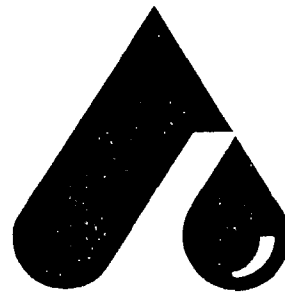


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ANNUAL REPORT



AHLCON
PARENTERALS
(INDIA) LIMITED

Report



om

1996-97

BOARD OF DIRECTORS**Mr. Bikramjit Ahluwalia***Chairman***Mr. M. K. G. Pillai***Managing Director***Dr. Rohini S. Ahluwalia***Whole Time Director***Mr. A. K. Sharma***Nominee Director of RIICO Ltd.***Mrs. Sudershan Walia****Mr. Arun Kumar Gupta****Mr. A. L. Batra****Mr. V. K. Sachdeva****Dr. M.P. Vaidya****FINANCIAL INSTITUTION**

The Industrial Finance Corporation
of India Limited

BANKERS

Allahabad Bank

State Bank of Bikaner & Jaipur

Bank of Maharashtra

AUDITORS

Arun K. Gupta & Associates

R-7 A. Green Park,

New Delhi - 110016

REGISTERED OFFICE

4, Community Centre,
Saket, New Delhi - 110017

WORKS

SP-918, Phase III,

Bhiwadi - 301019,

Distt. Alwar (Rajasthan)

SHARE TRANSFER AGENTS

Shree Balaji Computer Services

28B 4, Jia Sarai, Near IIT Gate,

Hauz Khas, New Delhi - 110016

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**NOTICE**

Notice is hereby given that the Fifth Annual General Meeting of the members of Ahlcon Parenterals (India) Limited will be held on Friday, 21st November, 1997, at 4 P.M. at Ahlcon Public School, Mayur Vihar, Phase-I, New Delhi - 110 092 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Accounts of the Company as at and for the year ended 30th June, 1997 together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Arun K. Gupta who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Bikranjit Ahluwalia who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Mrs.) Rohini S. Ahluwalia who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration. M/s. Arun K. Gupta & Associates, Chartered Accountants, are the retiring Auditors and, being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:
 "RESOLVED THAT pursuant to section 15(1) and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, (including any statutory modification(s) or re-enactment thereof) the erosion of entire net worth of the Company in terms of section 3(1)(o) of the said Act be noted, and approval of the Company be and is hereby accorded to the Board of Directors of the Company to make a reference to the Board of Industrial and Financial Reconstruction for determination of the measures which shall be adopted with respect to the Company and also to take all decisions as may be necessary and/or desirable for the aforesaid purpose."
7. To consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:
 "RESOLVED THAT in supersession of the resolution passed by the Company in the General Meeting held on 19th September, 1992 and pursuant to the provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and pursuant to Articles 52 & 53 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") to borrow money from time to time, from Banks, Financial Institutions, or any other lending institutions - whether Government or private - or from any other person(s) on such terms and conditions as the Board may consider suitable, upto a limit not exceeding in the aggregate Rs. 30 crores, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained by the Company in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves."

Regd. Office :

4, Community Centre, Saket,
New Delhi - 110 017

New Delhi, 1st October, 1997

By order of the Board of Directors
for Ahlcon Parenterals (India) Limited

M. K. G. Pillai
Managing Director

NOTES

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business as set out above is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company at its Registered Office not later than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company remained closed from 16th September to 30th September, 1997 (both days inclusive).
4. All documents referred in the Notice are open for inspection at the registered office of the Company between 11.00 A. M. to 1.00 P. M. on any working day prior to the date of the Annual General Meeting.
5. Members Proxies should bring attendance slips duly filled in for attending the meeting.
6. It will be appreciated that queries, if any, on Accounts and Operations of the Company are sent to the Corporate office of the Company ten days in advance of the meeting so that the information may be made readily available.

Annexure to the Notice :**Explanatory Statement (Pursuant to section 173 (2) of the Companies Act, 1956)**

Item no. 6 : In terms of the provisions of section 15 (1) read with section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985, a Company, which (being a company registered for not less than 5 years) has at the end of any financial year accumulated losses equal to or exceeding its entire net worth, is required to make a reference to the Board of Industrial and Financial Reconstruction, for determination of the measures which shall be adopted with respect to the Company including measures for its revival, within 60 days of the finalisation of the duly audited accounts of the Company for that financial year. Provided that where the Board of Directors of the Company had sufficient reasons even before such finalisation to form an opinion regarding erosion of the entire net worth, the Board shall make such a reference within 60 days of forming such an opinion. The Board of Directors of your Company have at their meeting held on 1st October, 1997 resolved to make a reference to the Board of Industrial and Financial Reconstruction on the basis of such an opinion. The Directors place the resolution set out at item no. 6 for consideration by the shareholders granting authorisation to the Board of Directors to take necessary steps in this regard. None of the Directors of the Company is concerned or interested in the resolution.

Item no. 7 : In terms of the provisions of section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of any public company shall not borrow moneys which together with moneys already borrowed by the Company exceed the aggregate of the paid up share capital and free reserves of the Company, except with the consent of the shareholders in general meeting. Vide resolution passed at the general meeting held on 19th September, 1992, the Board has been authorised to borrow funds upto a limit of Rs. 15 crores which is proposed to be raised to Rs. 30 crores in view of the fact that your Company needs to borrow cheaper funds for repayment of existing debts with a view to reduce the interest burden and also for general business requirements. Hence the proposed resolution in terms of section 293 (1) (d) of the Companies Act, 1956 as set out at item no. 7 of the Notice is recommended by your Directors for approval. None of the Directors of the Company is concerned or interested in the resolutions.

Registered Office :

4, Community Centre, Saket
New Delhi - 110017
New Delhi, 1st October, 1997

By order of the Board of Directors
for Ahlcon Parenterals (India) Limited

M. K. G. Pillai
Managing Director

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DIRECTORS' REPORT

To the Members.

Your Directors have pleasure in presenting the Company's Fifth Annual Report together with the Audited Accounts for the year ended 30th June, 1997.

Financial Highlights :

	Current Year	(Rs. in Laacs) Previous Year
Net Sales and Other Income	801.12	663.49
Total Expenditure	715.10	678.90
Operating Profit/(Loss)	86.02	(15.41)
Miscellaneous Expenditure written off	196.22	4.02
Profit/ (Loss) before interest and depreciation	(110.20)	(19.43)
Less: Interest	232.15	203.05
Less: Provision for depreciation	91.55	91.06
Net profit/ (Loss)	(433.90)	(313.54)

Performance and outlook in the current year : The year under review witnessed an overall recession in the pharmaceutical industry. The downward trend in the Intravenous industry continued this year resulting in stiffer competition amongst existing I. V. Fluids manufacturers and various new entrants. The price war amongst market leaders intensified forcing smaller manufacturers to sell below the cost of production. In spite of the unfavourable market scenario your Company was able to generate operating profits to the tune of Rs. 86.02 as against the operating loss of Rs. 15.41 lacs in the previous year. During the year under review, miscellaneous expenditure (consisting largely of deferred revenue expenditure incurred in earlier years on development of International and Domestic market) amounting to Rs. 196.22 lacs was written off which, along with the heavy interest costs (Rs. 232.15 Laacs), and depreciation (Rs. 91.55 lacs) resulted in a net loss of Rs. 433.90 Laacs. On account of the above reasons, net loss for the year, along with the accumulated losses brought forward from the previous year, has resulted in the erosion of the entire net worth of the Company as on 30.06.1997. In terms of section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985, the Board of Directors shall be making a reference to the Board of Industrial and Financial Reconstruction for determining measures for survival of the Company.

In the current year, your company is concentrating on higher value added products with better margins as also a better penetration in the international markets to generate sufficient operational profits.

Fixed Deposits : During the year under review, the Company has not accepted any deposits under section 58 A of the Companies Act, 1956.

Auditors' Report : Your Directors submit their explanation to the qualifications contained in the Auditors' Report :

- Your Directors are taking appropriate steps including institution of legal proceedings to recover the debts.
- Note No. 10 to Accounts is self-explanatory.

Directors : In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Mr. Arun K. Gupta, Mr. Bikramjit Ahluwalia and Dr. (Mrs.) Rohini S. Ahluwalia, Directors of the Company are due to retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. Mr. Vikas Ahluwalia, appointed as Additional Director by the Board ceased to be a Director on 15.03.1997 in terms of the provisions of section 260 of the Companies Act, 1956. Mr. Shobhit Uppal, appointed as Additional Director by the Board during the year, resigned on 1st October, 1997 on account of other preoccupations. During the current year, Mr. Ashok K. Bhan,



nominee H.C. ceased to be a Director as his nomination was withdrawn from the Board by the Institution. The Board places on record their appreciation for the valuable contribution made by Mr. A. K. Bhan, Mr. Vikas Ahluwalia and Mr. Shobhit Uppal during their short tenure as Directors of the Company.

Auditors : M/s Arun K Gupta & Associates, Chartered Accountants, Auditors of the Company, hold office upto the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1-B) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo : Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to the Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is annexed herewith and forms an integral part of the report.

Promises Vs. Performance: The information as per Clause 43 of the listing agreement is furnished hereinbelow for the year 1996-97:

Particulars	Actuals (Audited)	Projections (As per prospectus dated 5.11.93)
Sales & Other Income	801.12	1120.00
Gross Profit/Loss (P/LBDIT)	(110.20)	516.85

Employees: The Management is pleased to place on record the wholehearted cooperation extended by employees in achieving high efficiency production and in meeting delivery schedules to reduce costs. The employees of your Company have responded with a sense of dedication and determination to the challenges faced by the Company.

Acknowledgments: The Directors are pleased to place on record their special gratitude to the Industrial Finance Corporation of India which agreed to reschedule the Loan instalments and overdue interest payable by the Company and also to Rajasthan State Industrial Development and Investment Corporation Limited, the Allahabad Bank and other bankers of the Company for the continued support and cooperation extended by them.

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For and on behalf of the Board of Directors

Bikramjit Ahluwalia
Chairman

New Delhi, 1st October, 1997

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Annexure to the Directors' Report :

A. Conservation of Energy

Apart from continuing the energy conservation measures undertaken in the previous year, the following new measures have been introduced:

1. Use of hot water obtained from Condenser as feed-water for Boiler.
2. Use of latest chemical premises in the feed-fuel to maximise the combustion of fuel.
3. Form A :

A) Power and fuel consumption	Current Year	Previous Year
1. Electricity		
a) Purchased :		
Unit	960585	755532
Total Amount	3052323	2059283
Rate/Unit	3.18	2.73
b) Own Generation :		
Unit	322188	280096
Unit per hour of Diesel Consumption	125720	86185
Cost/Unit	7.83	5.56
2. Fuel (Furnace Oil- LDO) :		
Units (K. Hrs.)	527840	364075
Total Amount	3881455	2232780
Rate/Unit	7.35	6.13
B) Consumption per unit of production :		
Electricity	0.40	0.27
Fuel (Furnace Oil/LDO)	0.398	0.29

B. Technology Absorption: Adaptation and Innovation :

The Company manufactures LV Fluids using the FFS (Form-Fill-Seal) technology imported from Rommelag AG of Switzerland in the year 1993 which is fully absorbed and as a result, of which the Company is able to derive the benefits of imports substitution of material and superior product quality.

C. Foreign Exchange Earnings and Outgo :	Current year	Previous Year (Rs. in Lacs)
Foreign Exchange Earnings	15.67	34.85
Foreign Exchange Outgo	-	5.98
a) Foreign Travel	2.18	5.98
b) Imports - Machinery spares	8.30	8.86
c) Imports - Raw Material	139.42	47.42
d) Bank Charges & Interest on Imports & Exports	4.28	-
e) Legal Expenses	0.14	-

For and on behalf of the Board of Directors

Bikramjit Ahluwalia
Chairman

New Delhi, 1st October, 1997



AUDITORS' REPORT

To,
The Members of
Ahlcon Parenterals (India) Limited

We have audited the attached Balance Sheet of M/s. Ahlcon Parenterals (India) Limited as at 30.06.1997 and also the annexed Profit and Loss Account for the year ended on that date and report that :

1. 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.
2. 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 the books.
3. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with Notes to the Accounts (Schedule No. 21) subject to (a) non provision for debts considered doubtful of recovery amounting to Rs. 46.88 Lacs and (b) consequent to change in accounting policy of deferred revenue expenditure (refer note no. 10) the loss for the year has been overstated by Rs.137.76 Lacs, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 1997.
 - ii) In the case of the Profit & Loss Account, of the Loss of the Company for the year ended 30th June, 1997.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government under Section 227(4A) of the Companies Act, 1956 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we further state that:
 - i) The Company has maintained proper records of fixed assets showing full particulars including quantitative details and locations thereof. We have been informed that the fixed assets have been physically verified during the year and no discrepancy was found.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) We have been explained by the management that the stocks of finished goods, stores, spare parts and raw materials except those in transit and lying with third parties, have been physically verified at reasonable intervals during the year.
 - iv) In our opinion, the procedure of physical verification of stocks followed by the management are reasonable and adequate in view of the size of the company, and the nature of its business.
 - v) No material discrepancy has been noticed on verification of the stocks as compared to the book records.
 - vi) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles.
 - vii) In our opinion, the terms and conditions of interest free loans obtained from the companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are prima-facie not prejudicial to the interest of the Company. We have been explained that the Company has not taken any loan from company under the same management as defined under section 370(1-B) of the Companies Act, 1956.
 - viii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any company, firm or other parties listed in the register maintained under