

7th
Annual Report
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AHLCON

PARENTERALS
(INDIA) LIMITED



AHLCON

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.

Mr. N.P. Kumar
Nominee Director of IFCI

Mrs. Sudershan Walia
Mr. Arun Kumar Gupta
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

AUDITORS

Arun K. Gupta & Associates
D - 58, First Floor, East of Kailash,
New Delhi -110 024

FINANCIAL ADVISORS

Soni Industrial Restructuring Consultants
D - 115, Defence Colony,
New Delhi -110 024

SHARE TRANSFER AGENTS

Shree Balajee Computer Services (P) Ltd.
2nd Fl., A-39-40, W.H.S.,
Kirti Nagar, New Delhi-110 015

STOCK EXCHANGES

(Where the Company's equity shares are listed):

1. **The Delhi Stock Exchange Association Ltd.,**
West Plaza, I.G. Stadium,
Indraprastha Estate,
New Delhi-110 002
2. **The Stock Exchange, Mumbai**
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai-400 001
3. **Jaipur Stock Exchange Ltd.**
Stock Exchange Building,
Jawaharlal Nehru Marg,
Malviya Nagar,
Jaipur-302017
4. **The Calcutta Stock Exchange Association Ltd.**
Calcutta Stock Exchange Building,
7, Lyons Range,
Calcutta-700 001

REGISTERED OFFICE

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

WORKS

SP-918, Phase III,
Bhiwadi-301019,
Distt. Alwar (Rajasthan)

Note : Annual listing fee for the year 1999-2000 has been paid to all the Stock Exchanges.

AHLCON**NOTICE**

Notice is hereby given that the Seventh Annual General Meeting of the members of Ahlcon Parenterals (India) Limited will be held on 30th December, 1999 at 11 A.M. at Ahlcon Public School, Mayur Vihar Phase-1, New Delhi-110 092 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Accounts of the Company as at 31st March, 1999, and for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. Rohini S. Ahluwalia who retires by rotation and, being eligible, offers herself for reappointment.
3. To appoint a Director in place of Mr. V.K. Sachdeva who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Bikramjit Ahluwalia who retires by rotation and, being eligible, offers himself for reappointment.
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 the provisions of section 198, 269 read with Schedule XIII, section 309, 310 and other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the reappointment of Dr. Rohini S. Ahluwalia as Whole Time Director of the Company to hold office for a period of 5 years with effect from 01.04.1999 at the following remuneration:-
 - a) Basic Salary @ Rs. 10,000/- (Rupees Ten Thousand only) per month with an annual increment of Rs. 1,000/- in the monthly salary.
 - b) House Rent Allowance not exceeding 50% of the basic salary.
 - c) Free supply of gas, electricity, water, furniture and furnishings at the residence, subject to the ceiling that the expenditure incurred by the Company on the same valued as per the Income Tax Rules, 1962, shall not exceed 20% of the basic salary.
 - d) Leave travel allowance for self and family, once in a year to and from any place in India subject to a ceiling of one month's basic salary in year.
 - e) Reimbursement of Medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary in a block of three years.
 - f) Fees of maximum of two clubs, subject to the condition that Life Membership Fees shall not be allowed.
 - g) Personal Accident Insurance, the premium of which shall not exceed Rs. 1,000/- (Rupees one thousand only) per annum.
 - h) Free telephone facility at residence, subject to the condition that personal long distance calls shall be recovered from the Whole Time Director.



- i) Provision of car for use for Company's business, subject to the condition that use of car for private purposes shall be recovered from the Whole Time Director, or reimbursement of expenses incurred on conveyance in case of use of personal car for Company's business.
- j) Gratuity not exceeding one half month's salary for each completed year of service.
- k) Contribution to Provident Fund, and Pension Fund subject to specified ceilings in applicable law."

"Resolved further that pursuant to the provisions of Schedule XIII, Part II, Section II the aggregate of monthly remuneration payable to the said Whole Time Director, inclusive of the value of all perquisites (other than those specifically exempted under section II of Part II of the Schedule), shall not exceed the ceiling limits specified therein."

"Resolved further that the Company shall reimburse the Whole Time Director all expenses incurred on entertainment, travelling and/or any other expenses incurred solely for the purpose of business of the Company and that the same shall not be considered a part of remuneration."

7. To consider and if thought fit, to pass, with or without modification (s), the following resolution as an ordinary resolution :

"Resolved that pursuant to the provisions of section 198, 269 read with Schedule XIII, 309, 310 and other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the reappointment of Mr. MKG Pillai as Managing Director of the Company to hold office for a period of 5 years with effect from 20.05.1999 at the following remuneration:-

- a) Basic Salary @Rs. 22,000/- (Rupees Twenty Two Thousand only) per month with an annual increment of Rs. 2,000/- in the monthly salary.
- b) House Rent Allowance or provision of rented accommodation subject to the condition that the expenditure by the Company on hiring such accommodation or on HRA shall not exceed 60% of salary.
- c) Leave travel allowance for self and family, once in a year to and from any place in India subject to a ceiling of one month's basic salary in a year.
- d) Free supply of gas, electricity, water, furniture and furnishings at the residence, subject the ceiling that the expenditure incurred by the Company on the same valued as per the Income Tax Rules, 1962, shall not exceed 20% of the basic salary.
- e) Reimbursement of Medical expenses for self and family subject to a ceiling of one month's salary in a year or three month's salary in a block of three years.
- f) Fees of maximum of two clubs, subject to the condition that Life Membership Fees shall not be allowed.
- g) Personal Accident Insurance, the premium of which shall not exceed Rs.1,000/- (Rupees one thousand only) per annum.
- h) Free telephone facility at residence, subject to the condition that personal long distance calls shall be recovered from the Managing Director.
- i) Provision of car for use for Company's business, subject to the condition that use of car for private purposes shall be recovered from the Managing Director, or reimbursement of expenses incurred on conveyance in case of use of personal car for Company's business.
- j) Gratuity not exceeding one half month's salary for each completed year of service.
- k) Contribution to Provident Fund, and Pension Fund subject to specified ceilings in applicable law."

AHLCON

"Resolved further that pursuant to the provisions of Schedule XIII, Part II, Section II, the aggregate of monthly remuneration payable to the said Managing Director, inclusive of the value of all perquisites (other than those specifically exempted under Section II of Part II of the Schedule), shall not exceed the ceiling limits specified therein."

"Resolved further that the Company shall reimburse the Managing Director all expenses incurred on entertainment, travelling and/or any other expenses incurred solely for the purpose of business of the Company and that the same shall not be considered a part of remuneration."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution :

"RESOLVED THAT in supersession of the resolution passed by the Company in the General Meeting held on 21st November, 1997 and pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof) and pursuant to Articles 52 and 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 or Lenders - whether Government or Private - or from any other persons on such terms and conditions as the Board may consider suitable, upto a limit not exceeding Rs. 60 crores, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company by way of loans (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

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

M.K.G. Pillai

Managing Director

New Delhi, 30.11.1999

NOTES

1. 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.
2. The Register of Members and the Share Transfer Books of the Company remained closed from 20th November to 30th November, 1999 (both days inclusive).
3. 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.
4. Members/Proxies should bring attendance slips duly filled in for attending the meeting.
5. 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 Notice : Explanatory Statement u/s 173 of the Companies Act, 1956.
ITEM NO. 6 & 7 :

In terms of section 269 read with section 309 & 310 of the Companies Act, no appointment or reappointment and/or increase in remuneration of a Managing Director or Whole-time Director can be made without approval of the Central Government unless the appointment or re-appointment as the case may be and/or remuneration is in compliance with the provisions of Schedule XIII of the Companies Act, 1956.

Dr. Rohini S. Ahluwalia was appointed as Whole time Director by the shareholders of the Company at the Annual General Meeting held on 21st September, 1994, for a period of 5 years w.e.f. 1st April, 1994. Her tenure as Whole time Director, therefore, expired on 1st April, 1999. The resolution set out at item no. 6 seeks to approve and ratify the re-appointment of Dr. Rohini. for another period of 5 years w.e.f. 1st April, 1999 made by the Board of Directors of the Company, with slight revision in the remuneration as detailed in the resolution set out at item no. 6.

Mr. M.K.G. Pillai was appointed as Managing Director by the shareholders of the Company at the Annual General Meeting held on 21st September, 1994, for a period of 5 years w.e.f. 20th May, 1994. His tenure as Managing Director, therefore, expired on 20th May, 1999. The resolution set out at item no. 7 seeks to approve and ratify the re-appointment of Mr. Pillai for another period of 5 years w.e.f. 20th May, 1999 made by the Board of Directors of the Company, with slight revision in the remuneration as detailed in the resolution set out at item no. 7.

Since both the re-appointments are in conformity with the provisions of Schedule XIII of the Companies Act, 1956, no approval of the Central Government is required. The resolutions are recommended by the Directors for approval.

None of the Directors of the Company is concerned or interested in these resolutions except Mr. Bikramjit Ahluwalia and Mrs. Sudershan Walia who, being related to Dr. Rohini S. Ahluwalia, are interested in the resolution set out at item no. 6.

ITEM NO. 8 :

In terms of the provisions of section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of any public limited company shall not borrow monies which together with monies already borrowed by the Company exceed the aggregate of the paid up capital and free reserves of the Company, except with the consent of the shareholders at General Meeting. Vide resolution passed at the General Meeting held on 21st November, 1997, the Board has been authorised by the Company to borrow funds upto a limit of Rs. 30 crores. It is anticipated that your Company may need to borrow cheaper funds for repayment of existing debts as also to augment long term fund requirements in addition to long term working capital required in the general course of business. The resolution set out at Item No. 8 proposes to raise the Company's borrowing powers to Rs. 60 crores. The resolution is recommended by your Directors for approval.

None of the directors is concerned or interested in the said resolution.

Regd. Office :

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

New Delhi, 30.11.1999

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

M.K.G. Pillai
Managing Director

AHLCON**DIRECTORS' REPORT****To The Members,**

Your Directors have pleasure in presenting the Company's Seventh Annual Report together with the Audited accounts for the year ended 31st March, 1999.

Financial Results:*(Rs. in Lakhs)*

For the period ended	31.03.1999 (12 Months)	31.03.1998 (9 Months)
Sales and other Income	1007.6	586.5
Gross operating profit	380.8	64.3
Financial Charges	298.0	184.7
Cash Profit (Loss)	82.8	(120.4)
Depreciation	88.6	63.6
Misc. expenditure written off	24.9	24.1
Profit/(Loss) before tax	(30.7)	(208.1)
Provision for tax	-	-
Profit/(Loss) after tax	(30.7)	(208.1)
Misc. expenditure written back	-	64.2
Balance brought forward from Previous year	(880.9)	(737.0)
Profit/(Loss) carried forward	(911.6)	(880.9)

Operations and Performance

The year under review witnessed an improvement in the Company's overall financial performance registering a turnover (including other income) of Rs. 1007 lacs. However, on account of continued huge interest burden (Rs. 294 lacs), the Company registered net losses of Rs. 31 lacs. There was a thrust on select market segments during the year under review and the trend continues in the current year. Productivity was highest this year with capacity utilisation at 97% (previous year, 74%).

Year of Restructuring : As reported in the previous year's report your Company is under the purview of the Board of Industrial and Financial Reconstruction (BIFR). Your Directors are pleased to inform that the BIFR has circulated a draft scheme for revival of the Company on 6.10.99 envisaging a "One Time Settlement" of the dues of the Industrial Finance Corporation of India (IFCI), who have agreed to waive interest dues over and above 10% simple interest calculated on the principal amount subject to infusion of interest free funds of approximately Rs. 600 lakhs from promoters and associates.

The scheme is expected to be sanctioned shortly and your Directors are confident of a quick revival of the Company under the aegis of BIFR.

Prospects : In the current year, the upward momentum is expected to continue. We may look forward to optimum capacity utilisation and production efficiency. Customer demand for your Company's products in the select segments is expected to absorb entire available capacities in spite of industrial recession.

Directors : In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Bikramjit Ahluwalia, Dr. Rohini S. Ahluwalia and Mr. V.K. Sachdeva, Directors of the Company retire by rotation and being eligible offer themselves for reappointment. During the year under review, Mr. A.L. Batra resigned from his membership of the Board of Directors on account of pre-



occupations. Mr N.P. Kumar, General Manager, IFCI, was appointed as nominee on the Board by the lending Institution, the Industrial Finance Corporation of India.

Auditors' Report : The notes on accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

Auditors : M/s Arun K. Gupta & Associates, statutory auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Conservation of Energy, Technology absorption, Foreign Exchange Earnings/Outgo : The information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1991 is furnished in the Annexure forming part of this report.

Particulars of employees : During the year under review, no employee was in receipt of remuneration exceeding the specified limits. Hence, no disclosure under section 217 (2-A) of the Companies Act, 1956, is required to be made.

Y2K Compliance : Your Directors are pleased to report that adequate steps have been taken to make the Company Y2K compliant. The costs involved are not substantial.

Acknowledgements : Your Directors wish to place on record their appreciation to the Industrial Finance Corporation of India, Rajasthan State Industrial Development and Investment Corporation Limited and Allahabad Bank for the continued support and cooperation extended by them. Your Directors also acknowledge the support and the goodwill extended by the employees, customers and suppliers.

for and on behalf of the Board of Directors

New Delhi, 30-11-99

Bikramjit Ahluwalia
Chairman

AHLCON**ANNEXURE TO THE DIRECTORS' REPORT****A. Conservation of Energy**

The following measures have been undertaken by your Company during the year for conservation of energy.

1. General reduction in energy consumption level by minimum use of lighting and fans in the production/ packing area, stores, office & corridors and area outside the plant.
2. Timely preventive maintenance of Electrical motors and accessories.

(A) 1. Electricity, Power and Fuel consumption		Current year	Previous Year
(a) Purchased:			
Units		1149488	567944
Total amount (Rs)		3959606	1989175
Average Rate Unit		3.44	3.50
(b) Own Generation:			
Units generated		438540	351903
Units per ltr. of diesel oil		2.90	2.96
Average cost/ unit		2.92	3.10
2. Fuel (Furnace Oil/ LDO) :			
Unit (K Ltrs)		452020	275660
Total Amount (Rs)		2739472	1637593
Average Rate/ unit		6.06	5.94
(B) Consumption (Value) Per unit of production:			
Electricity		0.383	0.394
Fuel (Furnace Oil/ LDO)		0.200	0.209

B. Technology Absorption, adaptation and Innovation:

The Company manufactures I V 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:		(Rs. in lacs)	
		Current year	Previous year
Foreign Exchange Earnings		69.29	78.54
Foreign Exchange Outgo :			
(a) Foreign Travel		4.52	7.86
(b) Imports - Machinery/Spares		14.42	1.94
(c) Imports- Raw Material		130.23	80.13
(d) Imports - Capital Goods		4.33	-
(e) Bank Charges & Interest on Imports & Exports		3.13	1.89
(f) Registration Charges		11.10	-

for and on behalf of the Board of Directors

BIKRAMJIT AHLUWALIA
Chairman

New Delhi, 30.11.99