failed to confirm the STD balances along with interest for the year 2007-08, 2008-09 and 2009-10 as well. The aforesaid Short Term Deposit has been arranged from the funds available from Plan Loan. Further Company has arranged short-term loan against above deposit

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amounting to Rs 7816.16 Lakhs (P.Y. – Rs.7420.53). Interest on Short Term Fixed Deposit & Short Term Loan is subject to reconciliation/confirmation.

- 4) Capital Reserve Account – Govt. Grant received for procurement of HPLC System on which the depreciation charged, has been reduced from Capital Reserve of Rs.0.17 Lakhs (PY Rs. 0.39 Lakhs). The waiver of Principal amount of Plan loan of Rs.3404.00 Lakhs & Non Plan loan of Rs. 3765.67 Lakhs has been transferred to Capital Reserve Account as per the approved BRPSE Scheme in the year 2006-07.
- 5) The Company has estimated its gratuity liability as at 31st March 2010 aggregating to Rs. 1256.38 Lakhs (PY Rs. 982.04 Lakhs) based on actuarial valuation and debited a sum of Rs. 274.34 Lakhs (PY Rs. 78.92 Lakhs) during the year to Gratuity Account on the basis of such valuation. Disclosure as per Accounting Standard 15 is as given below:

Assets/Liabilities	31-Mar-09 Rs Lakhs	31-Mar-10 Rs Lakhs
1. Projected Benefit Obligation	982.04	1256.38
2. Fair Value of Plan Assets	0.00	0.00
	Year ended 31st Mar- 2009 Rs Lakhs	Year ended 31st Mar- 2010 Rs Lakhs
1. Current Service Cost	78.92	274.34

- 6) Liability for Leave Encashment as on 31.03.10 of Rs. 392.78 Lakhs (PY Rs. 346.98 Lakhs) has been calculated as per actuarial valuation. The incremental liabilities arising out of such valuation as at 31st March 2010 amounting to Rs. 45.80 Lakhs (PY Rs. 52.51 Lakhs) has been debited to Leave Encashment account. Disclosure as per Accounting Standard 15 is as given below:

Assets/Liabilities	31-Mar-09 Rs Lakhs	31-Mar-10 Rs Lakhs
1. Projected Benefit Obligation	346.98	392.78
2. Fair Value of Plan Assets	0.00	0.00
	Year ended 31st Mar- 09 Rs Lakhs	Year ended 31st Mar-10 Rs Lakhs
1. Current Service Cost	52.51	45.80

- 7) The Company is a Sick Unit and has significant amount of carried forward losses and unabsorbed depreciation under the Income Tax Act. The management feels that such losses may not be covered up by the surplus in the near future. In view of this, the management, as a matter of prudence, has not recognised deferred tax assets in respect of carried forward losses and unabsorbed depreciation as per Accounting Standard – 22 on “Accounting for Taxes On Income” issued by the Institute of Chartered Accountants of India.
- 8) Clearing & Forwarding Agents have been appointed at Ranchi and Raipur. The accounts of these two depots have been incorporated in the accounts as certified by the Management.
- 9) During the year 2007-08, a fraud case was lodged against Shri S.Kar, Works Manager, Kanpur vide FIR No.288/07 dated 3rd Sept 2007. Though the Branch auditors M/s AHUJA SHAHDADPURI & CO, Chartered Accountants, have reported the fact but the effect of such fraud in Accounts has not been reflected. It has been reported that the matter is subjudice during the year 2009-10.
- 10) Registration of Charges has not yet been created in respect of Govt. Of West Bengal Term Loan amounting to Rs.82.48 Lakhs (PY Rs.205.48 Lakhs) given to the company
- 11) As per Accounting Standard -18 issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related party as defined in the Accounting Standard are given below:-
 i) Mr. Suprakash Kundu Managing Director
 ii) Mr. Sanjib Lal Barua Director (Finance)

REMUNERATION TO DIRECTORS	Managing Director		Director Finance	
	2009-10	2008-09	2009-10	2008-09
Salaries (Including arrears)	6.41	5.70	5.96	4.29
Contribution to Provident Fund	0.72	0.53	0.67	0.53
Perquisites	0.79	0.35	0.55	0.29
Total	7.92	6.58	7.18	5.11

NOTES: The Facility for private use of car provided by the Company to Managing Director and Director (Finance) on payment of charges fixed by the Govt. has not been considered as a benefit or perquisite requiring disclosure in terms of the Companies Act 1956.

- 12) At the end of the year provision for doubtful debts amounting to Rs 1025.86(PY Rs 729.27) Lakhs is appearing in Schedule “8”. During the Year Rs. 296.79 Lakhs (P.Y. Rs – 44.79 Lakhs) is provided on the basis of debts outstanding for more than three years as on 31.03.2010.

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- 13) Basis for calculation of Basic & Diluted Earning per Share is as below:
- | | (Rs. in Lakhs) |
|--|----------------------|
| Profit / (Loss) after Tax as per Profit & Loss Account | 2009-10
(1939.45) |
| Weighted average no. of Equity Shares (In Numbers) | 769604 |
| Basic & Diluted Earnings per Share (in Rs) | (252.00) |
- 14) The names of Small Scale Undertakings to whom the Company owes sums, which are outstanding for more than 30 days at the Balance Sheet date are stated as below:
- 1) Alco Prints Pvt. Ltd
 - 2) Alliance Engineering Company
 - 3) Bilcare Ltd.
 - 4) Bio Caps India Ltd.
 - 5) Flexi Pack India Pvt. Ltd.
 - 6) Machino Techno Enterprise.
 - 7) Nilachal Collapsible Tube Pvt. Ltd.
 - 8) R.M Packaging Pvt. Ltd.
 - 9) R.P.J Packaging Pvt. Ltd.
 - 10) S.B. Udyog.
 - 11) Udyog Corporation
 - 12) Adchem Industrial
 - 13) Indo Plast Udyog Pvt. Ltd.
 - 14) Acme Chemical.
 - 15) Chakraborty Suppliers
 - 16) Chatterjee Enterprise.
 - 17) Electro seam Containers Pvt. Ltd.
 - 18) Indo Plast Packaging Pvt. Ltd.
 - 19) UniPack Industries
 - 20) Jharkhand Tar Products
 - 21) Kquality Metal Product Pvt. Ltd.
 - 22) Kundu Packing Industries
 - 23) Sanchaika Enterprise.
 - 24) West Bengal Packaging Industries.
 - 25) Anita Enterprise.
 - 26) Ichan Engineering Works.
 - 27) Ultimate.
 - 28) Acme Industries
 - 29) Prime Thermals Pvt Ltd.
 - 30) Fuji Industries.
 - 31) Hind Casting & Engineering Works.
 - 32) S.R Packaging & Industries Pvt Ltd.
 - 33) Daga Plastic Industries.
 - 34) Arrkey Packaging industries.
 - 35) Times Of Print.

- 36) Pratik Enterprise.
- 37) Blue Bird Industries.
- 38) Western Consolidated Pvt Ltd.
- 39) Steam Control.
- 40) Grand Electric Company.
- 41) Asiatic Sanitary Corporation.
- 42) Kamakhya Agency.
- 43) J.N. Traders
- 44) Banhita Packing Industries
- 45) Rapid International
- 46) S. D. & Co
- 47) Orient Graphics

The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the company.

Previous year's figures have been regrouped and rearranged, wherever considered necessary to make it comparable with those of the current year.

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BENGAL CHEMICALS & PHARMACEUTICALS LTD. ADDITIONAL INFORMATION REQUIRED UNDER PART II OF SCHEDULE VI OF THE COMPANIES ACT 1956 A) PARTICULARS OF INSTALLED CAPACITY AND PRODUCTION

Sl. No.	Class of Goods	Unit of Measurement	Licensed Capacity 2009-10	Licensed Capacity 2008-09	Installed Capacity 2009-10	Installed Capacity 2008-09	Production including Captive Consumption 2009-10	Production including Captive Consumption 2008-09	Production on Loan Licence 2009-10	Production on Loan Licence 2008-09
1.	Pharmaceuticals, Fine Chemicals Synthetic Drugs, Injectibles and Ointment									
	1.1 Liquid	KL	1357.52	1357.52	540.00	540.00	21.72	88.90	182.20	59.44
	1.2 Solid	Tones	345.71	345.71	239.00	239.00	63.28	82.94	24.46	37.76
2.	Cosmetics including Hair Oil									
	2.1 Liquid	KL	897.00	897.00	800.00	800.00	501.96	617.42	0.00	0.00
3.	Tablet & Capsules									
	3.1 Tablets	No. in Crores	61.92	61.92	15.00	15.00	12.90	23.89	14.45	4.28
	3.2 Capsules	No. in Lacs	500.00	500.00	500.00	500.00	211.78	222.41	220.00	20.56
4.	Biologicals									
	4.1 Sera	M.U.	217.00	217.00						
	4.2 Sera	Lit	704.00	704.00	600.00	600.00	0.00	0.00	0.0010	0.15
	4.3 Vaccines	KL	9.39	9.39						
5.	Alkaloid	4.1 Caffeine I.P. Tonnes	60.00	60.00			0.00	0.00	0.00	0.00
6.	Disinfectant Formulation									
	6.1 Liquid	KL	2482.94	2482.94	3100.00	3100.00	2227.20	3275.13	71.81	36.48
7.	Acid	Tonnes	28464.00	28464.00			0.00		0.00	
8.	Heavy Chemicals									
	8.1 Other Heavy Chemicals	Tonnes	43774.80	43774.80	8100.00	8100.00	4322.89	2989.43	0.00	0.00
9.	Soap	Tonnes	265.00	265.00	150.00	150.00	6.00	19.50	0.00	0.00
10.	Absorbent Cotton & Bandage	Tonnes	300.00	300.00	100.00	100.00	0.00	0.00	0.00	0.00

The Industrial Undertaking was established prior to the enactment of the Industries (Development and Registration) Act, 1951. The Company, therefore, did not require any Industrial Licences at the time of Establishment of its Plants. The installed Capacities have been certified by Company's Experts.

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B) CONSUMPTION OF MATERIALS & COMPONENTS

Name of the Raw Materials	Unit	Rs. in Lacs		Rs. in Lacs	
		Quality	Amount	Quality	Amount
1. Crude Drugs & Extracts	M. T.	378.18	556.14	945.75	677.36
2. Organic Chemicals & Solvent	M. T.	417.68	1089.16	439.17	419.66
	K. L.	42.74	62.50	0.10	0.53
3. Inorganic Chemicals	M. T.	89.44	250.96	101.32	287.25
	K. L.	5.26	4.39	5.97	7.46
4. Oil Vegetables & Minerals	K. L.	1379.74	410.17	557.83	329.75
	M. T.	267.77	317.35	1139.46	304.68
5. Minerals	M. T.	2752.51	297.45	0.00	0.00
6. Packing Materials	-	-	717.65	-	1093.69
7. Others	-	-	12.81	-	86.52
			<u>3,718.58</u>		<u>3,206.90</u>

C) OPENING STOCKS AND CLOSING STOCKS OF FINISHED GOODS

PRODUCT GROUP	UNIT	Stock as on		Stock as on	
		Quantity	Value Rs. in Lacs	Quantity	Value Rs. in Lacs
CHEMICALS					
Alum Ferric	MT	520.00	43.77	141.78	7.74
PHARMACEUTICALS					
Eutheria	MT	8.54	72.47	6.43	54.54
Citrasol	KL	10.58	19.37	9.13	17.64
Acqua Ptychotis	KL	2.16	2.97	0.47	0.63
Tab Cotrimoxazole	In Lacs	30.83	14.16	27.20	19.50
Cap. Ampicillin	In Lacs	1.87	1.70	2.13	3.26
Tab. Ethambutol	In Lacs	2.96	2.48	4.24	4.75
Cap. Raymox	In Lacs	0.01	0.01	0.71	0.90
BULK-FINISHED					
Biology	In Lacs		0.00	-	0.00
Capsules	In Lacs		158.50		74.72
Tablets	In Lacs		119.97		110.13
Spirituous	Ltr.		11.36		14.93
Others	Ltr.		80.25		163.56
COSMETICS & HOME PRODUCTS					
Cantheridine Hair Oil	KL	149.73	370.22	102.05	241.54
Pheneol	KL	424.42	225.64	467.68	269.04
Naphelene Balls	MT	186.49	92.63	51.01	43.02
Others			180.61		149.11
BULK-FINISHED					
Pheneol					
Bleaching Powder					
Alum					
			<u>1,396.11</u>		<u>1,175.01</u>

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D) TURNOVER

CLASS OF GOODS	Unit	Sales as at 31.03.2010		Sales as at 31.03.2009	
		Quality	Amount <u>Rs. in Lacs</u>	Quality	Amount <u>Rs. in Lacs</u>
CHEMICALS					
Alum Ferric	MT	3479.00	217.72	2527.97	164.32
PHARMACEUTICALS					
Eutheria	MT	47.44	402.50	58.72	593.10
Citrasol	KL	25.17	46.10	56.59	129.36
Aqua Ptychotis	KL	33.10	46.12	65.57	116.31
Tab Cotrimoxazole	In Lacs	201.63	88.74	455.77	463.50
Cap Ampicillin	In Lacs	13.64	12.43	24.54	40.68
Tab ethambutol	In Lacs	0.00	0.00	0.21	0.25
Cap Raymox	In Lacs	0.00	0.00	21.76	32.58
Other Pharmaceuticals			1,347.77		1,602.75
COSMETICS & HOME PRODUCTS					
Cantheridine Hair Oil	KL	1546.03	401.42	604.33	1636.69
Pheneol	KL	5094.58	2868.00	2518.91	1720.86
Napthelene Balls	MT	438.74	<u>633.60</u>	145.08	<u>278.34</u>
			<u>6,064.40</u>		<u>6,778.73</u>

E) INFORMATION REGARDING IMPORTS AND EXPORTS

	<u>Rs. in Lacs</u> 2009-10	<u>Rs. in Lacs</u> 2008-09
CIF Value of Imports	0.00	0.00
Capital Goods	0.00	0.00
Earnings in Foreign Exchange		
F. O. B. Value of Exports	0.00	0.00

F) CONSUMPTION OF MATERIALS AND STORES & SPARE PARTS

	RAW MATERIALS & PACKING MATERIALS		%		STORES & SPARES		%	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Imported Materials	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indegenous Materials	3718.58	3206.90	100.00	100.00	59.04	119.50	100.00	100.00
	<u>3718.58</u>	<u>3206.90</u>	<u>100.00</u>	<u>100.00</u>	<u>59.04</u>	<u>119.50</u>	<u>100.00</u>	<u>100.00</u>

G) EXPENDITURE IN FOREIGN CURRENCY

	<u>2009 - 10</u> <u>Rs. in Lacs</u>	<u>2008 - 09</u> <u>Rs. in Lacs</u>
i) Consultancy	NIL	NIL
ii) Interest	NIL	NIL
iii) Travelling	NIL	NIL
iv) Technial Know How	NIL	NIL
v) Other matters	NIL	NIL

H) EARNINGS IN FOREIGN CURRENCY

	<u>Rs. in Lacs</u> <u>2009-10</u>	<u>Rs. in Lacs</u> <u>2008-09</u>
i) Interest	NIL	NIL
ii) Other Income	NIL	NIL

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

(As per Schedule VI, part IV of the Companies Act, 1956)

I. Registration Details

State Code 2 1

Registration No. 3 3 4 8 9

Balance Sheet Date 3 1 0 3 1 0
Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

4 5 1 1 4 2 5

Total Assets

4 5 1 1 4 2 5

Source of Funds

Paid up Capitals

7 6 9 6 0 4

Reserves & Surplus

7 1 7 0 7 6

** Including Share Application Money pending allotment of Rs. 6300000

Secured Loans

1 0 7 0 2 6

Unsecured Loans

1 0 9 8 4 6 4

Application of Funds

Net Fixed Assets

6 5 9 7 2 9

Investments

N I L □ □ □

Net Current Assets

1 5 2 1 6 1 5

Miscellaneous Expenditure

N I L □ □ □

Accumulated Losses

1 4 1 0 8 2 6

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover

7 0 7 3 3 7

* Turnover includes other income Rs. 1027.38
Provision no longer required Rs.282.15
Accretion of finished / semi-finished
products Rs. 31.14

Total Expenditure

9 0 1 2 8 1

*Including Prior Period
Adjustment (net) Rs.374.08

Profit / Loss before TAX

(-) 1 9 3 9 4 5

+/- Profit / Loss After Tax

(-) 1 9 3 9 4 5

Please tick appropriate box (+) for Profit (-) for Loss

Earning per Share in Rs.

N A

Dividend Rate %

N A

ENTER NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY

(As per monetary terms)

Item Code No. (ITC Code) 3 8 0 3 . 1 0

Item Description P H E N E O L

Item Code No. (ITC Code) 3 3 0 5 . 1 0

Item Description C A N T H E R I D I N E H A I R O I L

Item Code 3 0 0 4 . 3 0

Item Description A M O X Y C I L L I N C A P S U L E

Previous year's figures have been regrouped, recast, rearranged, wherever necessary to make it comparable with those of the current year.

In terms of our Report dated
annexed herewith

For M/s. N. C. Banerjee & Co.
Chartered Accountants

Suprakash Kundu **S. L. Barua**
Managing Director **Director (Finance)**

N. C. Bandopadhyay
Partner
Membership No. 002795

Place : Kolkata
Date : 31st December 2012

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

BENGAL CHEMICALS & PHARMACEUTICALS LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Rs. Lacs			
	2009 - 2010		2008 - 2009	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from Operating Activities				
Net Profit Before Tax and Extraordinary Items		(1939.45)		(1256.26)
Adjustment for				
Other Income	(784.77)		(901.25)	
Claims Realised	(242.61)		(259.54)	
Provision No Longer required written back	(282.15)		(13.09)	
Provision for Taxes	0.00		9.84	
Provision For Losses Written Off	376.46		111.14	
Provision For Leave salary & Gratuity	320.14		131.43	
Interest Expenses	354.19		1630.85	
Depreciation	151.14		148.48	
Prior Period Adjustments	374.08		0.58	
Foreign Exchange Gain / Loss	-		-	
Deffered Revenue Expenditure		(266.48)		858.44
Operating Profit Before Working Capital Changes				
Adjustment for				
Inventories	(155.64)		(709.74)	
Trade & Other Receivables	199.60		(2529.81)	
Trade Payables	(12037.73)	(11993.77)	10115.11	6875.56
Cash Generated From Operation before taxes and Extra Ordinary Items		(14199.70)		6477.74
Taxes Paid		-		(9.84)
Cash Flow From Extra Ordinary Items				
Interest Income From STD	(602.27)		(502.37)	
Interest Income From LOD	1065.85		533.88	
Prior Period Adjustments	374.08	837.66	0.58	32.09
Net Cash From Operating Activities (A)		(13362.04)		6455.49
B. Cash Flow From Investing Activities:				
Additions to Fixed Assets	1170.59		32.34	
CWIP	2112.12		1475.18	
Interest Income on STD	602.27		502.37	
Claims Realised	(242.61)		(259.54)	
Other Income	(784.77)		(901.25)	
Net cash From / (Used) in Investing Activities (B)		2857.60		849.10
C. Cash Flow From Financing Activities:				
Proceeds from Short Term Borrowing	(299.73)		3139.85	
Proceeds from Long Term Borrowing (Net of Payment)	(2649.87)		2319.82	
Interest Paid	(354.19)		(1630.85)	
Proceeds from Capital Investment	-		-	
Proceeds from Capital Reserve	(0.17)		(0.39)	
Net Cash From Financing Activities ©		(3303.96)		3828.43
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)		(13,808.40)		11133.02
Cash & Cash Equivalents - Opening		29935.22		18802.20
Cash & Cash Equivalents - Closing		16126.82		29935.22

NOTES

Cash and Cash equivalents represents cash and bank balance only.

Previous year's figures have been recast / regrouped wherever to confirm to the current year's classification.

Suprakash Kundu **S.L.Barua**
Managing Director **Director (Finance)**
Place : Kolkata
Date : 31st December 2012

For M/s. N. C. Banerjee & Co.
Chartered Accountants
(N. C. Bandopadhyay)(Partner)
Membership No. 002795

BENGAL CHEMICALS & PHARMACEUTICALS LTD.
(A Government of India Enterprise)

LIST OF OFFICES, FACTORIES, DEPOT AND C&F AGENTS

Registered & Corporate Office :

6, Ganesh Chunder Avenue, Kolkata- 700 013
Dial : (033) 2237-1525 / 1526
Gram : RASAYAN, Fax : (033) 2225-7697
E-mail : bengchem@cal.vsnl.net.in

Main Office :

168, Maniktala Main Road
Kolkata- 700 054
Dial : (033) 2320-2270

Maniktala Factory :

168, Maniktala Main Road
Kolkata- 700 054
Dial : (033) 2320-4153/57/58
Gram : RASAYAN
Fax : (033) 2320-4156/2320-2322
E-mail : bcplmfy@vsnl.net

Panihati Factory :

B.T.Road, Panihati
24 Parganas(North), West Bengal
Dial : (033) 2553-1234/1924/2017/4541
Telegram : RASAYAN
Fax : (033) 2553-2017
E-mail : bcplfy@cal3.vsnl.net.in

Mumbai Factory :

502, S.V. Savarkar Marg
Mumbai – 400 025
Dial : (022) 2430-2081/2437-0428
Telegram : RASAYAN
Fax : (022) 2437-0428

Kanpur Factory :

Factory Area, Fazalganj
Kanpur-208012(U.P.)
Dial : (0512) 2216292
Telegram : RASAYAN
Fax : (0512) 2217794

Kolkata Depot :

83, Rashbehari Avenue
Kolkata – 700 026
Dial : (033) 2464-3770
Telegram : RASAYAN

Guwahati Depot :

136, Motilal Nehru Road
Panbazar Road, Guwahati-781 001
Dial : (0361) 2547-8251
Telegram : RASAYAN

Hyderabad Depot :

Door No-4-98-1-6
New Narasimha Nagar
Main Road, Malapuram, Hyd.
Dial : (040) 2339-7215

Cuttak Depot :

Nima Sahi,
Cuttak-(0671) 2422941
Telegram : RASAYAN

Patna Depot :

Rajendrapath,
Beside Bidesari Petrol Pump,
Patna – 800 001
Dial : (0612) 2673621

Jabalpur Depot :

1149 Napier Town
Near Home Science College
Jabalpur-482002,M.P.
Telegram : RASAYAN
Dial : (0761) 2409436

Chennai Depot :

1821, Thirteen Main Road,
Anna Nagar West
Chennai- 600 040
Tamilnadu
Dial : (044) 2618-7510
Telegram : RASAYAN

Delhi Depot :

D1/D2 Shivlok, House-II
Milan Cinema Complex,
Karampura, New Delhi- 110 015
Dial : (011) 2592-0486
Telegram : RASAYAN

Jaipur Depot :

F-75B, Kartapura Industrial Area
22No. Godown
Jaipur- 302 006
Dial : (0141) 2211086
Telegram : RASAYAN

C&F AGENTS :

M/s. BAIJU DHAM TRADERS

Harihar Singh Road
114, B4 Morhabadi (Manda)
Ranchi- 834 008(Jharkhand)
Dial : (0651) 2551801

M/s. THOR DISTRIBUTORS

17 Radhey Estate
Near Shell Petrol Pump,
N.H.No-8, Aslali- 382427,AHD
Dial : (02718) 26-1628

CHOPDA ENTERPRISES

18 Maha Laxmi Cloth Market
Pandri, Raipur- 492 001
Chattisgarh
Dial : (0771) 2506-9362