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## **69th ANNUAL REPORT 2005-06**

# **Amrutanjan Limited**

<b>BOARD OF DIRECTORS</b>	Sri S. Radhakrishna, Managing Director (up to 04.08.2005) Sri S.Sambhu Prasad, Managing Director Dr. Pasumarthi S.N. Murthi Sri D. Seetharama Rao Sri R. Vijayaraghavan Dr. H.B.N. Shetty Sri N.V. Nelliappan
<b>COMPANY SECRETARY</b>	Sri N.S.Mohan
<b>AUDITORS</b>	M/s. P.S. Subramania Iyer & Co Chartered Accountants No. 103 (Old No. 57/2) P.S. Sivasamy Salai Mylapore, Chennai 600 004
<b>BANKERS</b>	Indian Overseas Bank Citibank N.A. Punjab National Bank IDBI Bank Limited
<b>REGISTERED OFFICE</b>	No. 103 (Old No. 42-45), Luz Church Road Mylapore, Chennai 600 004 Phones : 044-24994164/24994146/24994465/24994366 Fax : 044-24994585 E-mail : <a href="mailto:shares@amrutanjan.com">shares@amrutanjan.com</a> Website : <a href="http://www.amrutanjan.com">www.amrutanjan.com</a>
<b>FACTORIES AT</b>	Mylapore, Chennai Uppal, Hyderabad Egattur Village, Kancheepuram District (T.N.)
<b>BRANCHES AT</b>	Bangalore, Mumbai, Kolkata, Delhi, Ghaziabad, Hyderabad & Chennai
<b>REGISTRARS &amp; SHARE TRANSFER AGENTS</b>	Cameo Corporate Services Ltd. "Subramaniam Building" No.1, Club House Road, Chennai 600 002 Telephone : 044-28460390 Fax : 044-28460129 E-mail : <a href="mailto:cameosys@cameoindia.com">cameosys@cameoindia.com</a>

## Amrutanjan Limited

Regd. Office: No.103 (Old No.42-45), Luz Church Road, Mylapore, Chennai 600 004.

### NOTICE

NOTICE is hereby given that the Sixty Ninth Annual General Meeting of the members of Amrutanjan Limited will be held on Friday, the 14th day of July, 2006 at Rani Seethai Hall, No. 603, Anna Salai, Chennai 600 006, at 10.15 a.m. to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006, the Profit and Loss Account for the year ended 31st March, 2006 and the Reports of the Directors' and Auditors' thereon.
2. To record Interim Dividend already paid and to declare final dividend on equity shares for the year ended 31st March, 2006.
3. To appoint a Director in the place of Dr. Pasumarthi S.N. Murthi, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Dr. H.B.N. Shetty, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

#### Special Business:

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

"RESOLVED THAT in accordance with the provisions of Section 163 of the Companies Act, 1956, and having given an advance copy of this Special Resolution to the Registrar, in terms of clause (iii) of the proviso to Section 163 of the said Act, the Company hereby approves that the register of members, the index of members and copies of all annual returns along with the copies of certificates and documents or any or more of them, required to be annexed thereto under Sections 160 and 161 of the Act, be kept at the Company's Registrars and Share Transfer Agents, M/s. Cameo Corporate Services Limited's office situated at 'Subramaniam Building', Fifth Floor, No.1, Club House Road, Chennai 600 002 and at such places within Chennai where the Registrars and Share Transfer Agents may shift its office from time to time instead of the Registered Office of the Company at No.103 (Old No.42-45), Luz Church Road, Mylapore, Chennai 600 004.

#### FOR AND ON BEHALF OF THE BOARD For AMRUTANJAN LIMITED

**Dr. H.B.N.Shetty**  
Director

Chennai  
29.05.2006

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business set out under Item No.6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 5th July, 2006 to 14th July, 2006 (both days inclusive).
4. The final dividend on the Equity Shares as recommended by the Board will be paid on approval of the members of the Company to the eligible equity shareholders whose names appear in the Register of Members of the Company as on 14th July, 2006 and to the eligible beneficial owners whose names appear in the list provided by the Depositories, National Securities Depository Limited and Central Depository Services (India) Limited as on the closing hours of 4th July, 2006.
5. Equity shares of the Company have been placed under Compulsory Demat mode of Trading. Members who have not yet dematerialized their physical holdings in the Company are advised to avail the facility of dematerialization of equity shares of the Company.
6. As per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the Bank details on the dividend warrants as furnished by these depositories to the Company and the Company cannot entertain any request for deletion/change of bank details already printed on the dividend warrants as per information received from the concerned Depositories. In this regard, members are advised to contact their Depository Participant (DP) and furnish the particulars of any changes desired by them.
7. Members are advised to avail the facility of Electronic Clearing Service (ECS) for receipt of future dividends. The ECS facility is available at the specified locations and covers all major cities. Members are requested to contact their respective Depository Participants (DPs) for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company's Registrars, M/s. Cameo Corporate Services Limited for details.
8. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the "Investor Education and Protection Fund" (IEPF) constituted by the Central Government and the shareholders would not be able to make any claims as to the amount of dividend so transferred to the Fund. Accordingly, during the financial year 2005-06 the Company has transferred the unclaimed amount pertaining to Dividend for the financial year 1997-98 of Rs.1,94,929/- to IEPF. Members who have not yet encashed their dividend warrants from the financial year 1998-99 onwards are requested to make their claims to the Company immediately.

## Amrutanjan Limited

9. Details under Clause 49 of the Listing Agreement entered into with Madras Stock Exchange Limited in respect of Directors seeking re-appointment at the Annual General Meeting are given in a separate sheet annexed hereto.
10. Members are requested to bring their copy of the Annual Report to the Meeting.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 6

Under the provisions of Section 163 of the Companies Act, 1956, certain documents such as register of members, the index of members, the register and index of debenture holders and copies of all annual returns prepared under Section 159 of the Companies Act, 1956 together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956, have to be kept at the Registered Office of the Company. However, these

documents can be kept at any other place within the City, in which the Registered Office of the Company is situated, with the approval of the members.

Since M/s. Cameo Corporate Services Limited, who is Registrars & Share Transfer Agents of the Company, is dealing with the shareholders relating to securities, it would be desirable to keep the register of members, the index of members and copies of all annual returns prepared under Section 159 of the Companies Act, 1956, together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act at their office situated at 'Subramaniam Building', Fifth Floor, No.1, Club House Road, Chennai 600 002.

For this purpose, approval of members by a Special Resolution is required to be obtained.

The Board recommends the Resolution for approval of the members.

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

### Particulars of Directors seeking re-appointment in the Annual General Meeting pursuant to clause 49 IV (G) of the Listing Agreement.

Name of the Director	: Dr. Pasumarthi S.N. Murthi
Date of Birth	: 11th August, 1934
Date of Appointment	: 5th August, 1989
Qualification	: B.Sc., M.B.B.S., F.R.C.S (Edin. UK), FIMSA
Expertise in Specific Functional Area	: Medical Practitioner
List of Companies in which outside Directorships held	: —
Chairman/Member of the Committee of the Board of Directors of other Companies	: —
Shareholding	: 63232 Equity shares of the Company

Name of the Director	: Dr. H.B.N. Shetty
Date of Birth	: 11th April, 1932
Date of Appointment	: 31st July, 2003
Qualification	: M.A. (Chemistry), M.L., Ph. D.
Expertise in Specific Functional Area	: I.A.S. Officer (Retd.)
List of Companies in which outside Directorships held	: Amrutanjan Infotech and Enterprises Ltd. Egattur Printing and Packaging Ltd. Swas Health Products Ltd.
Chairman/Member of the Committee of the Board of Directors of other Companies	: —
Shareholding	: 250 Equity shares of the Company

**FOR AND ON BEHALF OF THE BOARD**  
For **AMRUTANJAN LIMITED**  
**Dr. H.B.N. Shetty**  
Director

Chennai  
29.05.2006

## 69th Annual Report

## REPORT OF THE DIRECTORS' TO THE MEMBERS

Your Directors have pleasure in presenting their Sixty Ninth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2006.

## 01. FINANCIAL RESULTS

	Year ended 31.3.2006 Rs.	Year ended 31.3.2005 Rs.
Profit before Interest and Depreciation	16,49,94,641	12,65,55,468
Less: Interest	1,42,37,905	1,74,45,162
Depreciation	1,72,58,596	2,00,65,500
	<u>3,14,96,501</u>	<u>3,75,10,662</u>
Profit before extraordinary items	13,34,98,140	8,90,44,806
Less: Loss on Destruction of assets	(73,34,698)	-
Prior year adjustments (Net)	(2,52,217)	2,08,003
Profit for the year before tax	12,59,11,225	8,92,52,809
Provision for taxation		
– Income Tax	(4,60,00,000)	(3,25,00,000)
– Fringe Benefit Tax	(32,00,000)	-
– Deferred Tax	60,45,814	46,24,990
Provision for Income Tax of earlier years	(22,85,143)	(10,57,867)
Profit after tax before exceptional items	8,04,71,896	6,03,19,932
Provision for advances	15,00,00,000	-
Less: Transfer from General Reserve	(5,00,00,000)	-
Transfer from Contingency Reserve	(4,00,00,000)	-
	(6,00,00,000)	(2,75,00,000)
Provision for diminution in value of Investments	-	(99,88,000)
Profit after tax after exceptional items	2,04,71,896	2,28,31,932
Add: Transfer from Profit & Loss Account		
– Surplus from previous year brought forward	1,69,83,124	1,68,82,212
Profit for Appropriation	3,74,55,020	3,97,14,144
Appropriations:		
General Reserve	1,00,00,000	1,00,00,000
Interim Dividend Paid	41,60,000	41,60,000
Tax on Interim Dividend	5,83,440	5,43,660
Final Dividend – Proposed	86,40,000	70,40,000
Tax on Proposed Final Dividend	12,11,760	9,87,360
Balance Profit carried to Balance Sheet	1,28,59,820	1,69,83,124
	<u>3,74,55,020</u>	<u>3,97,14,144</u>

## 02. DIVIDEND

Considering the profits projected for 2005–2006, your directors have declared and paid an interim dividend of 13% on the equity share capital of Rs.3.20 crores amounting to Rs.41.60 lakhs during the year. Your directors have pleasure in recommending a final dividend of 27% for the year ended 31st March, 2006 amounting to Rs. 86.40 lakhs. The dividend tax to be borne by the Company for the final dividend amounts to Rs. 12.12 lakhs.

## 03. REVIEW OF OPERATIONS

During the year under review, the sales of the Company amounted to Rs. 8,025.64 lakhs as against Rs.7,591.83 lakhs in the previous year.

Profit before interest and depreciation amounted to Rs. 1,649.94 lakhs as against Rs. 1,265.55 lakhs in the previous year. During the year under review, your Company was able to improve the profits by adopting control over costs.

Additions to the extent of Rs. 156.44 lakhs were made to the fixed assets during the year.

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**Egattur Printing and Packaging Limited**

There were no commercial operations during the year under review. The next course of action to be taken would be decided in due course of time.

**Swas Health Products Limited**

During the year under review, the gross sales stood at Rs.1.08 crores as against Rs.1.38 crores during the previous year. Over the years though the Company has been earning profits, the overall performance of the Company was not up to the expected levels and this lack of performance can be attributed to increased competition, the high cost of operation due to more fuel consumption and non-utilisation of capacity to the optimum extent. Despite the laudable objects of the Company, the Company was not able to make much of a headway so far as development / improvement in the business operations of the Company as a whole is concerned.

The Statement pursuant to the provisions of Section 212 of the Companies Act, 1956, containing details of the Company's Subsidiaries is attached.

The Company made an application to the Central Government under Section 212(8) of the Companies Act, 1956, seeking exemption from attaching the accounts, etc., of its subsidiary companies with the Balance Sheet of the Company. In terms of the approval granted by the Central Government, copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached with the Balance Sheet of the Company. However, a Statement giving certain information as required vide exemption letter under Section 212(8) of the Ministry of Company Affairs, New Delhi is placed along with the Consolidated Accounts. **The Company will make available the Annual Report and other documents of its Subsidiary Companies to any investor of Amrutanjan Limited and its Subsidiary Companies upon receipt of request by the Company at its Registered Office. The same will also be kept for inspection by any investor at the head office of the Holding and its Subsidiary Companies.**

**10. CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report and Accounts for the financial year 2005-06.

**11. CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the annexure to this report.

**12. PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is given in the annexure forming part of this report.

During the year under review, the Company had entered into a Wage Settlement Agreement with the Labour Union of the Company which will be in force for a period of four years.

**13. AUDITORS**

The Auditors, M/s. P.S. Subramania Iyer & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and offer themselves for re-appointment. They have confirmed that they are eligible under Section 224(1B) of the Companies Act, 1956, for re-appointment.

**14. COST AUDITORS**

Sri M. Krishnaswamy, Cost Accountant has been appointed as Cost Auditor of the Company pursuant to Section 233B of the Companies Act, 1956 to conduct cost audit maintained by the Company in respect of its Formulations and Bulk Drugs business for the financial year ended 31st March, 2006.

**15. ACKNOWLEDGEMENT**

The Board expresses its gratitude and places on record its sincere appreciation to Indian Overseas Bank, Citibank N.A., Punjab National Bank, IDBI Bank Ltd and the concerned Departments of State and Central Governments, Employees, the Union and Shareholders for their valuable assistance, support and excellent co-operation extended to the Company and looks forward to their continued patronage in the years to come.

Chennai  
29.05.2006

**S. Sambhu Prasad**  
Managing Director

**Dr. H.B.N. Shetty**  
**Dr. Pasumarthi S.N. Murthi**  
**D. Seetharama Rao**  
**R. Vijayaraghavan**  
**N.V. Nelliappan**  
Directors

# Amrutanjan Limited

## ANNEXURE FORMING PART OF THE REPORT OF THE DIRECTORS TO THE MEMBERS

INFORMATION IN ACCORDANCE WITH THE COMPANIES  
(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

### FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### CONSERVATION OF ENERGY:

The operations of the Company are not energy intensive. However, your Company is constantly monitoring energy use and taking necessary energy conservation measures.

#### (A) POWER AND FUEL CONSUMPTION

	Year ended 31.3.2006 (Current Year)		Year ended 31.3.2005 (Previous Year)	
	OTC	FINE CHEMICALS	OTC	FINE CHEMICALS
1. Electricity:				
a) Purchased:				
Units	5,17,491	8,57,782	4,86,712	10,16,272
Total Amount (Rs.)	28,14,091	40,53,960	26,45,394	48,82,007
Rate/Unit (Rs.)	5.44	4.73	5.44	4.80
b) Own Generation:				
(i) Through Diesel Generator:				
Units	34,628	74,760	53,176	1,02,228
Units per litre of Diesel	4.85	3.22	4.40	3.41
Cost/Unit (Rs.)	7.06	10.30	6.63	7.68
(ii) Through Steam Generator:				
Units	19,956	—	13,158	—
Cost/Unit (Rs.)	12.86	—	11.36	—
2. Coal:				
Qty.(Tonnes)	—	—	—	—
Total Cost	—	—	—	—
Average Cost	—	—	—	—
3. Furnace Oil:				
Qty. (K.Ltrs)	—	—	—	—
Total Amount	—	—	—	—
Average Rate	—	—	—	—
4. Others/Internal Generation:				
Qty.	—	—	—	—
Total Cost Rate/Unit	—	—	—	—

#### (B) CONSUMPTION PER UNIT OF PRODUCTION:

Products (with details) Unit	Standards (if any)	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
Electricity:			
Amrutanjan Pain Balm	(9 Gms)	1.44	1.15
Fine Chemicals	(1 Ton)	93,798	1,61,346
Furnace Oil, Coal and Others	—	—	—



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**ANNEXURE FORMING PART OF THE REPORT OF THE DIRECTORS TO THE MEMBERS****FORM B**

(FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION)

**I. RESEARCH & DEVELOPMENT****1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY****Chemical Research**

- a. Process Development
- b. Custom Synthesis
- c. Introduction of generics which are expected to lose their patents in 2008.

**Herbal Research**

- a. Poly-herbal formulations to cure different type of diseases in different dossiers.
- b. Pharmacological and toxicological studies of herbal formulations for their efficacy and their stability studies of the formulations.
- c. Clinical validation of the research products for their efficacy towards human.
- d. Technology transfer to production.

**2. BENEFITS OF R&D****Chemical Research**

- a. Specialized Development service.
- b. Fulfillment of Customer's requirements for new and unique molecules.
- c. Process modification for existing methodology for cost containment & efficiency improvement.

**Herbal Research**

- a. Trouble shooting of the existing products to make the products more effective with respect to the cost and quality.
- b. New range of products in Phytochemicals, herbal extracts and formulations in different therapeutic categories to achieve higher turnover.
- c. Improving export business with development of customer specific OTC Herbal Products.

**3. PLANNING FOR THE FUTURE****Chemical Research**

- a. Collaborative Research on an exclusive basis, generally one product – one customer relationship.
- b. Contract Research
- c. Development of new technology platforms for advanced intermediates and fine chemicals.

**Herbal Research**

- a. Production of the Phytochemicals (APIs from medicinal plants).
- b. Putting in place a cGMP Compliant Plant.
- c. Sophisticated Instrumentation facility to validate the pure Phytochemicals as well as the OTC herbal products.
- d. To develop the Pharmacological, Toxicological and Clinical validation Technology.
- e. Diversifying into the OTC / Phytopharmaceuticals.



## Amrutanjan Limited

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<b>4. EXPENDITURE ON R&amp;D</b>	(Rs. in lakhs)
Capital	0.72
Recurring	76.00
Total	<u>76.72</u>

Total R&D expenditure as a percentage of total turnover 0.96 %

## 5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### Chemical Research

Continuous innovative efforts are being adopted on chemicals and flow processes to ensure safe, commercially viable production process.

### Herbal Research

Moolika hair oil, Asva diskettes, Dragon red balm, Dragon white balm, Golden balm, Aloe vera cream and Ashirvad uterine tonic products have been developed in R&D for commercial scale. New innovative products in the area of nutraceuticals and cosmaceuticals for health care business have been developed.

## II. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in lakhs)
Total foreign exchange earnings	513.97
Total foreign exchange outgo	232.81



**INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE  
COMPANIES (PARTICULARS OF EMPLOYEES) RULES AND FORMING PART OF THE  
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2006.**

Sl. No.	Name, Age and Nature of Employment	Designation / Nature of Duties	Gross Remuneration (in Rs.)	Qualification	Experience (in years)	Date of Commencement of Employment	Particulars of last employment
1.	Sri S. Radhakrishna (up to 03/08/2005) (Contractual)	Managing Director (Management of whole affairs of the Company)	12,53,345	M.A. (Chem)	51	01.06.1989	Managing Director, M/s. Nageswara Rao Estates Pvt. Ltd.
2.	Sri S. Sambhu Prasad (32) (w.e.f. 07/08/2005) (Contractual)	Managing Director (Management of whole affairs of the Company)	22,99,445	B.Tech (USA) M.B.A. (USA)	10	07.08.2005	Warren Industries, Wisconsin, USA.

- Notes:
- Remuneration received includes salary, commission, taxable perquisites, gratuity, Company's contribution to Superannuation\*, Gratuity Fund\* and Provident Fund\*.
  - Nature of employment and terms and conditions of services in the case of Sri S. Sambhu Prasad are governed by Schedule XIII of the Companies Act, 1956

\* for Sri S. Sambhu Prasad