



**Prudential Pharmaceuticals Limited**



**BOARD OF DIRECTORS**

Shri Vinod Baid - *Chairman*  
Shri K.Bangar Reddy - *Managing Director*  
Shri Ratan Singh Chowdhury  
Shri Kishore Jhunjhunwala

**REGISTERED OFFICE & WORKS**

Sy. No. 133, Bollaram, Jinnaram Mandal  
Medak District – 502 325  
Andhra Pradesh

**CORPORATE OFFICE**

'Akash Ganga' 4<sup>th</sup> Floor  
Plot # 144, Srinagar Colony  
Hyderabad – 500 073

**BANKERS**

State Bank of Hyderabad  
Overseas Branch, Somajiguda  
Hyderabad – 500 082

**AUDITORS**

Lakshminiwas & Jain  
Chartered Accountants  
5-4-726, Nampally Station Road  
Hyderabad – 500 001



## 17th Annual Report 2001-2002

**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held at **11.00 A.M. on Monday the 30<sup>th</sup> September 2002** at the Registered Office of the Company at Survey No.133, Bollaram, Jinnaram Mandal, Medak District – 502 325 (A.P.) to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2002 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Shri Vinod Baid, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Lakshminiwas & Jain, Chartered Accountants, be and are hereby appointed, Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company.”

For and on behalf of the Board

Place : Hyderabad  
Date : 30th July, 2002

**Vinod Baid**  
Chairman

**NOTES:**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself. A Proxy need not be a member of the Company. Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members of the Company will remain closed from 24<sup>th</sup> September, 2002 to 30<sup>th</sup> September, 2002 (both days inclusive).
3. Members are requested to quote their Registered folio numbers in all their Correspondences with the Company and notify change in their registered address, if any.

For and on behalf of the Board

Place : Hyderabad  
Date : 30th July, 2002

**Vinod Baid**  
Chairman

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## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report and the Audited Accounts for the year ended 31.03.2002.

### 1. Financial Results (Rs. in Lakhs)

	Year ended 31.03.2002	Year ended 31.03.2001
Profit before Finance charges and Depreciation	225.24	192.09
Finance Charges	32.55	20.35
Depreciation	41.82	22.74
Provision for Tax:		
-Current	14.96	8.05
-Deffered	24.87	—
Profit after Tax	111.04	140.95
Surplus Brought forward	215.08	149.13
Balance available for appropriations	326.12	290.08
Transfer to General Reserve	75.00	75.00
Surplus carried forward	251.12	215.08

**2. Performance & Prospects:** The Company's export performance has improved by 52% during the current year under review compared to the previous accounting year. The demand for Company's products has been increasing in U.S.A. and Europe.

Your Company is planning to expand its activities by increasing capacity, adding new products and the cost of which will be met through internal accruals and additional Equity brought in by the promoters.

**3. Directors:** Shri Vinod Baid retires by rotation and being eligible, offers himself for re-appointment.

**4. Directors' Responsibility:** Pursuant to Section 217(2AA) of the Companies Act, 2000 the Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies have been selected and applied consistently, and have 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 March 31, 2002 and of the profit of the company for the said period;

iii. Proper and sufficient care has been taken 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. The Annual Accounts have been prepared on a going concern basis.

**5. Equity Share Capital:** The Authorised Share Capital of the Company is increased from Rs.6.00 Crores to Rs.12.00 Crores in an EGM of the members of the Company held on 5<sup>th</sup> April, 2002. Accordingly 50 lakh Equity Shares are issued on Preferential allotment basis to the Promoters with a premium of Rs.2.50 per Share on 4<sup>th</sup> July, 2002, which is subjected to lock-in period of one year as per the SEBI Guidelines in force.

**6. Auditors:** Messrs Lakshminiwas and Jain, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**7. Personnel:** Employee relations at all levels were cordial during the year. Your Directors place on record their appreciation of the dedicated work put-in by the employees.

There are no employees in the Company whose particulars are required to be given pursuant to Section 217(2A) of the Companies Act, 1956.

**8. Acknowledgement:** The Board of Directors are very thankful to the State Bank of Hyderabad and other Government Agencies for their continued help, guidance and assistance in the functioning of the Company.

Your Directors express their gratitude to the shareholders for the confidence reposed in the Company.

Information on Energy Conservation and Technology Absorption required to be disclosed 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, forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2002, is enclosed as Annexure to this Report.

For and on behalf of the Board

Place : Hyderabad  
Date : 30th July, 2002

**Vinod Baid**  
Chairman



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**ANNEXURE 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 the Board of Directors)  
Rules, 1988**

**Conservation of Energy:**

Assessment of individual equipment/utilities energy requirement (Electricity/Steam) has been done and standard benchmarks have been established. Awareness among the staff and plant workers has been created to have a constant monitor on usage of energy and to optimize throughput and to avoid wastage and unproductive usage of energy.

**Pollution Control:**

The Company is a member of the Common Effluent Plant of M/s. Patancheru Envirotech Limited and M/s. Progressive Effluent Treatment Limited, Bollaram. As per the orders of Supreme Court, implementation of the pre-treatment of effluent as per the directions of Central Pollution Control Board is already under strict implementation.

**FORM 'A'**

**Disclosure of particulars with respect to Conservation of Energy  
(to the extent applicable)**

	2001-2002	2000-2001
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
a. Purchased Units (KWH in Lacs)	12.47	10.95
Total amount (Rs. In Lacs)	52.70	45.68
Rate/Unit (Rs./KWH)	4.23	4.17
b. Own Generation		
Through Diesel Generator Unit (KWH in Lacs)	1.12	0.57
Total Amount (Rs. In Lacs)	4.95	2.31
Units per liter of Diesel Oil	3.98	3.94
Cost/Unit (Rs./KWH)	4.42	4.05
<b>2. COAL</b>		
Quality 'C' Grade in Steam Boiler		
Quantity (Tonnes)	590	721
Total Cost (Rs. In Lacs)	11.03	13.46
Average rate/T (Rs.)	1869	1867
<b>B. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
Electricity & Diesel (KWH)	4.27	3.81
Coal (M.T.)	1.85	2.38



## FORM 'B'

**RESEARCH & DEVELOPMENT:**

3. Specific areas in which R & D Carried out by the Company	NIL	NIL
4. Benefits derived as a result of the above	NIL	NIL
5. Future Plan of Action	NIL	NIL
6. Expenditure on R & D	NIL	NIL

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1. Effort, in brief, made towards Technology absorption, adaption and innovation	N.A.	N.A.
2. Benefits derived as a result of the above efforts	N.A.	N.A.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	N.A.	N.A.

**C. FOREIGN EXCHANGE EARNINGS  
& OUTGO**

: Details given in Point No.11  
(x to xii) in Notes on Accounts.

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**AUDITORS' REPORT**

To  
The Members of  
Prudential Pharmaceuticals Limited

We have audited the attached Balance Sheet of Prudential Pharmaceuticals Limited as at 31.03.2002 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our Audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the Audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An Audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in Paragraph 1 above, we state that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
  - c. The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with books of account.

- d. In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, ***except accounting of gratuity/ leave encashment on cash basis in contravention of Accounting Standard-15.***
- e. On the basis of representations made by the Directors of the Company and the information and explanation given to us, none of the Directors of the Company are prima-facie as at 31<sup>st</sup> March, 2002, disqualified from being appointed as Directors of the Company in terms of clause(g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon ***subject to Note No.12 in Schedule 15 which deals with confirmation of balances in Advances, Sundry Debtors and Sundry Creditors respectively the impact of which is unascertained and accounting of gratuity and leave encashment on cash basis, the impact of which is that the Profit for the year is shown more by Rs.1,07,641/- and the liabilities are understated by Rs.5,06,250/- (Refer accounting policy Note Nos.1(h) and 8 in Schedule 15)*** gives the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view.
- i. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31.03.2002 and
- ii. In so far as it relates to the profit and Loss Account of the Profit of the Company for the year ended on that date.

**for Lakshminiwas & Jain**  
Chartered Accountants

Place: Hyderabad  
Date : 30th July, 2002

**(B. Ramesh Kumar)**  
Partner