

2005-2006

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AHLCON PARENTERALS (INDIA) LIMITED
(AN ISO - 9001:2000 CO.)

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■ BOARD OF DIRECTORS

Mr. Bikramjit Ahluwalia
Chairman

Dr. Rohini Ahluwalia
Vice-Chairperson

Mr. M. K. G. Pillai
Managing Director

DIRECTORS

Ms. Sudarshan Walia

Mr. Arun Kumar Gupta

Mr. V. K. Sachdeva

Prof. Dr. G. P. Talwar

Dr. S. S. Arora

Dr. S. C. L. Gupta

Report



Mr. Nilanchal Pradhan
Company Secretary

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Chairman's Message

Dear Shareholders,

The pharmaceutical industry forms a lifeline industry that plays a very central role in building a strong human capital of a country and is essential for the economic growth and development. With its huge size and phenomenal growth, the industry continues to enjoy consistently high return on invested capital, even after capitalizing the huge R&D investment. The world pharmaceutical market is estimated at USD 602 billion and expected to grow to USD 720 billion by 2007. With inflation adjusted compound annual growth rate of 20 per cent over the last two decades, growth of this market has significantly outstripped global economic growth. Recent trend of consolidations sweeping across the pharmaceutical industry all over the world, this industry continues to be one of the largest creators of shareholder value.

Performance

The company's performance continues to be scaling upward and during the year it has achieved new milestone in every sphere of its operations. The company accelerated its internal initiatives on productivity enhancement, cost optimization and a congenial work environment, which has lead to achieving the desired and planned results. It shall be priority of the Management to put continuous efforts to further achieve increased productivity and cost efficiency in all departments of the company.

For the present level of capacity, the company has decided to pursue a more active policy on product mix, customers' orientation and co marketing in international parlance to achieve optimum revenue generation for the company. Going a step further, we have already made the manufacturing facilities compliance as per the international standards and thereby getting accreditations form many countries where the products of the company are in high demand.

Going Generic:

With more and more molecules going off patent and entering into the arena of Generics, given the skills in R&D with GMP compliant, India is growing as a hub for contract manufacturing by the leaders of global pharmaceutical manufacturers. There has been a continual increase in the sales of generic drugs (drugs that contain the same active ingredient as the original brand name pharmaceutical, but differ from the original in terms

of non-active ingredients and can be marketed only after the expiry of the patent for the original drug).

During the last few years of our operations, we have been able to create a niche market for contract manufacturing and more and more valued customers; both from the national and international market are approaching us for getting their products manufactured in our plant. The well-established process with modern engineering skills matching global regulatory needs, we shall be able to crave further plans and projections.

Life flows from technical excellence...

AHLCON

The Ways Ahead; Promises and Challenges:

With the introduction of the new product patent regime, there will be a significant shift of R&D focus from process research to discovering new drugs and effective ways to deliver the newly discovered drugs. To cope up with such a situation, setting up of in-house R & D center was essential to cater the growing demand. The newly built up R & D center has been equipped with all modern amenities to pave the way for new formulations development.

Outsourcing of research and development has emerged as a global norm in the pharma industry. Desire to bring new products quickly into the market, aggressive competition, intricacies of product development and need for financial flexibility, are some of the reasons that drive companies towards outsourcing. We are thriving to avail the opportunities spurt by such global phenomenon and hopefully create a recognized position like contract manufacturing for this particular segment also.

The pharmaceutical Industry is undergoing a facelift, and several regulatory changes will have significant impacts on operations at both national and international level. Prominent among them will be attitude of the Indian govt. for setting up excise and tax free zones, price regulation, increase threat of patent violations and many more. To keep pace with all these developments, we are taking every care for sustaining in the long run and remain in the forefront of the industry.

Capacity Expansion:

As the part of carefully thought out expansion planning strategy, the present installed capacity has to be significantly increased to cater the more and more demand of existing products and scheduling of new products in the market. Even though many new players have forayed into the industry and the available capacity have gone substantially, we have been putting our foots cautiously, banking upon the experience we have gained in the past years of operations. The present expansion programme shall become operational in the mid of the next year and shall cater to the increased demand from the international customers.

Strong work force

At Ahlcon, we pay utmost importance to the best factor- Human Resources who are our real asset. We have a collective pool of the best technical people available in the industry. The Management is making sincere efforts to create an environment in which the work force can feel motivated and perform to their best potential.

Best Corporate Governance:

We follow the best practices of the Corporate Governance enunciated by the present corporate culture for the overall growth of our valued investors. I sincerely thank all of you for continuing to repose your confidence in the Management.

With our continuous initiatives to introduce innovative measures of managing the affairs, we are sure to record an improved performance in the coming years capitalizing all the new opportunities.

Bikramjit Ahluwalia
Chairman

Committed to zero defect quality...

AHLCON

NOTICE

Notice is hereby given that the **14th Annual General Meeting** of Ahlcon Parenterals (India) Limited will be held on Saturday, the 30th day of September 2006 at 03.00 P.M. at the Ahlcon Public School Auditorium, Mayur Vihar, Phase-I, New Delhi-110092 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2006, 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 declare dividend on Equity shares of the company.
3. To appoint a Director in place of Mr. Bikramjit Ahluwalia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. M K G Pillai, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Arun Kumar Gupta, who retires by rotation and being eligible, offers himself for reappointment.
6. 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/ Audit Committee 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:

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 81 (IA) and all other applicable provisions, if any, of the Companies Act, 1956, and the enabling provisions in the Memorandum & Articles of Association of the company and pursuant to the provisions of Listing Agreements entered into by the company with the Stock Exchanges where the shares of the Company are Listed and subject to the guidelines issued by the Securities and Exchange Board of India (SEBI), Secretariat of Industrial Assistance/ Foreign Investment Promotion Board /Reserve Bank of India (RBI) and subject to the provisions of the Foreign Exchange Management Act, 1999(FEMA) and all other concerned Authorities, if any, and to the extent necessary, and subject to any such condition(s), alteration(s), modification(s), change(s) and variation(s), if any, that may be stipulated under such approval(s), permission(s), sanction(s) and consent(s), the Board of Directors of the company be and is hereby authorized to offer, issue and allot, in part or in full or in various tranches Preference Shares of the face value of Rs.10/-each for cash at par aggregating to Rs. 7,00,00,000/- (Rupees Seven Crores Only) on the preferential allotment basis to Non- Resident Indians as per the terms stipulated in the explanatory statement enclosed.:

RESOLVED FURTHER THAT:

- (i) The offer, issue and allotment of the aforesaid Preference shares shall be made at such time or times and at such coupon rate or rates as the Board may in its absolute discretion decide, subject however to the compliance with the applicable guidelines, notifications, rules and regulations.
- (ii) The Preference shares so allotted in one or more tranches shall rank pari-passu with in between them except that they shall be entitled to dividend w.e.f from the date of allotment on pro-rate basis, for the financial year in which they are allotted and on the capital time being paid-up thereon.
- (iii) The Board be and is hereby authorized to accept any modification(s) to or to modify the terms of issue of the said new Preference shares subject to the provisions of the Companies Act, 1956 and SEBI guidelines/ Regulations, without being required to seek any further consent or approval of the company in general meeting.
- (iv) The Board be and is hereby authorized to delegate all or any of the powers therein conferred by this resolution to any Director or directors or to any committee of Directors or any other officers of the company to give effect to the aforesaid resolutions including to execute any documents on behalf of the Company and to represent the Company before any Government Authorities and to appoint any professional Advisors/ Consultants / Lawyers.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take such acts, deeds matters and things and to accept any alteration(s) or modification(s) as they may deem fit and appropriate and give such directions as may be necessary to settle any question or difficulty that may arise in regard to offer, issue and allotment of the said instruments, including power to allot the un-subscribed instrument(s), if any, in such manner as may be deemed fit and appropriate to the Board of Directors and/or any legal/regulatory body, to be most beneficial to the Company."

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

"RESOLVED THAT consent of the company be and is hereby given for de-listing the Equity Shares of the company from the Stock Exchanges at Delhi, Kolkata and Jaipur in accordance to the Securities Exchange Board of India (De-listing of Securities) Guidelines, 2003."

FURTHER RESOLVED THAT the Board be and is hereby authorized to delegate all or any of the powers therein conferred by this resolution to any Director or directors or to any other officers of the company to give effect to the aforesaid resolutions including to execute any documents on behalf of the Company and to represent to the Company before the Stock Exchanges."

New Delhi

Dated : 29.07.2006

By order of the Board

For AHLCON PARENTERALS (INDIA) LIMITED

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. Proxies shall not have any voting rights except on a poll.
3. Only bonafide members of the company whose names appear on the Register of Members/ Beneficiaries/Proxy holders, in possession of valid attendance slips duly filed and signed will be permitted to attend the meeting. The company reserves its right to take all steps as may be deemed necessary to restrict non members (excluding valid proxy holder) from attending the meeting.
4. The Register of Members and Share Transfer Books of the company shall remain closed from 18th. September 2006 to 30th September 2006 (both days inclusive) for the purpose of ascertaining entitlement to dividend and AGM.
5. The dividend for the year ended 31st March 2006 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appears in the Company's Register of Members as on the opening hours of September 18th, 2006. In respect of shares held in electronic form, the dividend will be paid to the beneficial owners on the above said date as per the details provided by the NSDL and CDSL.
6. Members those who may not have received/encashed the dividend warrants for the year 2004-05 may claim it/ apply for revalidation either to the RTA or the Secretarial Department of the company. Any amount remaining pending as unclaimed dividend for the said year shall be due for transfer to the Investor Education and Protection Fund on 29th. Day of September 2012.
7. 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.
8. 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.
9. 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.
10. Shareholders are requested to immediately intimate the change in address and bank details, 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 for payment of dividend. Those who are holding their shares in dematerialized form should notify to their Depository Participants, change /correction in their address/ bank account particulars etc.
11. Shareholders are requested to bring their copy of Annual Report to the meeting.

12. At the ensuing Annual General Meeting Mr. Bikramjit Ahluwalia, Mr. M K G Pillai and Mr. Arun Kumar Gupta shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement the particulars of above said Directors are given below:

Mr. Bikramjit Ahluwalia

Mr. Ahluwalia, a Civil Engineer by qualification and having more than four decades experience in management of various business segment. He has himself promoted the Ahluwalia Contracts (India) Ltd 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. Capricon Industrials Limited.

Mr. Ahluwalia is not a chairman/member of any committee.

Mr. Ahluwalia is holding 597412 equity shares of the company as on the date of the notice.

Nature of expertise in specific functional area: Business Management

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 more 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 1994 and continuing in the same position, with your approval, till date.

Mr. Pillai is neither a director nor a chairman/member of any committee of other company.

He is holding 12500 equity shares of the company as on the date of the notice.

Nature of expertise in specific functional area: Business Management.

Mr. Arun Kumar Gupta

Mr. Gupta is having the qualifications as FCA, CWA and is a Management Consultant by profession. He was nominated to the Central Council of the Institute of Chartered Accountants of India from 1992 to 1995. He is having to his credit of restructuring of many big corporate houses.

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. Satia Synthetics Limited

He has been nominated as the chairman of Audit Committee and members of Remuneration Committee and Shareholders Grievance Committee in Ahluwalia Contracts (India) Limited. He is also a member of the Audit Committee of Satia Synthetics Limited.

Nature of expertise in specific functional area: Corporate restructuring & Financial Management

Mr. Arun Kumar Gupta is not holding any shares of the company.

Annexure to Notice: **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

Item No. 7: Issue of Preference Shares

After coming out of the purview of the BIFR, it was necessary for the company to make expansion in the existing product lines to sustain the growth of the company in the long run. With a mission to achieve the targeted growth, the Company has taken up various expansion projects in the recent past. The fund requirements for these have been met through the internal accruals.

However, increase in product volumes and product range is the need of the day to remain in the forefront of the intensely competitive pharmaceutical industry. To venture into the ever-growing international market in various part of the world, the Company is in the process of expansion at its existing state of the art manufacturing facilities for manufacture of Pharmaceutical Formulations and Active Pharmaceutical Ingredients. The company is also in the process of re-structuring debt structures by arranging low cost alternative finance. To ensure that the basic requirements are met within the guidelines of various financial policies already approved by the Board, it is necessary to bring in a part of the requirement in the form of preference shares being the cheapest method of raising finance.

Few NRI investors have expressed their intention to subscribe to the proposed Preference Shares of the company.

Raising of capital through preferential allotment is one of the most cost effective method as no Merchant Banker need to be appointed and other issue related expenses are not to be incurred. The company can raise such FDI under the automatic route as per the guidelines issued by RBI and foreign direct investment authorities.

No change is expected in the Board of Directors of the Company consequent to such allotment. Further, since the proposed allottee is not the Body Corporate under the same management / not acting in the concert, the proposed allotment will not result in the change in control of the company.

Pursuant to Section 81 and other applicable provisions of the Companies Act, 1956 approval of the members is sought for implementing the above offer and allotment of the Preference Shares.

Yours Directors recommend the resolution to be approved by way of a Special Resolution..

None of the Director is concerned / interested in the above resolution.

Item No. 8- De-listing of Securities

The company is presently listed with the BSE, DSE, CSE and JSE. For the last few years, trading of shares in the other three stock exchanges except BSE, has come to a stand still . Hence, in the best interest of the company as well as its shareholders, the Board has advised for the delisting of the shares from all the three stock exchanges.

As per the provisions of the Securities Contracts (Regulation) Act, 1956 and the guidelines issued by SEBI, such delisting can be made with the consent of the shareholders of the company by means of a special resolution.

Yours Directors recommend the resolution to be approved by way of a Special Resolution.

None of the Director is concerned / interested in the above resolution.

Place: New Delhi

Dated: 29.07.2006

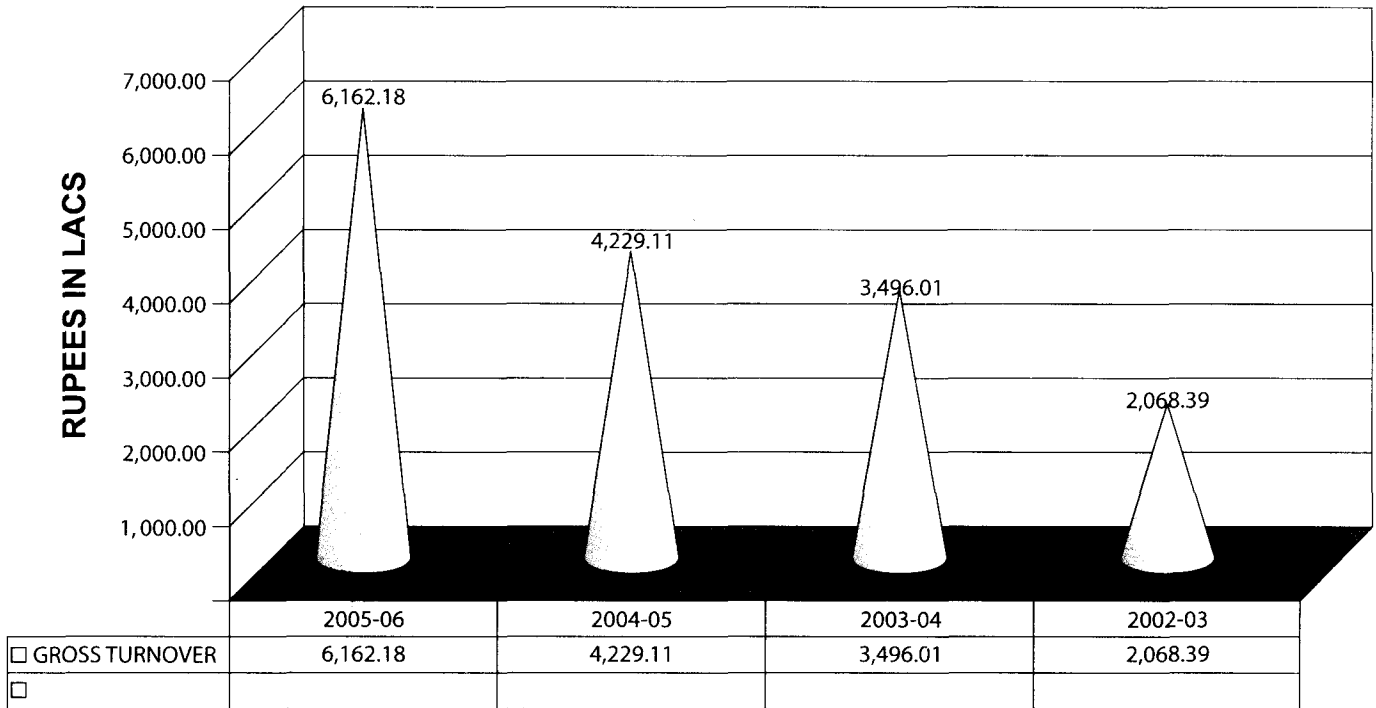


By order of the Board

For AHLCON PARENTERALS (INDIA) LIMITED

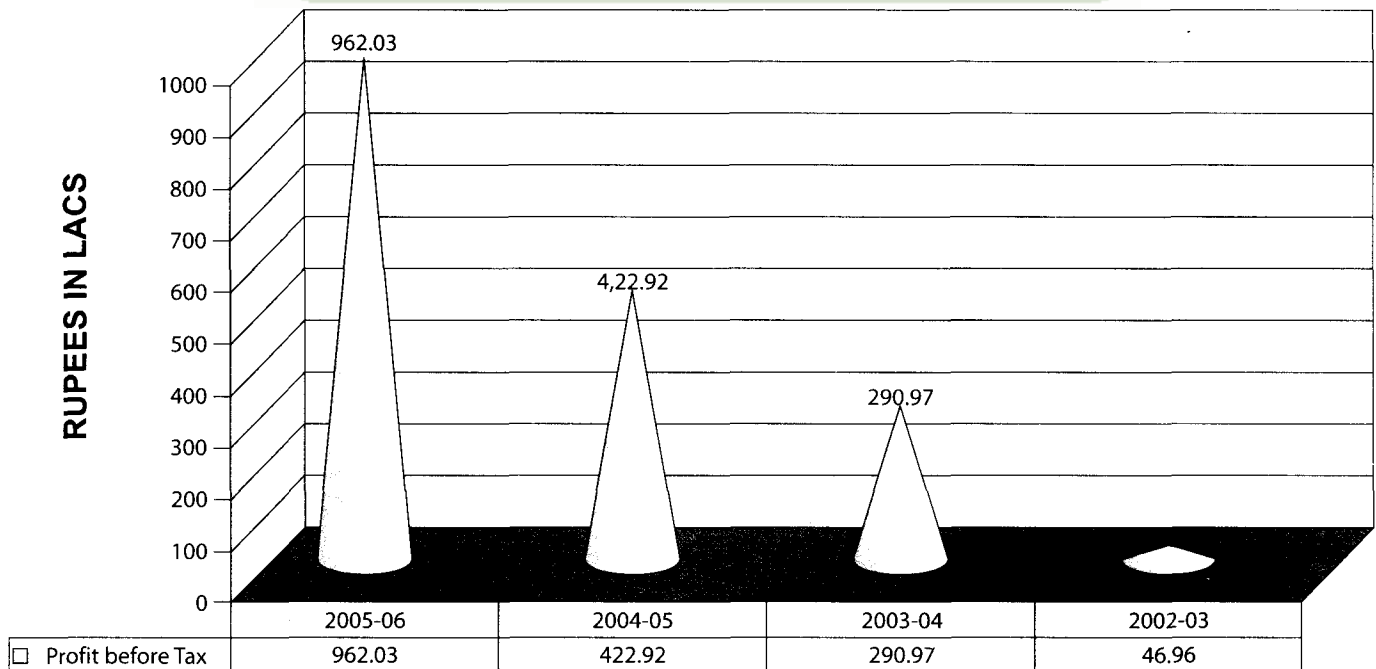
Nilanchal Pradhan
Company Secretary

TURNOVER



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Increase trend in performance...

DIRECTORS' REPORT

To the Members,

We are delighted in presenting the 14th Annual Report on the business and operations of the Company for the year ended 31st March 2006.

Financial Results:

(Rs. In Lacs)

For the year ended 31.03.2006	31.03.2006 (Current Year)	31.03.2005 (Previous Year)
Sales (including excise)and other Income	6162.18	4226.77
Gross operating Profit	1453.42	902.82
Financial Charges	106.71	158.72
Cash Profit	1346.71	744.10
Deprecation	342.00	322.17
Misc. expenditure written off	1.34	1.35
Provision for doubtful debts	41.33	-
Provision for doubtful debts/advances written back	-	2.34
Profit before Tax	962.03	422.92
Provision for Deferred Tax	(25.75)	163.22
Provision for Current & Fringe Benefit Tax	318.93	33.20
Income Tax for Earlier Years	-	1.51
Profit after Tax	668.85	224.99
Balance brought forward from previous year	285.00	162.11
Profit available for appropriation	953.85	387.10
Proposed Dividend	108.00	72.00
Tax on Dividend	15.15	10.10
Profits transferred to General Reserve	40.00	20.00
Profits transferred to Capital Redemption Reserve	90.00	-
Profit carried forward	700.70	285.00

OPERATIONS AND PERFORMANCE

The company has surpassed all its previous records and has achieved a sales turnover of Rs.6162.18 Lacs (including excise), a growth of 46% (approx) as compared to the previous year's figure of Rs.4226.77 lacs. Due to the constant efforts put by the directors in internal initiatives on productivity enhancement, cost optimization and a congenial work environment, the company has achieved Net Profit after tax of Rs.668.85 Lacs as compared to the previous year's figure of 224.99 lacs, a growth of 197 %(approx).

Due to the constant innovative approach in technical excellence, the installed capacities on both LVP (Large Volume Parenterals) and SVP (Small Volume Parenterals) lines have been utilized to its fullest extent and thereby achieving an operating efficiency of more than 100%.

DIVIDEND

On the basis of the increased performance, we recommend a final dividend of Rs.1.50 per Equity Share (face value Rs.10 per share) subject to your approval at the ensuing Annual General Meeting scheduled to be held on 30th. September 2006. The dividend declared at the AGM will be paid to those members whose names are on the Register of Members of the company and the beneficiaries' list of the Depositories as on the opening hours of September 18th, 2006.

TRANSFERTO RESERVES

Out of the profit available for appropriation, we propose to transfer Rs.40 lacs to the general reserve of the company.

During the year under review, the company redeemed the Preference Shares of Rs.90 Lacs issued to two NRI shareholders as per the terms of the issue and has transferred an equal amount to Capital Redemption Reserve Account.

Caring Life...

AHLCON