

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of AHLCON PARENTERALS (INDIA) LIMITED will be held on Tuesday, the 30th Day of September, 2003 at 4.00 P.M. at the Ahlcon Public School, Mayur Vihar, Phase-I, Delhi-110091 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003 and Profit & Loss Account 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 Mr. V. K. Sachdeva, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. K. G. Pillai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bikramjit Ahluwalia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General 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 re-appointment.

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 257 and other applicable provisions of the Companies Act, 1956, Dr. S. C. L. Gupta, Additional Director of the Company who hold office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his appointment as Director of the Company along with a deposit of Rs.500/-, be and is hereby appointed a Director of the Company, and that Dr. S. C. L. Gupta's period of office shall be liable to determination by retirement by rotation.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the following clause, be and is hereby added after Clause 77 to the Articles of Association of the Company.

77A : Passing of Resolution by Postal Ballot

"Notwithstanding anything contained in the Articles of the Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and / or other ways as may be prescribed by the Central Government in this behalf."

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

"RESOLVED that pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Corporate Guarantee given by the Board of Directors of the company in favour of Allahabad Bank towards due payment of principal, interest and other dues of Allahabad Bank for the financial assistance of Rs.24.50 Crores (Rs. 20 Crores non- fund-based and Rs.4.50 crores fund based) granted to M/s Ahluwalia Contracts (India) Limited, be and is hereby confirmed."

By order of the Board
For **AHLCON PARENTERALS (INDIA) LIMITED**

New Delhi-110017
Dated: 30. 07. 2003

Nilanchal Pradhan
Company Secretary

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/ HERSELF 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 resolution stated at item no. 8 for approving extension of corporate guarantee requires consent of the members through postal ballot.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 16th. September to 30th. September 2003 (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 the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at 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.

7. Shareholders are requested to intimate the change in address, if any, to the Company's Registrar and Share Transfer Agent M/s Mas Services Pvt. Ltd, at AB-4, Safdarjung Enclave, New Delhi-110029.
8. Shareholders are requested to bring their copy of Annual Report to the meeting.
9. At the ensuing Annual General Meeting Mr. V K Sachdeva, Mr. M K G Pillai, and Mr. Bikramjit Ahluwalia shall retire by rotation and being eligible, offer themselves for re-appointment. Dr. S C L Gupta, who was appointed as an Additional Director on dated 29.01.2003 shall hold office upto to the date of ensuing Annual general Meeting and being eligible, offers himself to be appointed as a regular Director. Pursuant to Clause 49 of the Listing Agreement the particulars of above said Directors are given below:

Mr. V K Sachdeva

Mr. Sachdeva is having the qualification of M.A. (Economics) and LL.B. He was a privileged member of the Indian Revenue Service with Income Tax Department and retired in 1991 as a Chief Commissioner / Director General Administration. Presently he is working as a Tax Consultant.

He joined the Board of your Company as a Director on 16-08-1993 and serving your company continuously till date.

Other Directorship : 1. Ahluwalia Contracts (India) Limited 2. CostPlus Credit Capital limited

He has been holding membership of Audit Committee and Remuneration Committee and Chairman of Shareholders Grievance Committee in Ahluwalia Contracts (India) Limited

Mr. M K G Pillai

Mr. Pillai is M.Com with LL.B, having specialisation in business Management. He is having more than 40 years of experience to his credit. Before inception of the pharmaceutical business of your company, he was the Managing Director for mote than 10 years, of a well known EOU Company namely JV Electronic Limited in collaboration with Slumbreger, a big name in South Carolina, USA with head quarters in France.

He has been appointed as the Managing Director of your Company in the year 1993 and continuing in the same position, with your approval, till date.

Mr. Bikramjit Ahluwalia

Mr. Ahluwalia, a Civil Engineer by qualification and having more than four decades experience in various business segment. He has himself promoted the Ahluwalia Contracts (India) Limited in the year 1979, which has become a pioneer in the construction and engineering industry. He is also the founder Chairman of Ahlcon Public School and Ahlcon International School in New Delhi. He has been honoured with many prestigious awards for his contribution to the Society in general. He is serving your Board in the capacity of Chairman since its inception.

Other Directorship : 1. Ahluwalia Contracts (India) Limited, 2. Ahluwalia Builders and Development Group (P) Limited, 3. Capricorn Industrials Limited

Dr. S C L Gupta

Mr. Gupta, having qualifications of M.S, M.I.S, C.O., is a well known doctor in the Medical profession in New Delhi. He is presently serving as senior consultant Surgeon and Oncologist at Batra Hospital Medical research Center. He is also in the panel of Surgeon for many well-reputed hospitals and Companies like NTPC and Indian Airlines.

He has joined your company as an additional director on the Board on dated 29.01.2003. He is not holding directorship in any other company.

Annexure to Notice: Explanatory Statement u/s 173(2) of the Companies, Act, 1956.

Item No. 6

Pursuant to Article 80 of the Articles of Association of the Company Dr. S. C. L. Gupta was appointed as Additional Director by the Board at their meeting held on 29.01.2003. In terms of provisions of Section 260 of the Companies Act 1956, the Additional Director cease to hold office at Annual General Meeting unless re-appointed by the shareholders. Your Company has received in writing from a member of the Company along with Rs.500/- proposing appointment of Dr. S. C. L Gupta as Director on the Board under Section 257 of the Companies Act 1956.

In view of the valuable guidance that can be lent to the Company by Dr. S. C . L Gupta as director on the Board , your directors recommend passing of the resolution set out at item No. 6 of this notice.

None of the Director except Dr. S. C. L. Gupta, is interested in the above said resolution as appointee.

Item. No. 7

As per the Provisions of Section 192A of the companies Act, 1956, the company may be required to pass resolutions through postal ballot at any point, if any of the transactions as provided by the Companies (Passing Of Resolution By Postal Ballot) Rules, 2001 has to be carried out. Hence, the existing Articles of the company has to be amended by incorporating a relevant clause therein.

As per the provisions of Section 31 of the Companies Act, 1956, any amendment in the Articles of Association has to be approved by the members through a special resolution. Hence the Board recommends the same to be approved by a special resolution.

None of the Directors are interested in the above said resolution.

**Item No. 8.**

M/s Ahluwalia Contracts (India) Limited, besides being the promoter company, also has played a vital role for the existence and survival of your company at many times. The said Ahluwalia Contracts (India) Limited was sanctioned by the Allahabad Bank a financial assistance of Rs.24.50 Crores (Rs. 20 Crores non- fund-based and Rs.4.5 crores fund based) on dated 30.04.2003. As a precondition for disbursement of the financial assistance, the bank had put a condition for extension of Corporate Guarantee by your company, being a group company and accordingly, it was requested to your company for issuance of a Corporate Guarantee in favour of the said bank.

That as per the provisions of Section 372A of the Companies Act, 1956, a company can make loan, give any guarantee or provide security or invest in securities, aggregating to the extent of 60% of the paid up capital and free reserves or 100% of its free reserves whichever is more with the consent of the Board. But when such limit exceeds the above said limit, it can do so with the consent of the shareholders by way a of previously authorised special resolution. However, the Board can give such guarantee, without being previously authorised by a special resolution, if the resolution of the Board is confirmed within 12 months, in a general meeting of the Company or the Annual General Meeting held immediately after passing of the resolution, whichever is earlier.

As the Corporate Guarantee for Rs.24.50 Crores was more than 60% of the paid-up capital and free reserves of the Company, it was not feasible at that time to take previous approval of the shareholders. Keeping in view the help and support extended by the Ahluwalia Contracts (India) Limited to your company, the Board extended the Corporate guarantee in favour of Allahabad Bank for the financial assistance granted by them, by way of a resolution passed in their meeting which was subject to the further approval by the shareholders in a general meeting, through a special resolution.

As per the provisions of Rule 4 (g) of the Companies (Passing of Resolution By Postal Ballot) Rules, 2001, giving loans or extending guarantee or providing security in excess of the limit prescribed under sub-section (1) of Section 372A has to be approved by the members through the system of postal ballot.

Accordingly, the ballot forms are being posted to all the eligible members of the Company. The members are requested to send the ballot form duly filled up within a period of 30 days from the date of dispatch of the notice.

The Board therefore, recommends confirming the above resolution for your confirmation.

None of the Directors except Mr. Bikarmjit Ahluwalia, Ms. Sudarshan Walia, Mr. Arun Kumar Gupta and Mr. V K Sachdeva being common directors, are interested in the above said resolution.

By order of the Board
For **AHLCON PARENTERALS (INDIA) LIMITED**

New Delhi-110017
Dated: 30.07.2003

Nilanchal Pradhan
Company Secretary

**DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting their 11th Annual Report on the business and operation of your Company for the year ended 31st March 2003.

Financial Results**(Rs. in Lacs)**

For the year ended	31.03.2003 (Current Year)	31.03.2002 (Previous year)
Sales and other Income	1663.71	1465.73
Gross operating Profit	381.21	429.43
Financial Charges	106.94	35.76
Cash Profit	274.27	393.67
Deprecation	223.86	200.82
Misc. expenditure written off	3.98	3.98
Profit before Tax	46.43	188.87
Provision for deferred Tax	21.31	42.07
Provision for Current Tax	3.50	13.00
Income Tax for Earlier Years	1.62	—
Profit after Tax	20.00	133.80
Provision for doubtful debt/advances written back	0.54	13.29
Balance brought forward from previous year	(14.26)	(161.35)
Profit / (Loss) carried forward	6.28	(14.26)

Operations and performance

During the year under review, the Company has carried out expansion by creating additional capacity of 180 lacs bottles in LVP line and 200 lacs bottles in SVP line. Due to such additional capacity, the Company achieved a sales turnover of Rs. 1663.71 lacs, a growth of 13.42 % over the previous year's figure of Rs. 1465.73 lacs. However the net profitability of the Company declined to Rs. 46.43 lacs as compared to the previous year's figure of Rs. 188.87 lacs, which is mainly due to the interest burden on debts raised for successive expansion for creation of additional capacities.

CORPORATE REVIEW

As reported earlier year, your company has achieved the most desired standard GMP (Good Manufacturing Practice) Standard to get its products of international recognition with highest quality. After achieving the benchmark, the demand for the products of your company has considerably increased in both the domestic and international market. Keeping in view the quality concept, which has undergone major changes globally for pharma products of your directors are totally committed to improve and maintain its quality consciousness only because of which it has sustained in the market in difficult times.

**Expansion**

It was the essence of the time to increase the range of products and volume to sustain in the niche market, which your company has developed and also to meet the demand of the valued customers whose numbers are growing day by day. Being alive to changed industrial scenario, your company has already diversified into ophthalmic / Ear care products by creating additional capacities of 200 Lacs bottles in SVP (Small Volume Parenterals) whereby the products range has also increased to a great extent. Your company has also carried on a 2nd phase of expansion in both LVP and SVP line by creating further additional capacity of 180 Lacs bottles and 480 Lacs bottles respectively. The commercial production in these products line has already been started.

Exports

Due to the improvement in the international business scenario, the Company has been able to earn Rs.133.15 Lacs in comparison to Rs. 40.78 Lacs in the Previous year. In addition to the direct exports, the company has achieved indirect export through third parties Rs.35 Lacs, making the total exports, to Rs.168.15 Lacs. The company has developed third parties in India, for export of the products, who have a better marketing network internationally. In such practice, apart from assured payment, your company is also benefited by getting credit for its export obligations under the EPCG Scheme and in some cases, the DEPB benefits also. Your directors are continuously exploring the possibilities to increase the export earnings.

Directors

Simultaneously with the growth of the Company in the upward direction, the rate of environmental challenges are also growing. To face such challenges in the highly competitive industry, the Directors are continuously exploring to inculcate to their Board, persons with high perspective and skills.

The Board has inducted Dr. S. C. L. Gupta, a well known physician and having enough experience in the pharmaceutical field, as additional director to sub serve above purposes. The Board hopes that he shall be appointed as regular director with your approval.

In accordance with the provisions of the Companies, Act, 1956 and Articles of Association of the Company, Mr. V. K. Sachdeva, Mr. M. K. G. Pillai and Mr. Bikramjit Ahluwalia, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Keeping in view the longstanding service provided by them, your directors hope for their re-appointment to the Board.

Directors' Responsibility Statement : Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That the applicable accounting standards have been followed alongwith proper explanation relating to material departures in the preparation of annual accounts;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent 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 profit or loss of the Company for the year under review;

- (iii) That the Directors have taken 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;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled "Report on Corporate Governance" has been annexed to this Annual Report.

Auditor's Report

The notes on accounts referred to 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, 1988 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 217(2A) of the Companies Act, 1956, is required to be made

Industrial Relation

The Company continued to maintain very healthy, cordial and harmonious industrial relations at all levels and the Directors wish to place on record their appreciation for the contributions made by the employees at all levels and take this opportunity to thank all employees for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of employees have enabled the Company to remain at the forefront of the industry despite severe competition.

Acknowledgements

Your Directors would like to express their grateful appreciation to the Allahabad Bank for their timely financial help and assistance at all phases of working to make it successful.

They also express their grateful appreciation for the assistance and cooperation received from the shareholders, RIIIO and various government authorities. Last but not the least, the Directors wish to place on record their deep sense of appreciation for the devoted service of the Executives, Staff and workers of the company for its success.

For and on behalf of the Board of Directors

New Delhi - 110017
Date : 30.07.2003

Bikramjit Ahluwalia
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

I - 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 installing most modern power saving equipments and by minimum use of lighting and fans in the production/ packing area, stores, office and 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		2070928	1530948
Total amount (Rs.)		91,11,887	71,20,534
Average Rate per Unit		4.40	4.65
(b) Own Generation :			
Units Generated		326306	274166
Units generated per liter of Diesel oil		2.97	2.89
Average Cost per Unit (Rs.)		5.55	5.47
2 Fuel (Furnace Oil/ LDO) :			
Units (ltrs.)		619145	484520
Total amount (Rs.)		71,66,979	41,70,277
Average Rate/Unit (Rs.)		11.57	8.61
(B) Average Consumption (value) per unit of production :			
Electricity		0.307	0.267
Fuel (Furnace Oil/ LDO)		0.201	0.129

II- Technology absorption, adoption and innovation:

The Company manufactures IV Fluids using the FFS (Form-Fill-Seal) technology, imported from Rommelag AG of Switzerland which is fully absorbed and as a result of which the company is able to derive the benefits of import substitution of materials and superior quality products.

III - Foreign Exchange Earnings and Outgo:

	Current Year	(Rs. In Lacs) Previous Year
Foreign Exchange Earnings	133.15	40.78
Foreign Exchange Outgo :		
(a) Foreign Travel	16.79	10.16
(b) Imports - Machinery and Spares	31.41	17.42
(c) Imports - Raw Materials	189.83	181.54
(d) Commission	1.11	0.35
(e) Bank Charges	0.31	0.46
(f) Registration Charges	4.13	—
(g) Capital goods	1057.91	—

For and on behalf of the Board of Directors

New Delhi - 110017
Dated: 30.07.2003

Bikramjit Ahluwalia
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

India, with a population of over 1 billion, is the 2nd largest pharmaceutical market in the world with respect to volumes and is one of the top fifteen pharmaceutical markets in terms of sales. It is also among the top twenty pharmaceutical exporters in the world and among the top five manufacturers of bulk drugs in the world. Indian pharmaceutical market is highly fragmented with about 22,000 players forming Rs. 20 billion in revenues and growing at a rate of 13%. The organized sector comprises about 260 players and the top ten companies account for one-third of the market. This primarily consists of branded generic products offering 30,000 brands in over 110 therapeutic segments.

OUTLOOK ON OPPORTUNITIES

The Indian pharmaceutical industry is undergoing a sea change in its structure (Mergers, Acquisition, marketing alliances etc) as well as in composition (shift in therapeutic mix). The quality concept of pharmaceutical industry also has undergone major changes calling for new technologies to meet the quality of international standard. The same things are equally applicable on the I V Fluids segments of the pharmaceutical industry. With 2005 round the corner the larger pharmaceutical companies are also spearheading the change with greater emphasis towards drug discovery and development and synergies through enhanced reach, economies in scale of operations and in R & D. The New DPCO is also likely to affect the domestic Indian market positively, with greater flexibility and control on its products in the market. Internationally, expiry of product patents in regulated market will be the key growth driver.

As per the latest ORG Report, Ophthalmic segment in India is growing at rate of more than 15 percent per annum which provides enough scope for growth of new players.

OUTLOOK ON THREATS, RISK AND CONCERNS

Intravenous infusion industry has always had a very typical dynamics in Indian scenario. The industry is suffering from cutthroat competition because of over capacities and pricing based strategy of some of the large players. This has had a negative affect on all companies operating in this segment. With WTO on the anvil, competition on existing and new products has further increased the pricing pressures. But to counter these challenges, your company designed a strategy which initially was a survival strategy in a declining industry. However, the same ultimately proved to become the basis of growth strategy for the Company.

The vision of your company always was to provide quality products and services of the highest standard. This differentiation set your company apart from the competition and in an industry, which is having an installed capacity of more than 150 percent of the requirements, your company could achieve annual capacity utilization of close to 90 percent.