

# 9<sup>th</sup> ANNUAL REPORT



**ANKUR**

**DRUGS AND PHARMA LTD**

**2002-2003**

## BOARD OF DIRECTORS

Purnandu Jain	:	Director
Lalit Agarwal	:	Director
Girraj Vijayvargiya	:	Director
Parmeshwar B. Bang	:	Whole-time Director (Technical)

<b>REGISTERED OFFICE</b>	:	C-306, Crystal Plaza, Andheri Link Road, Andheri (West), Mumbai - 400 053
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<b>FACTORY</b>	:	Plot No. 3 & 4, Survey No. 168, Dabhel Industrial Co-operative Society Limited Village Dabhel, Nani Daman (U.T.) 396 210
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<b>AUDITORS</b>	:	M. G. Vashi & Co. Chartered Accountants Mumbai
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<b>BANKERS</b>	:	Canara Bank
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<b>REGISTRAR &amp; SHARE TRANSFER AGENTS</b>	:	Choksh Infotech Limited 102/103, MHADA Commercial Complex, Next to Oshiwara Police Station, Adarsh Nagar, Andheri (West), Mumbai - 400 104.
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## NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of **ANKUR DRUGS AND PHARMA LIMITED** will be held on Wednesday, August 20, 2003 at the registered office of the company at C- 306, Crystal Plaza, Andheri Link Road, Andheri (West), Mumbai- 400 053, at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2003 and the Profit & Loss Account of the company for the year ended on that date along with the reports of the directors and auditors thereon.
2. To appoint a director in place of Mr. Parmeshwar Bang – Whole-time Director (Technical) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. M/s. M. G. Vashi & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

### SPECIAL BUSINESS:

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

“**RESOLVED THAT** notice having been received from a member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Lalit Agrawal as a Director, Shri Lalit Agrawal who was appointed as an Additional Director on July 12, 2003 and who holds office upto this Annual General Meeting, be and is hereby appointed as a Director of the company, liable to retire by rotation.”

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

“**RESOLVED THAT** notice having been received from a member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Girraj Vijayvargiya as a Director, Shri Girraj Vijayvargiya who was appointed as an Additional Director on December 16, 2002 and who holds office upto this Annual General Meeting, be and is hereby appointed as a Director of the company, liable to retire by rotation”.

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

“**RESOLVED THAT** in accordance with the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, (the Act), the existing Authorized Share Capital of the company of Rs.11,00,00,000/- (Rupees eleven crore only) divided into 1,10,00,000 (One crore ten lakh only) equity shares of Rs. 10/- (Rupees ten only) each, be and is hereby increased to Rs.14,00,00,000 (Rupees

fourteen crore only) divided into 1,40,00,000 (One crore forty lakh only) equity shares of Rs.10/- (Rupees ten only) each.

**RESOLVED FURTHER THAT** the existing Clause V of the Memorandum of Association of the company be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause V:

- V. The Authorized Share Capital of the company is Rs.14,00,00,000 (Rupees fourteen crore only) divided into 1,40,00,000 (One crore forty lakh only) equity shares of Rs.10/- (Rupees ten only) each with the rights privileges and conditions attached thereto as are provided by the Articles of Association of the company for the time being with power to increase and reduce the capital for the time being to several classes and to attach thereto respectively, such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or provided by the Articles of Association for the time being in force in that behalf.

7. 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 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing regulation in Article 4 of the Articles of Association of the company be altered by deleting the same and substituting in its place and stead, the following as new Article 4:

The Authorized Share Capital of the company is Rs.14,00,00,000 (Rupees fourteen crore only) divided into 1,40,00,000 (One crore forty lakh only) equity shares of Rs.10/- each (Rupees ten only) with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the company for the time being. The company has power from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and to attach thereto respectively, such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company for the time being and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may for the time being permitted by the Articles of Association of the company or the legislative provisions for the time being in force in that behalf.

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 31 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, consents, permissions and sanctions as may be necessary from the Appropriate Authorities or Bodies, the Articles of Association of the

company be and are hereby altered to the extent and in the manner as hereinafter stated:

- A. For Article 3 – INTERPRETATION – “Promoters”: Substitute the following:  
 “Promoters” means as defined under the SEBI provisions, regulations or any other statute as applicable at the relevant context and event.
- B. For Article 97 – Presence of quorum: Substitute the following:  
 Quorum of General Meeting shall be five members present in person.
- C. For Article 125 – to be deleted
- D. For Article 146 – Substitute the following:

**146.1** Subject to the provisions of Sections 267, 268, 316 and 317 of the Act, the Board may from time to time, appoint one or more directors to be Managing Director or Managing Directors of the company, either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office and may, from time to time subject to the provisions of any contract between him or them and the company remove or dismiss him or them from office and appoint another or others in his or their place or places.

**146.2** Subject to the provisions of Sections 309, 310 and 311 of the Act a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the company under these Articles, receive such remuneration from time to time as may be approved by the company.

**146.3** Subject to the provisions of the Act and in particular the prohibitions and restrictions contained in Section 292 thereof the Board may from time to time entrust to and confer upon the Managing Director or Managing Directors for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purpose and upon terms and conditions and with such restrictions as they think fit; and they may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the directors in that behalf and may from time to time revoke withdraw, alter or vary all or any of such powers.

**146.4** Subject to the provisions of the Act the Managing Director or Managing Directors shall not, while he or they continue to hold that office, be subject to retirement by rotation

9. 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(1-A) and all other applicable provisions if any, of the Companies Act, 1956 (including any amendment thereto or modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the company as amended and Listing Agreements entered into by the company with the Stock Exchanges, where the shares of the company are listed and subject to the guidelines/rules/regulations made

by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned and relevant authorities and Departments in this regard and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting any such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the consent of the company be and is hereby accorded to the Board to offer/issue/allot not exceeding 45,00,000(Fourty five lakh only) equity shares of face value Rs.10/- (Rupees ten only) each, at such price as the Board may decide for cash, determined in accordance with the SEBI Guidelines and as the Board may at its sole discretion decide to all or any of the following categories viz.: the public, the members, the promoters, non-resident Indians, overseas corporate bodies, domestic companies and/or to such other persons, whether through public issue, private placement or preferential allotment or by any one or more combinations of the above modes/methods or otherwise and at such time or times and in one tranche or more and on such terms and conditions as the Board may at its absolute discretion think fit and decide.

**RESOLVED FURTHER THAT** the equity shares so issued and allotted shall rank pari-passu, in all respect with the existing equity shares of the company, except that they shall be entitled to dividend with effect from the date of allotment, on pro-rata basis, for the financial year in which they are allotted and on the capital for the time being paid up thereon.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable or as may be incidental or ancillary and to settle all questions, difficulties or doubts that may arise in regard to such issue or allotment as it may in its absolute discretion deem fit in order to give effect to this resolution without being required to obtain any further consent or approval of the members or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution”

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

**RESOLVED THAT** subject to such consents, permissions or sanctions as may be required from any authority statutory or otherwise, particularly from the Securities and Exchange Board of India (SEBI) and pursuant to Section 61 and all other applicable provisions of the Companies Act, 1956 and Guidelines, Rules framed by SEBI in this regard, the Board of Directors of the company be and is hereby authorized to seek Voluntary Delisting of its Equity shares listed at Ahmedabad, Jaipur, and Madras Stock Exchanges and, or

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any other concerned authorities for voluntary delisting of the equity shares from the said Stock Exchanges.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to settle all questions, difficulties or doubts as may arise, including power to accept or reject final exit price with regard to the voluntary delisting of shares as it may in its absolute discretion deem fit.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorize any of its committee or Director(s) or officers of the company to do all such acts, deeds or things, as may be necessary, to give effect to this resolution."

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

**RESOLVED THAT** the consent of the company be and is hereby accorded to the commencement of the business by the company as given in sr. no 70 of the other objects under sub-clause (c) of clause III of the Memorandum of Association namely "To invest in and acquire, hold, apply renounce, purchase, sale and deal in shares, debentures, bonds, debenture stocks, units, obligations and securities of

any company corporation, government, municipality or any lawful authority."

**RESOLVED FURTHER THAT** the consent of the company be and is hereby accorded to the Board of Directors to commence the above business pursuant to the provisions of sub-section (2A) of section 149(2) of the Companies Act 1956.

**For and on behalf of the Board**

**PURNANDU JAIN**  
Director

**Registered Office:**  
C- 306, Crystal Plaza  
Andheri Link Road  
Andheri (West)  
Mumbai-400 053  
Place: Mumbai  
Dated: July 12, 2003.

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
- The Register of Members and Transfer Books of the Company will be closed from August 18, 2003 to August 20, 2003, both days inclusive.
- The Memorandum of Association & the Articles of Association of the company will be available for inspection at the Registered Office of the company on all working days between 10.00 a.m. and 12.30 p.m. upto the date of this Annual General Meeting.
- Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special business is annexed hereto.
- DETAILS OF DIRECTORS, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING, IS AS FOLLOWS:

Name of the Director	Mr. Lalit Agrawal	Mr. Parmeshwar Bang	Mr. Girraj Vijayvargiya
Date of Birth	September 12, 1968	April 2, 1968	December 12, 1968
Expertise in Specific Functional Areas	Marketing	Manufacturing	Finance
Qualifications	M.Com	B. Pharm	B.Com., FCA
List of other companies in which directorship held as on 31 <sup>st</sup> March 2003	1) Bombay Baroda Roadway (India) Ltd. 2) Dwarka Infrastructure (India) Ltd.	1) Anodyne Remedies India Ltd.	1) Anodyne Remedies India Ltd.
Chairman/Member of the Committee of the Board of other companies in which he is Director as on 31 <sup>st</sup> March 2003.	Member of 1) Audit Committee 2) Remuneration committee 3) Shareholders Grievance Committee of Bombay Baroda India Ltd.	Member of 1) Audit Committee 2) Remuneration Committee 3) Shareholders Grievance Committee in Ankur Drugs & Pharma Ltd.	Chairman of 1) Audit Committee 2) Remuneration Committee 3) Shareholders Grievance Committee w.e.f. 16.12.02 in Ankur Drugs & Pharma Ltd.

**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

**ITEM NO. 4 & 5**

- i. Mr. Lalit Agrawal aged 35 years was appointed as a Director in the Board meeting held on July 12, 2003. His particulars are annexed to the notice.

Under Section 260 of the Companies Act, 1956, he holds office as Additional Director upto the date of the Annual General Meeting. Notice has been received from a Member intimating his intention to propose the appointment of Mr. Lalit Agarwal as a Director at the ensuing Annual General Meeting. The Board of Directors consider that his appointment as a Director will be in the interests of the company and recommends the acceptance of the resolution.

None of the other Directors except Mr. Lalit Agarwal is interested in the above resolution relating to his appointment as a Director of the company.

- ii. Mr. Girraj Vijayvargiya aged 35 years was appointed as a Director in the Board meeting held on December 16, 2002. His particulars are annexed to the notice.

Under Section 260 of the Companies Act, 1956, he holds office as Additional Director upto the date of the Annual General Meeting. Notice has been received from a Member intimating his intention to propose the appointment of Mr. Girraj Vijayvargiya as a Director at the ensuing Annual General Meeting. The Board of Directors consider that his appointment as a Director will be in the interests of the company and recommends the acceptance of the resolution.

None of the other Directors except Mr. Girraj Vijayvargiya is interested in the above resolution relating to his appointment as a Director of the company.

#### ITEM NO. 6 & 7

The Authorized Share Capital of the company is at present Rs.11,00,00,000 (Rupees eleven crore only) divided into 1,10,00,000 (One crore ten lakh only) equity shares of Rs.10/- (Rupees ten only) each.

It is proposed to increase the Authorized Share Capital to Rs.14,00,00,000 (Rupees fourteen crore only) divided into 1,40,00,000 (One crore fourty lakh only) equity shares for Rs.10/- (Rupees ten only) each, as set out in the Notice in accordance with Section 94 of the Companies Act, 1956. The increase of the Authorized Share Capital is proposed to enable the company to raise the funds for further expansion as recommended by the Board of Directors of the company in its meeting held on July 12, 2003, subject to the consent of the shareholders.

The alteration of Article 4 of the Articles of Association is purely consequential to the alteration of the Capital clause of the Memorandum of Association of your company.

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

Your Directors recommend the resolution for your approval.

#### ITEM NO. 8

**(A & B)** : In view of the change in the management and promoters over the years, and no specific person need to be mentioned as the promoters in the Articles, hence the Board decided to alter the Articles of Association accordingly.

**(C)** : In view of the changes in A & B above, Article 125 has also become redundant and hence recommended to delete the same.

**(D)** : As the management and promoters changed over the period no specific person need to be identified as promoter in the Articles, and consequentially the articles has been altered accordingly. Further, the appointment or reappointment procedures of Managing Directors have been altered to fall in line with general practice and provisions and rules of the Companies Act, 1956.

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

Your Directors recommend the resolution for your approval.

#### ITEM NO.9

The operations of your company are growing very rapidly which is being achieved by enhancing the production facilities. Therefore, there is round the year capital expenditure requirement. Earlier, your company had obtained relief from IDBI under a Debt Restructuring Plan, which entailed stiff repayment schedule. In fact, your company has repaid Rs. 365.33 lakh upto date by way of principal and interest to IDBI and the present outstanding is Rs.433.06 lakh. Besides this, the rising turnover is also necessitating a much higher working capital. Hence subsequent to passing of resolution 6 & 7, the Board proposes to make a preferential issue of Equity shares upto a face value of Rs.4.5 crore at such price as the market determines at the time of issue. This issue would be made subject to the approval of IDBI, SEBI, the Shareholders and any other authorities as applicable.

The Directors of the company may deemed to be concerned or interested in the said resolution to the extent of shares issued and allotted, if any, to the promoters, their relatives, friends and associates.

Your Directors recommend the resolution for your approval.

#### ITEM NO. 10

SEBI has issued Guidelines for delisting of Securities viz SEBI (Delisting of Securities) Guidelines 2003.

Securities of the company are listed on the following Stock Exchange(s)

- 1) The Stock Exchange, Mumbai.
- 2) The Stock Exchange, Ahmedabad.
- 3) The Stock Exchange, Jaipur.
- 4) The Stock Exchange, Madras (Chennai).

In view of negligible trading the Board proposes to delist its equity shares from the Stock Exchanges of Ahmedabad, Jaipur, and Madras (Chennai).

Since shares of the company will continue to be listed on BSE, and the Board also intend to list the shares on National Stock Exchange (NSE), no exit price is required to be offered to the investors as per the SEBI (Delisting of Securities) Guidelines 2003.

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

Your Directors recommend the resolution for approval.

#### ITEM NO 11

As the company is making turnaround and if any surplus funds are available, the same could be put at optimum utilization by investing in securities for short and long term purpose. And for this purpose, the Board proposes to invoke other object Clause No 70 provisions of the Memorandum of Association of the company to carry out these activities.

None of the Directors of the company is concerned or interested in this Resolution.

Your Directors recommend the resolution for your approval.

**For and on behalf of the Board**

**PURNANDU JAIN**  
 Director

Place: Mumbai  
 Dated: July 12, 2003

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## DIRECTORS' REPORT

To the Members of  
Ankur Drugs of Pharma Limited

Your Directors have pleasure in presenting this Ninth Annual Report and Audited Accounts for the year ended March 31, 2003.

### FINANCIAL RESULTS

	(Rupees lakh)	
	Year Ended March 31, 2003	Year Ended March 31, 2002
Total Income	2070.24	385.86
Gross Profit before interest & depreciation	336.37	105.96
Less: Interest	79.04	14.88
Depreciation	96.05	68.85
Profit before tax	161.28	22.23
Less: Provision for Taxation		
Current Tax	13.82	---
Deferred Tax	59.22	---
Profit after tax	88.24	22.23
Less : Prior period adjustments	(2.48)	220.91
	85.76	243.14
Add: Balance brought forward	2.84	(240.30)
Balance carried to Balance Sheet	88.60	2.84

### REVIEW OF OPERATIONS

In the last Annual Report we had stated that the year was a watershed year and that several steps were taken to restore the health of the company and the management has succeeded in laying a foundation for sustained and robust growth. Now we are pleased to report the initial benefits attained by the company in its first full year of operations. The turnover recorded during the year has grown almost six fold. The profit after tax has also kept pace and risen from Rs.22.23 lakh to Rs.88.24 lakh.

During its first year of operation post restructuring, your company has taken further steps to continue this growth momentum. Globally, there is an established trend of outsourcing and contract manufacturing and increasingly the larger companies in the industry are realizing the fruits of this trend. It is therefore envisaged that the larger companies both at home and abroad will be driven and compelled to resort to outsourcing. It is also heartening to note that recognizing the inherent cost and quality advantages of Indian Pharma sector, even the multinational Pharma companies abroad are entering into contract manufacturing agreements with Indian Pharma companies which trend, as the time passes by will gather momentum. The universe of the business of contract manufacturing is therefore expanding very very rapidly and the newer opportunities are also likely to be far more profitable. Your company is rapidly occupying space in this business and has chosen alliance and business with some of the fastest growing companies of repute. Presently, though the bulk of the work is being done for Ranbaxy Laboratories Limited, the other clients like Cipla Limited, Lyka Labs

Limited, Lyka Hetero Healthcare Limited and Makers Laboratories Limited (An Ipca Group Company) are also forming considerable work. Due to the constraint in the production capacity, all throughout last year, your company could not expand its client list despite receiving very interesting and confirmed inquiries. To meet the growing demands from the clients, your company is therefore taking urgent measures to substantially enhance its capacity. On the strength of these enhanced manufacturing capabilities, your company will sharply scale up both volume of business and profits in the current year as well as years to come. Besides, your company has also widened the base of its products to almost about 250, which would also ensure a continuous flow of orders.

Your company's business model is conservative as well as sound. Since it was a financially weak company, presently it has opted for an assured profit business as manufacturing is undertaken only against orders. It is conscious that it is in the lower end of the value chain. In the near term, it is contemplated to generate large profits through high volumes. After consolidating, your management aspires to get into higher margin segments of the business, which fortunately the pharma industry presents huge potential. In the current year the financial position of the company would be strengthened considerably which will enhance the risk taking abilities. Your company would thereafter embark upon businesses, which generate much higher returns on capital. Even in the contract manufacturing space there is a possibility of climbing the value chain and therefore serious efforts are being made to enhance the profitability.

### BUSINESS OUTLOOK

The current year has started on a very positive note. The turnover of your company is scaling up every month. By the end of the third quarter, your company expects to put into operation expanded capacity and this should fairly enhance the turnover as well as the profits of your company.

### ISSUE OF CAPITAL

The operations of your company are growing very rapidly which is being achieved by enhancing the production facilities. Therefore, there is round the year capital expenditure requirement. Earlier, your company had obtained relief from IDBI under a Debt Restructuring Plan, which entailed stiff repayment schedule. In fact, your company has repaid Rs.365.33 lakh upto date by way of principal and interest to IDBI and the present outstanding is Rs.433.06 lakh. Besides this, the rising turnover is also necessitating a much higher working capital. So as to augment the long-term resources of the company and capture all the business opportunities, your company has decided to make a preferential issue of equity shares upto a face value of Rs.4.5 crore. This issue would be made subject to the approval of IDBI as well as in accordance with the guidelines stipulated by SEBI. During the recent past the share prices of your company have largely been ruling at below par levels and in such a situation making an issue of equity shares with a lock-in clause of one year is an arduous task. However, the management is arranging to place the equity shares with a nominal premium with a set of investors which we hope meets with your approval.

## DIVIDEND

The management has succeeded in turning around the company in the very first year of operations after it availed of relief from IDBI under the Debt Restructuring Plan. Unfortunately, the profits have been meagre and do not justify payment of dividend. There are several claimants of the liquidity that is being generated and therefore the management has decided to preserve the same. However, management is deeply conscious of rewarding its shareholders and if the future shapes up as is being envisaged now, it would be the endeavour of the management to consider dividend payout at the earliest and preferably in this ensuing year.

## DELISTING OF SHARES

The equity shares of the company are listed on the Stock Exchanges at Ahmedabad, Jaipur, Madras (Chennai) and Mumbai.

It is proposed to de-list the equity shares of the company from the Stock Exchanges at Ahmedabad, Jaipur and Madras (Chennai) in view of negligible trading at these exchanges for which approval of shareholders is being sought at the ensuing Annual General Meeting.

## LISTING OF SHARES ON NATIONAL STOCK EXCHANGE

For the addition of shareholders value and better liquidity, the Board proposes to list the Equity Shares of the company on National Stock Exchange. This will also help the shareholders further for easy liquidity of their shares after the delisting of shares from the Stock Exchanges of Ahmedabad, Jaipur and Madras (Chennai).

## FIXED DEPOSITS:

The company has not accepted or renewed any deposit from public during the year under review.

## CORPORATE GOVERNANCE:

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance. Your company has complied with the Corporate Governance requirements stipulated under clause 49 of the listing agreement. Report on Corporate Governance is annexed as Annexure II forming part of this report.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

1. In the preparation of the annual accounts for the year ended, March 31, 2003 the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
2. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 under review and the Profit of the company for that year;
3. 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;

4. The Directors had prepared the annual accounts on going concern basis.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the listing agreement with the Stock Exchange is annexed as Annexure III forming part of this report.

## AUDIT COMMITTEE:

The Audit Committee of the Board was formed in March, 2001 to review reports of the Corporate Audit Services Department, meet Statutory Auditors periodically and discuss their findings, suggestions and other related matters and review the major accounting policies followed by the company.

The Audit committee of the Board comprises of 2 non-executive Directors and 1 executive Director as under:

Name of Member	Status
Mr. Purnandu Jain	Chairman upto December 16, 2002
Mr. Parmeshwar B. Bang	Member
Mr. Girraj Vijayvargiya	Chairman with effect from December 16, 2002
Mr. Deepak Mehta	Member upto December 16, 2002

## INDUSTRIAL RELATIONS:

Industrial relations continued to be cordial during the year.

## DIRECTORS:

During the year under review, Mr. Girraj Vijayvargiya has been appointed as additional Director on the company Board with effect from December 16, 2002.

During the year under review, Mr. Lalit Agrawal has been appointed as additional Director on the company Board from July 12, 2003.

Mr. Deepak Mehta, Director of the company has resigned with effect from December 16, 2002 due to his pre-occupation. Your Directors placed on record his recognition and appreciation of contribution made by him.

## AUDITORS:

M/s. M.G. Vashi & Co., Chartered Accountants, who are the Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment.

## AUDITORS' REPORT:

Observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217 (3) of the Companies Act, 1956.



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**APPOINTMENT OF M/S. CHOKSH INFOTECH LIMITED AS REGISTRAR AND SHARE TRANSFER AGENTS.**

In the due compliance of the relevant SEBI circular requiring all the companies to have single point facility for all work related to share registry for shares in physical and electronic form, the company has entrusted the job to M/s. Choksh Infotech Limited as the Registrar & Share Transfer Agents of the company. However, as M/s. Choksh Infotech Limited, Registrar & Transfer Agents, due to certain difficulties are not in a position to take over the Electronic Mode transfer and hence M/s. Adroit Corporate Services Pvt. Ltd., will continue to do the same for some more time.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:****(A) Conservation of Energy and Technology Absorption:**

Particulars as required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure – I to this report.

**(B) Foreign Exchange Earnings and Outgo:**

During the year under review, the company did not have any Foreign Exchange Earnings or Outgo.

**PARTICULARS OF EMPLOYEES:**

None of the employees of the company are in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956.

**ACKNOWLEDGMENT:**

The Directors wish to express their gratitude to the IDBI, Canara Bank, Clients and all the business associates for their continuous support to the company and to the shareholders for the confidence reposed in the company's management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board

**PURNANDU JAIN** **GIRRAJ VIJAYVARGIYA**  
Director Director

Place : Mumbai.

Dated: July 12, 2003 .

**ANNEXURE – I TO THE DIRECTORS' REPORT**

Information under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2003.

For and on behalf of the Board

**PURNANDU JAIN** **GIRRAJ VIJAYVARGIYA**  
Director Director

Place : Mumbai

Dated: July 12, 2003

**1. CONVERSATION OF ENERGY****(a) Energy Conservation Measures taken**

- Continuous overhauling of all insulations to reduce loss of heat due to radiation.
- All the insulated vessels have been provided Aluminium Foil Jacketing to prevent damages to insulation and hence loss of heat energy.
- Connection of all Steam Condensate Return Lines back to the Boiler Feed Water Tank.
- Use of treated water as Boiler Feed Water thereby reducing scale formations and increasing efficiency of Boiler condensers and other heat exchanges.

(b) additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy: Nil.

(c) The adoption of energy conservation measures indicated above have resulted in savings in the cost of production.

(d) Total energy consumption and energy consumption per unit of Production.

**I) Power and Fuel Consumption**

	Unit	2002-03	2001-02
1) <b>Electricity</b>			
Purchased	KWH	7,93,250	4,88,179
Total Amount (Rs.)		21,15,841	14,39,855
Average rate/unit (Rs.)		2.67	2.95
2) <b>L.D.O.</b>			
Purchased	Ltrs	57,296	54,219
Total Amount (Rs.)		9,64,462	7,33,506
Average rate/unit (Rs.)		16.83	13.53
3) <b>Others</b>			
Diesel (Rs.)		2,54,376	Nil

**II) Consumption per unit of Production**

Since the company manufactures different types of pharmaceutical formulations, it is not practicable to give consumption per unit of production.

**B. TECHNOLOGY ABSORPTION**

At the Quality Control Laboratory maintained by the company, normal quality control activities are carried out with reference to quality of raw materials and finished goods.

No major expenditure except routine revenue expenditure was incurred. The company continued to run its Plant on Standard known and time tested Technology.