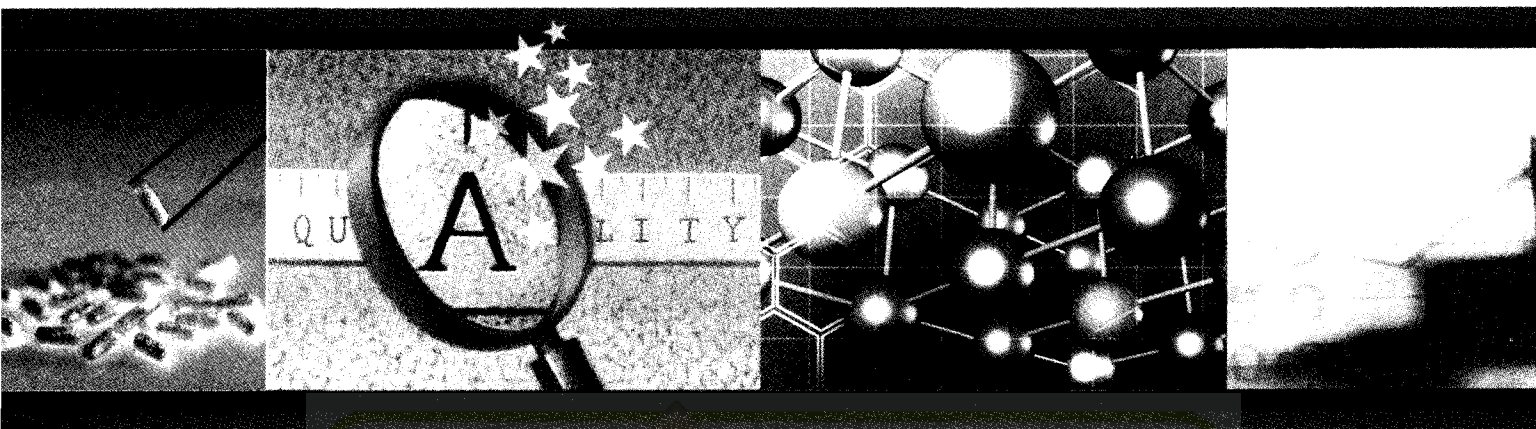


# ANNUAL REPORT 2005 - 06

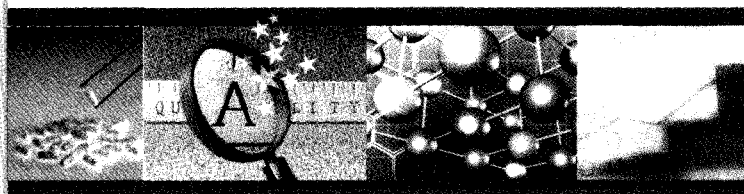


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ANNUAL REPORT 2005 - 06



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***The aim of AJANTA PHARMA is to meet the challenging & inspiring mission of improving the quality of human life by enabling people to do more, feel better & live longer.***

***AJANTA PHARMA with a foundation in science has a flair for research and a track record of turning it into quality & marketable drugs.***

***We seek a high standard of research, maintaining a strong long term and growing position in the competitive environment in which we choose to operate.***

**BOARD OF DIRECTORS**

**Mannalal B. Agrawal**  
Chairman

**Purushottam B. Agrawal**  
Managing Director

**Madhusudan B. Agrawal**  
Jt. Managing Director

**Yogesh M. Agrawal**  
Executive Director

**Madhukar**  
Additional Director  
(w.e.f. 29.07.2006)

**Dr. Anil Kumar**  
Director

**J. G. Kinare**  
Nominee Director, IDBI Ltd.

**Vikramaditya Ugra**  
Nominee Director, Exim Bank

**Dr. Ramesh Jhawar**  
Director  
(upto 30.06.2006)

**COMPANY SECRETARY**  
O. P. Singh

**AUDITORS**  
Kapoor & Parekh Associates  
Chartered Accountants

**REGISTERED OFFICE & RESEARCH CENTRE**  
"Ajanta House", Charkop, Kandivli (West),  
Mumbai - 400 067 India.

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## NOTICE

**NOTICE** is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of Ajanta Pharma Limited will be held on Friday, the 29<sup>th</sup> September, 2006 at 11.00 a.m. at Prabodhankar Thackrey Natyagrah, Sodawala Lane, Borivli (West), Mumbai- 400 092 to transact the following business:-

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006 and the Balance Sheet as on that date together with the Report of Directors and Auditors thereon.
2. To declare Dividend for the year ended 31<sup>st</sup> March, 2006.
3. To appoint a Director in place of Dr. Anil Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mannalal B. Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Yogesh M. Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Madhukar, who was appointed as an additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company with effect from 29<sup>th</sup> July, 2006 to hold office upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

8. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to Section 309(4) and other applicable provisions, if any of the Companies Act, 1956 and subject to the Articles of Association of the Company, the Board of Directors be and are hereby authorised to pay the remuneration to all or any of the Non-Executive Directors on the Board of the Company by way of commission calculated in accordance with the provisions of the Act, not exceeding 1% of the net profit in aggregate p.a. for all non-executive Directors

put together for a period of 5 years with effect from 01.04.2006 provided that the directors who will be on the Board for only any part of the year the Commission will be payable on *pro-rata* basis.”

9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** in partial modification of the Resolution passed at Annual General Meeting of the Company held on 27<sup>th</sup> September, 2001 and in accordance with the provisions of Section 198, 309 and 310 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Company hereby approves increase in remuneration payable to Mr. Purushottam B. Agrawal, Managing Director of the Company with effect from 1<sup>st</sup> April, 2006 to 31<sup>st</sup> May, 2006 (i.e. unexpired period of his appointment) as set out in the draft agreement submitted to the meeting, which agreement be and is hereby specifically sanctioned.”

**“RESOLVED THAT** pursuant to the provisions of Article 159 of the Articles of Association of the Company and Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Company hereby approves the re-appointment of Mr. Purushottam B. Agrawal as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> June 2006 on the remuneration and on such terms and conditions as recommended by the Remuneration Committee of the Directors and approved by the Board of Directors in their respective meetings held on 29<sup>th</sup> July 2006 and as set out in the draft agreement submitted to the meetings, which agreement be and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement and remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Company and Mr. Purushottam B. Agrawal or as may be varied by the General Meeting and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company for the purpose of giving effect to this resolution.”

**"RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company, the remuneration and perquisites set out in the aforesaid agreement be paid to Mr. Purushottam B. Agrawal, Managing Director as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other amount and perquisites as may be provided from time to time."

10. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** in modification of the resolution passed at the Extra-Ordinary General Meeting of the Company held on 14<sup>th</sup> April, 1995 and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and other enabling provisions, if any, of the said Act, consent be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of money from time to time from one or more bodies corporate or financial institutions or from other person(s) by way of cash credit, advances, term loans or other loans whether unsecured or secured, by mortgage, charge, hypothecation or pledge of the company's assets and properties whether movable and/or immovable or stock in trade (including raw-materials, stores, in-stock or in-transit), work-in-process and debts and advances notwithstanding that the sum or sums so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free-reserves which have not been set apart for any specific purpose but so that the total amount upto which the moneys may be so borrowed shall not at any time exceed Rs. 250 crores (Rupees Two Hundred Fifty crores only)."

**By order of the Board of Directors**

**O. P. Singh**

Company Secretary

Mumbai  
29<sup>th</sup> July, 2006

**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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form, in order to be effective, must be deposited at the Registered Office of the Company not

less than 48 hours before commencement of the meeting.

2. The Register of Members and the Transfer Books in respect of the Equity Shares will remain closed from September 20, 2006 to September 29, 2006 (both days inclusive) for the purpose of payment of dividend for the year ended 31<sup>st</sup> March, 2006.
3. The dividend on Equity Shares, if declared at the Meeting, will be paid on or after September 29, 2006 to those Members whose names shall appear on the Company's Register of Members on Tuesday, September 19, 2006. In respect of shares held in dematerialised form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on Tuesday, September 19, 2006.
4. In order to ensure safety against fraudulent encashment of dividend warrants, members holding shares in physical form are requested to furnish to the Company or Company's R&T Agents, Intime Spectrum Registry Limited, bank account details which will be printed on the dividend warrants.
5. A Member may avail of the facility of nomination by nominating in the prescribed "NOMINATION FORM", a person to whom his/her shares in the Company shall vest in the event of his/her death.
6. Shareholders seeking any information with regard to Annual Report are requested to write to the Company at an early date so that the information can be kept ready.

The members are requested to:

- (i) Intimate to the registrars / Company, changes if any, in their registered address at an early date along with the pin code number;
- (ii) Quote Registered Folio / Client ID & DP ID in all their correspondence;
- (iii) Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting;
- (iv) Trading in the Equity Shares shall be only in dematerialised form for all the investors.

**By order of the Board of Directors**

**O. P. Singh**

Company Secretary

Mumbai  
29<sup>th</sup> July, 2006

**Regd. Office :**

"Ajanta House",  
Charkop, Kandivli (West),  
Mumbai - 400 067 India.



**EXPLANATORY STATEMENT**

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the special business under Item Nos. 7 to 10 of the accompanying Notice dated 29<sup>th</sup> July 2006.

**Item No. 7:**

In terms of the provisions of Section 260 of the Companies Act, 1956, and Article No. 118 of the Articles of Association of the Company, Mr. Madhukar, was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on 29<sup>th</sup> July, 2006. Mr. Madhukar holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice from a member signifying his intention to propose the appointment of Mr. Madhukar as a Director of the Company along with a deposit of Rs. 500/- (Rupees Five Hundred Only), which shall be refunded to the member if Mr. Madhukar is elected as a Director.

Mr. Madhukar has recently retired as whole-time director of SEBI, before which he was Chairman & Managing Director of United Bank of India. He was also associated with State Bank of India, the largest bank of the country and reached the post of Deputy Managing Director before moving to United Bank of India and his appointment would be in the best interest of the Company.

None of the Directors, except Mr. Madhukar, is concerned or interested in this resolution.

The Board recommends the resolution for your approval.

**Item No. 8 :**

Section 309(4) of the Companies Act, 1956, permits the payment of remuneration to Non-Executive Directors, by way of commission not exceeding 1% in aggregate on the net profit of the Company for a financial year computed in the manner referred to in Section 198(1) of the Act. At present, the Non- Executive Directors of the Company are paid only sitting fees for each meeting of the Board or Committee of the Board attended by them and they are not receiving any other remuneration.

The Management is of the opinion that the remuneration to such non-executive Directors will enhance their contribution to the Board. Hence it is proposed that such Directors be paid remuneration by way of commission of an amount not exceeding 1% in aggregate of the net profits of the Company, computed in the manner laid down in Section 349 and 350 read with Section 309 of the Companies Act, 1956, subject to the overall limit of maximum managerial remuneration laid down in Section 198 of the said Act. Such remuneration will be distributed among such Directors at the discretion of the Board either wholly or in part, in such proportion and manner as the Board may from time to time determine.

Payment of commission to non-executive Directors, as proposed, requires approval of Members by way of Special Resolution, hence Special Resolution at Item No.8 of the accompanying Notice. Payment of commission to non-executive Directors will be subject to such other approvals as may be required.

The Non-Executive Directors will be entitled to commission as specified in the Resolution and as such they may be interested in the said Resolution to that extent.

**Item No. 9 :**

At the 22<sup>nd</sup> Annual General Meeting of the Company held in the year 2001, the shareholders had re-appointed Mr. Purushottam B. Agrawal as the Managing Director of the Company for a period of five years. Accordingly his terms of office is valid upto 31<sup>st</sup> May, 2006.

Under the able leadership of Mr. Purushottam B. Agrawal, your Company is progressing well. His continued efforts will definitely help the Company to remain ahead in pharma industry in domestic as well as international markets. In view of his expertise in pharmaceutical industry, the Remuneration Committee of Directors as well as Board of Directors at their meeting held on 29<sup>th</sup> July, 2006 recommended his re-appointment for a period of five years w.e.f 1<sup>st</sup> June, 2006, and the remuneration payable to him for 2 months i.e. April & May, 2006 of his unexpired term of the present appointment & for the period of his re-appointment for 5 years subject to the approval of shareholders at the Annual General Meeting. Mr. Purushottam B. Agrawal fulfils the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956.

The agreement to be entered into by the company with Mr. Purushottam B. Agrawal in respect of his re-appointment and remuneration *inter-alia*, contains the following terms and conditions

**SALARY, COMMISSION, PERQUISITES & ALLOWANCES AS SPECIFIED HERE UNDER:**

- 1. Salary : Rs. 2,50,000/-** per month with such annual increment as may be decided by the Board of Directors.
- 2. Commission :** Such amount subject to the overall limits pertaining to the Managerial Remuneration laid down under Sections 198 and 309 of the Companies Act, 1956, provided that the amount available as above for payment of commission will be divided equally between the Managing Director, Joint Managing Director and Executive Director of the Company but each of them shall however receive commission not exceeding 1% p.a. in aggregate of the net profit.
- 3. Perquisites & Allowances :** Perquisites will be in addition to salary which are classified into three parts A, B and C as follows subject to the condition that the aggregate amount of salary, commission and perquisites shall not

exceed 5% of the net profit for one managerial person and if there is more than one such managerial persons, 10% for all of them together in terms of provisions of Sections 198 and 309 of the Companies Act, 1956.

**Part A :**

- I) Housing Rent Allowance @ 20% of the Salary
- II) The expenditure incurred by the Company on gas, electricity, water, furnishing, repairs at actuals.
- III) Medical Reimbursement : Expenses incurred for self and family.
- IV) Leave Travel Allowances : For self and family once in a year incurred in accordance with the rules of the Company.
- V) Club Fees : Fees of clubs subject to a maximum of two clubs excluding admission and Life Membership Fees.
- VI) Personal Accident Insurance : The amount of the annual premium at actuals.
- VII) Servants allowances / expenditure : At actuals.

**Part B :**

- I) Provident Fund : Contribution to Provident Fund as per rules of the Company subject to a ceiling of 12% of salary.
- II) Gratuity : Gratuity payable shall be in accordance with the Company's Scheme as may be applicable or amended from time to time.
- III) Contribution to Superannuation Fund as per rules of the Company.

**Part C :** Provision of Car for use of the Company's business and telephone at residence will not be considered as perquisites.

**4. Minimum Remuneration :** In the event of loss or inadequacy of profits in any financial year will be subject to a maximum ceiling limit per month which shall not exceed the limits specified under section II part II of Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force.

The Board of Directors of the Company may, at its discretion, alter and vary from time to time the terms and conditions of *re-appointment and payment of remuneration set out in the proposed agreement* so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force).

The draft agreement to be entered into between the Company and Mr. Purushottam B. Agrawal is available for inspection at the Registered Office of the Company on any working day (excluding Saturdays, Sundays and holidays) upto the date of the Annual General Meeting between 11.00

a.m. to 1.00 p.m.

This may also be treated as an abstract of the agreement entered into between the Company and Mr. Purushottam B. Agrawal pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the resolution appearing at Item No. 9 of the accompanying Notice seeking your approval to the appointment of Mr. Purushottam B. Agrawal as Managing Director of the Company.

Mr. Purushottam B. Agrawal is deemed to be interested in the resolution as it pertains to his re-appointment and remuneration payable to him. Mr. Mannalal B. Agrawal, Mr. Madhusudan B. Agrawal and Mr. Yogesh M. Agrawal, the Directors of the Company may also be deemed to be interested in this resolution as they are his relatives.

None of the other Directors are either directly or indirectly interested in passing of this resolution.

**Item No. 10:**

At the Extra-Ordinary General Meeting held on 14<sup>th</sup> April, 1995, the members had authorised the Board of Directors to borrow moneys for the purpose of carrying on business of the company so that the moneys so borrowed shall not exceed Rs. 100 crores notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans from the Company's Bankers in the ordinary course of business) would exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. As the volume of operations of the Company is anticipated to increase further, it will necessitate borrowing of funds on an increased scale for the purpose of business of the Company. It would, therefore, be necessary to increase the limit of the borrowing powers of the Board of Directors from Rs. 100 crores to Rs. 250 crores as is now proposed under the Ordinary Resolution, pursuant to Section 293(1)(d) of the Companies Act, 1956.

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

**By order of the Board of Directors**

**O. P. Singh**  
Company Secretary

Mumbai  
29<sup>th</sup> July, 2006

**Regd. Office :**  
"Ajanta House",  
Charkop, Kandivli (West),  
Mumbai – 400 067 India.

**DIRECTORS' REPORT**

To the Members,

Your Board of Directors take pleasure in presenting their 27<sup>th</sup> Annual Report for the year ended March 31, 2006.

**PERFORMANCE HIGHLIGHTS**

(Rs. lacs)

<b>Year ended 31<sup>st</sup> March</b>	<b>2006</b>	<b>2005</b>
Total Income	21,258	17,967
Profit Before Depreciation, Tax & Extraordinary Items	1,805	1,247
Less: Depreciation	619	593
Profit Before Tax	1,186	654
Extraordinary Items	Nil	5,072
Withdrawn from General Reserve	Nil	(5,072)
Profit Before Taxation	1,186	654
Less : Provision for Taxation	151	(90)
Net Profit After Tax	1,035	744

**DIVIDEND**

It is with great pleasure that your directors recommend a dividend of Rs. 1.50 per equity share of Rs. 10 each i.e. 15% on the face value for the year ended March 31, 2006. The proposed dividend will absorb a sum of Rs. 175.63 lacs and corporate dividend tax of Rs. 24.63 lacs.

**MANAGEMENT DISCUSSION AND ANALYSIS****1. Industry Structure – Development, Performance Review & Outlook**

The pharmaceutical industry has witnessed flurry of activities throughout the financial year with Indian companies going for major acquisitions in the overseas markets. This has proved beyond doubt the capabilities of Indian pharmaceutical industry to manage global businesses. These acquisitions have been driven by two major objectives: one being getting the foothold in the overseas markets and second being growth for the home business in the form of shifting the cost efficient services to India.

With the increasing cost of R&D and lower success rates in terms of new products coming out of such R&D, the global pharmaceutical companies have started looking for outsourcing the R&D activity to the locations like India. Even in manufacturing, India boast largest number of US FDA approved pharmaceutical manufacturing facilities after US.

India has emerged as the preferred destination for CRAMS, the popular synonym used for "Contract Research And Manufacturing Services".

The Indian pharmaceutical market scenario has also seen a major shift in the form of speciality focus being brought in various therapeutic segments. The growth is evident in the segments of Cardiology, Diabetology, Oncology, Ophthalmology, Dermatology etc. and particularly the product range with super specialization. The innovation both in product and placement has played a key role in the growth of domestic market.

Your company continued its impressive growth during the year by adopting a mix of winning strategies in the global markets. Focusing on the fast growing speciality segments of Cardiology, Ophthalmology and Dermatology, it created a niche with innovative product launches. After the successful experience of speciality focus, your company has recently launched two super speciality divisions to strengthen its presence in the market. The aggressive brand focus in the international market has enabled the company to reduce dependence on low margin tenders. Your company is now preparing itself for offering CRAMS services to the overseas corporations and taking decisive steps in this direction.

**2. Opportunities, Threats, Risks and Concerns**

India has proved its capabilities both in research and manufacturing of pharmaceutical products. Worldwide, Indian quality is well respected and well accepted. This, with cost advantage offered by India as compared to the developed markets, puts Indian companies in a unique advantage. As per the recent reports, India is fast emerging as an outsourcing hub and is expected to take a lead position globally. Many large multinationals have declared their plans to enhance their outsourcing from India. This offers a very big opportunity for the Indian pharmaceutical companies like yours. Your company's rich and long experience of more than 3 decades both in research and manufacturing puts it in the most enviable position. Your company has already taken steps to enter this growing segment with opening an office in USA to commence its tie-ups for CRAMS activities. Plans are also afoot to set-up new facilities exclusively dedicated for these activities.



The major threat being perceived today in the global markets for pharmaceutical industry is the low success rate, increasing costs and price pressures. Further the risk of delays in product filing, getting registrations or launch also makes it vulnerable to loss of opportunities. Your company has adopted a conservative policy by going for tie-ups before making any investment on the activity. This will ensure better success at the initial stage and allow it to gain strength in the long term.

All the properties and insurable interest of the Company including building, plant and machinery, stock etc are adequately insured.

### **3. Internal Control Systems**

Your company maintains a system of internal control including suitable monitoring procedures. The internal audit department and outside firms of internal auditors for different locations regularly conduct a review to assess the financial and operating controls in the company. Any significant issue reported in the internal audit report is brought to the attention of the Audit Committee of the Board. The statutory auditors and the head of internal audit are invited to attend the audit committee meetings.

### **4. Human Resource Development**

In line with your company's philosophy of investing in the development of its most precious asset of human capital, it has initiated number of programs during the year. In addition to The "Man of the year" and "Team of the year" awards being given for last many years, the company has added a Chairman's trophy for "The Star Performer of the year" to motivate and retain the talent. Number of training programs have been arranged throughout the year to enhance the skills of the people at all the levels. Your company's strength has gone up to a strong team of 1193 as on 31<sup>st</sup> March, 2006.

### **5. Cautionary Note**

Certain statements in the reports of the Board of Directors and Management's discussion and analysis may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since company's operations are influenced by many external and internal factors beyond the control of the company.

The company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis of any subsequent developments, information or events.

### **OPERATIONS**

It was another excellent year of performance for fourth consecutive year with growth on all parameters. The benefits of efforts being taken in the past few years have started yielding results with 19% growth in sales dominated by brand business worldwide. This growth is particularly important in terms of quality of business as the company reduced its dependence on low margin tender business and established its brands in the fast growing areas of Cardiology, Ophthalmology and Dermatology. This is evidently reflected in the growth of profitability with profit before tax taking 81% jump over the previous year. Profit after tax has also shown a very good growth of 39% over the previous year.

### **RESEARCH AND DEVELOPMENT**

The strong and focused R & D activities in the area of new formulations development has been the major source to remain ahead in product launches and product registrations in different parts of the world. It is only with the support of R&D that your company could launch two super speciality divisions "Illuma" and "Anasca" in Ophthalmology and Dermatology during the year. Most of the products launched in these new divisions as well as the existing divisions are first of its kind in the market. The 60 people strong team of R&D is gearing up to take new challenges for the continued growth of the company.

### **OVERSEAS VENTURES**

During the year, your company established a subsidiary in USA with an objective of exploring the largest pharmaceutical market of the world. Your company is looking for tie-ups for contract research and manufacturing, acquisitions and in-licensing opportunities from the US market. Your company's overseas venture in Mauritius continues to perform well and is expected to do better in the coming years. The performance of Turkmenistan venture though was reasonably good during the last calendar year, remains an area of concern due to lack of convertibility. Your directors are taking effective steps to maintain the growth.

### **SUBSIDIARY COMPANIES**

Report and accounts of subsidiary Companies alongwith statement pursuant to section 212 of the Companies Act 1956 are annexed.

**CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standards AS-21 and AS-27, your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of the Annual Report and Accounts.

**DIRECTORS**

Dr. Anil Kumar, Mr. Mannalal B. Agrawal and Mr. Yogesh M. Agrawal, the Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Chandrakant M. Khetan consequent upon his resignation ceased to be the Director of the Company with effect from 6th February, 2006. The Board place on record their sincere appreciation and gratitude for all support and valuable contributions made by him during his long association with the Company.

Mr. Vikramaditya Ugra, Nominee of EXIM Bank has been appointed as a Director with effect from 24th June, 2005.

**AUDITORS**

The Auditors, M/s. Kapoor & Parekh Associates, Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Members are requested to reappoint them as Auditors and fix their remuneration.

**AUDITORS' REPORT**

The remarks as contained in the Auditor's Report, read with Notes forming part of the Accounts are self-explanatory.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits from the public under Section 58A of the Companies Act, 1956.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm:-

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed.
2. That the directors have selected such accounting policies and applied them consistently and made judgements 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 ended 31<sup>st</sup> March, 2006, and of the profit and loss account of the company for that year.
3. 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.

4. That the Annual Accounts have been prepared on going concern basis.

**SOCIAL RESPONSIBILITY**

Your company has always been a responsible corporate citizen with many projects being undertaken on a regular basis. Your company has taken the responsibility to make the community that it operates in, a better place to live and work. Three major projects of eye surgery camps, blood donation camps and corrective plastic surgery camps continue to be the thrust area.

**PARTICULARS OF EMPLOYEES**

As required under Section 217 (2A) of the Companies Act, 1956 and Rules framed thereunder, the names and other particulars of employees receiving remuneration above the prescribed threshold are set out in the Annexure appended to this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

A statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed hereto and forms part of the report.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance and a Certificate from the Auditors' of the Company regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

**GRATITUDE AND ACKNOWLEDGEMENT**

The Directors would like to place on record their appreciation for the contribution made by the employees to the significant growth of the Company. The Directors are thankful for the cooperation and support extended by the medical professionals, bankers, financial institutions and valued shareholders of the company.

For and on Behalf of the Board of Directors,

**MANNALAL B. AGRAWAL**

**CHAIRMAN**

Mumbai, April 28, 2006