

AMRUTANJAN

70th ANNUAL REPORT 2006-07

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Amrutanjan Limited

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

Amrutanjan Limited

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

NOTICE

NOTICE is hereby given that the Seventieth Annual General Meeting of the members of Amrutanjan Limited will be held on Thursday, the 16th day of August, 2007 at Rani Seethai Hall, No.603, Anna Salai, Chennai 600 006, at 3.15 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007, the Profit and Loss Account for the year ended 31st March, 2007, 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, 2007.
3. To appoint a Director in the place of Mr. R. Vijayaraghavan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. N.V. Nelliappan, 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 Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be changed from 'AMRUTANJAN LIMITED' to 'AMRUTANJAN HEALTH CARE LIMITED'.

RESOLVED FURTHER THAT the name 'Amrutanjan Limited' wherever it appears in the Memorandum of Association and Articles of Association of the Company, company's common seal, books of accounts, statutory registers, records and other documents be replaced with the new name of the Company."

**FOR AND ON BEHALF OF THE BOARD
For AMRUTANJAN LIMITED,**

Hyderabad
25.06.2007

Dr. H.B.N. Shetty
Director

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 7th August, 2007 to 16th August, 2007 (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 16th August, 2007 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 6th August, 2007.
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 account 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 account 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.

Amrutanjan Limited

7. Members are advised to avail the facility of Electronic Clearing Service (ECS) for receipt of 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 complete the ECS Mandate Form given at the end of this Annual Report and forward the same to the Company's Registrars and Share Transfer Agents, M/s. Cameo Corporate Services Limited.
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 2006-07 the Company has transferred the unclaimed amount pertaining to Dividend for the financial year 1998-99 of Rs.1,61,079/- to IEPF. Members who have not yet encashed their dividend warrants from the financial year 1999-2000 onwards are requested to make their claims to the Company immediately.
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

AMRUTANJAN DEPOT began as a Patent Medicine business in 1893 at Mumbai. The Head Quarters of Amrutanjan Depot shifted to Madras (Chennai) later. It became a Public Limited Company on 9th September, 1936 with the name of "AMRUTANJAN LIMITED".

The Company manufactures and markets a wide range of pain balms and other products, such as Maha Inhaler, Cold Snap Gel, Cold Rub, Diakyur, Mridul Cough Syrup, X-pert Dermal Ointment, etc., under the brand name "Amrutanjan".

The name "Amrutanjan" has been synonymous with headache and pain. Since the Company, at present, manufactures and markets variety of products under the health care oriented segment, besides pain balms, and has plans to launch number of health care oriented products in future, it has become necessary to reposition the company as a health care oriented company. In view of this, the Board is of the opinion that it would be better to have the name of the company changed to 'Amrutanjan Health Care Limited' from 'Amrutanjan Limited'.

Under Section 21 of the Companies Act, 1956, the approval of the members and that of the Central Government is required for changing the name of the company. The Registrar of Companies has made available the said name to the company. Members' approval is being sought by this resolution to change the name of the company, subject to the final approval of the Central Government.

None of the Directors of the company is concerned or interested in the resolution at item no.6 of the Notice.

The Board commends the resolution for adoption by members.

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Details of Directors seeking re-appointment in Annual General Meeting

Name of the Director	: Mr. R. Vijayaraghavan
Date of Birth	: 2nd January, 1950
Date of Appointment	: 24th January, 1998
Qualification	: M.Sc., M.B.A., B.L
Expertise in Specific Functional Area	: Specialising in Law (Income Tax)
List of Companies in which outside Directorships held	: <ul style="list-style-type: none"> • Redington (India) Ltd. • Sanco Trans Ltd. • Shree Ambika Sugars Ltd. • Thiru Arooran Sugars Ltd. • Terra Energy Ltd. • India Nippon Electricals Ltd. • Sri Nachamai Cotton Mills Ltd. • Strategic Management & Marketing Consultancy Services Ltd. • Prime Technology Resources Management Ltd. • TVS Finance & Services Ltd.
Chairman/Member of the Committee of the Board of Directors of other Companies	: <p>Amrutanjan Limited</p> <ul style="list-style-type: none"> • Member – Audit Committee • Chairman – Remuneration Committee <p>Redington (India) Ltd.</p> <ul style="list-style-type: none"> • Chairman - Audit Committee <p>Sanco Trans Ltd.</p> <ul style="list-style-type: none"> • Chairman - Audit Committee • Member – Share Transfer Committee <p>Shree Ambika Sugars Ltd.</p> <ul style="list-style-type: none"> • Member - Audit Committee • Member - Remuneration Committee <p>Thiru Arooran Sugars Ltd.</p> <ul style="list-style-type: none"> • Chairman - Audit Committee • Member - Remuneration Committee <p>Terra Energy Ltd.</p> <ul style="list-style-type: none"> • Member - Audit Committee <p>India Nippon Electricals Ltd.</p> <ul style="list-style-type: none"> • Chairman – Audit Committee • Member – Investor Grievance Committee <p>TVS Finance & Services Ltd.</p> <ul style="list-style-type: none"> • Member - Audit Committee
Shareholding	: 500 Equity Shares of the Company

Name of the Director	: Mr. N.V. Nelliappan
Date of Birth	: 8th November, 1937
Date of Appointment	: 24th June, 2005
Qualification	: Chartered Accountant
Expertise in Specific Functional Area	: Income Tax
List of Companies in which outside Directorships held	: -
Chairman/Member of the Committee of the Board of Directors of other Companies	: <p>Amrutanjan Limited</p> <ul style="list-style-type: none"> • Member – Audit Committee
Shareholding	: -

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

Hyderabad
25.06.2007

Amrutanjan Limited

REPORT OF THE DIRECTORS' TO THE MEMBERS

Your Directors have pleasure in presenting their Seventieth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2007.

01. FINANCIAL RESULTS

	Year ended 31.3.2007	Year ended 31.3.2006
	Rs.	Rs.
Profit before Interest and Depreciation	16,39,83,943	16,49,94,641
Less: Interest	54,05,433	1,42,37,905
Depreciation	1,52,12,579	1,72,58,596
	<u>2,06,18,012</u>	<u>3,14,96,501</u>
Profit before extraordinary items	14,33,65,931	13,34,98,140
Less: Loss on Destruction of assets	(7,91,387)	(73,34,698)
Prior year adjustments (Net)	2,10,441	(2,52,217)
	<u>14,27,84,985</u>	<u>12,59,11,225</u>
Profit for the year before tax		
Provision for taxation		
– Income Tax	(4,80,00,000)	(4,60,00,000)
– Fringe Benefit Tax	(14,00,000)	(32,00,000)
– Deferred Tax	17,44,724	60,45,814
Short Provision for Income Tax of earlier years	(24,36,103)	(22,85,143)
	<u>9,26,93,006</u>	<u>8,04,71,896</u>
Profit after tax before exceptional items		
Less: Provision for advances	(13,00,197)	(6,00,00,000)
Provision for diminution in value of Investments	(3,22,53,828)	–
	<u>5,91,38,981</u>	<u>2,04,71,896</u>
Profit after tax after exceptional items		
Add: Transfer from Profit & Loss Account		
– Surplus from previous year brought forward	1,28,59,820	1,69,83,124
	<u>7,19,98,801</u>	<u>3,74,55,020</u>
Profit for Appropriation		
	<u>7,19,98,801</u>	<u>3,74,55,020</u>
<u>Appropriations:</u>		
General Reserve	2,00,00,000	1,00,00,000
Interim Dividend Paid	1,28,00,000	41,60,000
Tax on Interim Dividend	17,95,200	5,83,440
Final Dividend – Proposed	64,00,000	86,40,000
Tax on Proposed Final Dividend	10,87,680	12,11,760
Balance Profit carried to Balance Sheet	2,99,15,921	1,28,59,820
	<u>7,19,98,801</u>	<u>3,74,55,020</u>

02. DIVIDEND

Considering the profits projected for 2006-2007, your directors have declared and paid an interim dividend of 40% on the equity share capital of Rs.3.20 crores amounting to Rs.128.00 lakhs during the year. Your directors have pleasure in recommending a final dividend of 20% for the year ended 31st March, 2007 amounting to Rs. 64.00 lakhs. The Company will bear the dividend distribution tax of Rs.10.88 lakhs.

03. REVIEW OF PERFORMANCE

During the year under review, the sales of the company amounted to Rs. 8269.58 lakhs as against Rs.8025.64 lakhs in the previous year. Profit before interest and depreciation amounted to Rs. 1639.84 lakhs as against Rs. 1649.95 lakhs in the previous year.

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04. FIXED DEPOSITS

Your company has not accepted any deposits nor renewed deposits since September, 2000. During the year, the Company has transferred a sum of Rs.6,000/- to Investor Education and Protection Fund being the deposit and interest thereon unclaimed within the stipulated period of seven years, pursuant to Section 205C of the Companies Act, 1956.

05. DIRECTORS

Mr. R. Vijayaraghavan and Mr. N.V. Nelliappan retire by rotation and being eligible, offer themselves for re-appointment.

06. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your directors confirm as under:

- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2007 and of the profit of the company for the year ended on that date;
- iii. that the directors had 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 had prepared the annual accounts on a 'going concern' basis.

07. CORPORATE GOVERNANCE

The company has complied with the mandatory provisions of the Corporate Governance as prescribed in the listing agreement entered into with Madras Stock Exchange Limited. Separate reports on Corporate Governance and Management Discussion and Analysis as required are attached and are forming part of this Annual Report.

08. SUBSIDIARY COMPANIES

Data Quest Infotech & Enterprises Limited

During the year under review, the performance of the call centre business was not up to expectations. Intense competition, business fluctuations, speculative nature of activity and past experience of the company in this area of activity has compelled the company to exercise great caution and this has stalled the process of venturing into new business agreements which has ultimately had its impact on the overall performance of the company. At present the Company has temporarily suspended its Call Centre operations. Much needs to be done and as a specific time frame cannot be fixed because of the fluctuations involved, improvement in performance can be achieved only over a period of time.

Amrutanjan Drugs and Chemicals Limited

During the year under review, the Company had not undertaken any commercial operations. Viable options are being envisaged and most suitable options would be pursued.

Egattur Printing and Packaging Limited

There was no commercial operation during the year under review. The next course of action to be taken by the company would be decided in due course of time.

Swas Health Products Limited

The company did not pursue with commercial operations during the financial year. Various other alternative operational options, to be pursued with by the Company, are being considered so as to opt for a more cost-effective and productive operation.

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. However, the accounts of the three subsidiaries viz., M/s. Data Quest Infotech and Enterprises Limited (formerly Amrutanjan Infotech and Enterprises Limited), Egattur Printing and Packaging Limited and Swas Health Products Limited are

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attached with the accounts of the holding company. But the accounts of fourth subsidiary, M/s. Amrutanjan Drugs and Chemicals Limited is consolidated with the accounts of the holding company. Hence, the same is not attached. Besides, a Statement giving certain information as required vide exemption letter from the Ministry of Corporate Affairs, New Delhi under Section 212(8) of the Companies Act, 1956 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.**

09. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiary viz., Amrutanjan Drugs and Chemicals Limited, have been prepared after excluding other subsidiary companies, viz., Data Quest Infotech & Enterprises Limited, Swas Health Products Limited and Egattur Printing and Packaging Limited that are not continuing the business operations.

10. 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.

11. 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.

12. 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.

13. COST AUDITORS

Mr. M. Krishnaswamy, Cost Accountant will be re-appointed as Cost Auditor of the Company pursuant to Section 233B of the Companies Act, 1956 after approval from the Central Government to conduct audit of cost records maintained by the Company in respect of its Formulations and Bulk Drugs business for the financial year ended 31st March, 2007.

14. ACKNOWLEDGEMENT

The Board expresses its gratitude and places on record its sincere appreciation to Indian Overseas Bank, Punjab National Bank, HDFC Bank Ltd., 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.

Hyderabad
25.06.2007

S. Sambhu Prasad
Managing Director

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

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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 31.3.2007 (Current Year)		Year ended 31.3.2006 (Previous Year)	
	OTC	FINE CHEMICALS	OTC	FINE CHEMICALS
1. Electricity:				
a) Purchased:				
Units	5,21,758	5,87,538	5,17,491	8,57,782
Total Amount (Rs.)	27,65,844	32,30,182	28,05,421	40,53,960
Rate/Unit (Rs.)	5.30	5.49	5.42	4.73
b) Own Generation:				
(i) Through Diesel Generator:				
Units	17,268	29,268	35,730	74,760
Units per litre of Diesel	4.30	3.35	4.65	3.22
Cost/Unit (Rs.)	8.02	10.73	6.82	10.30
(ii) Through Steam Generator:				
Units	23,913	90,379	21,250	-
Cost/Unit (Rs.)	-	-	-	-
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 31.03.2007 Rs.	Year ended 31.03.2006 Rs.
Electricity:			
Amrutanjana Pain Balm	(Per Ton)	6,154.50	6,539.60
Fine Chemicals	(Per Ton)	3,69,042	93,798
Furnace Oil, Coal and Others	-	-	-

Amrutanjan Limited

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

Herbal Research

- a. Poly-herbal and mono-herbal formulations to cure different type of diseases in different dossiers using the Traditional Remedies knowledge.
- b. Validation of the efficacy of herbal formulations by Pharmacological and toxicological studies and their stability studies.
- c. Clinical validation of the research products for their efficacy towards human.
- d. Technology transfer to production.
- e. Personal care products.

Chemical Research

- a. Process development for drug intermediates, fine chemicals and API's.
- b. Fast track process development for custom chemicals.
- c. Techno-commercial feasibility study for new products.

2. BENEFITS OF R&D

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, and remedial formulations in different therapeutic categories to achieve higher turnover.
- c. Improving export business with development of customer specific OTC Herbal Products.
- d. Planning to work in the field of personal care products, in which R&D herbal will be working on the products where the company can ascertain the benefits of the used ingredients.

Chemical Research

- a. Improvement in the profitability of the products due to the adaptation of cost-beneficial chemical synthesis developed by R&D.
- b. Introduction of new products.
- c. Technical services to Fine Chemicals Division.

3. PLANNING FOR THE FUTURE

Herbal Research

- a. Planning for the export of the Amrutanjan Pain Balm, Amrutanjan Strong Pain Balm, certain nutraceuticals and personal care product to the USA market. The company is closely working with one US importer and the matter is on top priority.
- b. Production of the Phytochemicals (APIs from medicinal plants).
- c. Diversifying into the OTC / Phytopharmaceuticals.

Chemical Research

- a. Contract research (drug discovery).
- b. Process modification and adoption for contract manufacturing.
- c. Collaborative research for co-marketing alliances.