

**20th
ANNUAL REPORT
2004-2005**

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Prudential Pharmaceuticals Limited



Prudential Pharmaceuticals Limited

BOARD OF DIRECTORS

Shri Vinod Baid	–	<i>Chairman</i>
Shri U.C. Bhandari	–	<i>Director</i>
Shri Y. Ravinder Reddy	–	<i>Director</i>
Shri Kishore Jhunhunwala	–	<i>Director</i>

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

‘Akash Ganga’, 4th Floor
Plot # 144, Srinagar Colony
Hyderabad – 500 073.

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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.



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NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held at **10.00 A.M. on Friday the 30th September 2005** 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 31st March 2005 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 U.C.Bhandari, 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 : 27th June, 2005

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 26th September, 2005 to 30th September, 2005 (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 : 27th June, 2005

Vinod Baid
Chairman



Prudential Pharmaceuticals Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report and the Audited Accounts for the year ended 31.03.2005.

1. Financial Results (Rs. in Lakhs)

	Year ended 31.03.2005	Year ended 31.03.2004
Profit before Finance charges and Depreciation	148.97	93.20
Finance Charges	20.64	24.75
Depreciation	90.69	54.05
Provision for Tax:		
- Current	3.00	1.11
- Deferred	(7.93)	8.73
Profit after Tax	42.57	4.56
Surplus Brought forward	241.74	237.18
Surplus carried forward	284.31	241.74

2. **Performance & Prospects:** During the year under review, the Company could achieve net profit of Rs.42.57 lacs as against Rs.4.56 lacs during the previous year 2003-04. The demand for company's products has been increasing in the international market.

The Company's expansion activities are nearing completion and your company is confident of achieving better results in the years to come.

3. **Directors:** Shri U.C.Bhandari 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, 2005 and of the profit of the company for the said period;

- 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;
- The Annual Accounts have been prepared on a going concern basis.

5. **Auditors:** M/s. Lakshminiwas and Jain, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

6. **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.

7. 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.

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

10. 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 31st March 2005, is enclosed as Annexure to this Report.

for and on behalf of the Board

Place: Hyderabad
Date : 27th June, 2005

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. Patancheruvu 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)

	2004-2005	2003-2004
A. POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased Units (KWH in Lacs)	6.18	9.37
Total amount (Rs. In Lacs)	27.76	44.82
Rate/Unit (Rs./KWH)	4.49	4.78
b. Owned Generation		
Through Diesel Generator Unit (KWH in Lacs)	0.93	0.79
Total Amount (Rs. In Lacs)	4.32	3.51
Units per liter of Diesel Oil	5.78	5.24
Cost/Unit (Rs./KWH)	4.65	4.44
2. COAL		
Quality 'C' Grade in Steam Boiler		
Quantity (Tonnes)	455	493
Total Cost (Rs. In Lacs)	10.63	11.82
Average rate/T (Rs.)	2336	2398
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Electricity & Diesel (KWH)	3.85	3.69
Coal (M.T.)	2.47	1.79



Prudential Pharmaceuticals Limited

FORM 'B'

RESEARCH & DEVELOPMENT:

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Effort, in brief, made towards Technology absorption, adaptation 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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CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company supports the broad principles of Corporate Governance. Your company has been practicing the principles of good corporate Governance over the years. Given below is a report on Corporate Governance:

1. Company's Philosophy on code of Governance

The Company's Philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. All employees are guided by a code of conduct, which sets forth Company's policies on important issues, including our relationship with our customers, shareholders and Government. The Company makes disclosures of its operations and performance to the public through Annual Report and quarterly financial results. The company has implemented the mandatory requirements of the 'Code of the Governance' as mentioned in Clause 49 of Listing Agreement. This is the corporate governance report of the company.

2. Composition of Board

The Board of Directors has mix of Executive and Non-Executive Directors. The Board comprises of four Directors – the Chairman and three Non-Executive Directors. All three Non-Executive Directors are independent Directors. Accordingly, the composition of the Board is in conformity with the Listing Agreement.

Attendance of each Director at Board Meetings and Last Annual General Meeting:

Name of Director	No. of Meetings held	No. of Meetings attended	Attendance at last AGM
Sri Vinod Baid	6	5	Y
Sri. Kishore Jhunjunwala	6	4	N
Sri. U.C.Bhandari	6	6	Y
Sri. Y.Ravinder Reddy	6	6	Y

3. Audit Committee

An Audit Committee was constituted in April, 2002 which consists of three independent Non-Executive Directors. The Members of the Committee are well versed in finance matters, accounts, company law and general business practices.

The Company has complied with the requirements of Clause 49 II A as regards the composition of the Audit Committee.

The composition of the Audit Committee is as under:

1. Sri Kishore Jhunjunwala - Member
2. Sri.U.C.Bhandari - Member
3. Sri.Y.Ravinder Reddy - Member

During the Financial Year 2004-2005, four Audit Committee Meetings were held in July 31, 2004, August 31, 2004, October 31, 2004 and January, 31, 2005.



Prudential Pharmaceuticals Limited

Attendance at Audit Committee Meetings

Name of the Director	No. of Meetings attended
Sri Kishore Jhunjunwala	2
Sri U.C.Bhandari	4
Sri Y Ravinder Reddy	4

The necessary quorum was present at the meetings.

Audit Committee Meetings are attended by the Directors, representatives of Statutory Auditors, Practicing Company Secretary and Assistant Vice President (Finance & Accounts).

4. Remuneration Committee

The Remuneration Committee is responsible for devising policy for compensation and benefits for Directors and frame policies and systems for Associate Stock Option Plans.

The Composition of the Committee is:

- | | | |
|----------------------------|---|----------|
| 1. Sri Vinod Baid | - | Chairman |
| 2. Sri Kishore Jhunjunwala | - | Member |
| 3. Sri.U.C.Bhandari | - | Member |
| 4. Sri.Y.Ravinder Reddy | - | Member |

5. Investors' Grievance Committee

The Board constituted a Investors' Grievance Committee in April, 2002. The Composition of the Committee is:

- | | | |
|-----------------------------|---|----------|
| 1. Sri Vinod Baid | - | Chairman |
| 2. Sri. Kishore Jhunjunwala | - | Member |
| 3. Sri.U.C.Bhandari | - | Member |
| 4. Sri.Y.Ravinder Reddy | - | Member |

The committee meets at frequent intervals to consider, inter alia, share transfers, shareholders complaints etc.,

Compliance Officer

Mr. J Krishna Rao, Asst. Vice President (Finance) has been designated as Compliance Officer. During the year 2004-2005 three complaints were received from Investors, All complaints have generally been resolved to the satisfaction of the complainants.

All valid share transfers received during the year 2004-2005 have been acted upon by the company and there were no pending share transfer as on March 31, 2005.



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6. General Body Meetings

Location and time where last three Annual General Meetings were held are given below:

Financial Year	Date/ Time	Location of the Meeting
2001-2002	30.09.2002 10.00 a.m.	Registered Office
2002-2003	30.09.2003 10.00 a.m.	Registered Office
2003-2004	30.09.2004 10.00 a.m.	Registered Office

No special resolution was put through postal ballot at the last Annual General Meeting and nor is any proposed for this year.

7. Disclosures

- a. *Disclosures on materially significant related party transactions i.e, transaction of the company of Material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the company at large.*

The company had related party transaction, which did not have any potential conflict with the interest of the company at large.

- b. *Details on non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years*

The company has complied with all requirements of regulatory on capital market and no penalty/ strictures imposed on the company during the last three years.

8. Means of Communication

The quarterly, half-yearly and full year results are published in newspapers.

9. General shareholder information

A. Annual General Meeting

Date and Time : 30th September, 2005 at 10.00 A.M.

Venue: Registered Office of the Company at
Survey No.133, Bollaram Jinnaram Mandal
Medak District- 502 325 (A.P)

Demat ISIN No. for NSDL and CDSL for Equity Shares : INE509C01018

B. Date of Book Closure : 26th September 2005 to 30th September 2005
(both days inclusive)



Prudential Pharmaceuticals Limited

C. Registrar & Share transfer Agent

AMI Computers (I) Ltd.
60A & 60B, Chowringhee Road
Kolkata – 700 020.

Address for Correspondence

AMI Computers(I) Ltd
Unit : Prudential Pharmaceuticals Limited
60A & 60B, Chowringhee Road
Kolkata – 700 020.

D. Compliance Officer

Sri. Harikrishna, B.S.
Prudential Pharmaceuticals Limited
'AKASH GANGA' 4th Floor
Plot No.144, Srinagar Colony
Hyderabad – 500 073.

E. Transfer system

Share transfers in physical form are registered and a letter is sent giving the option to hold the securities in dematerialized form or physical form within a period of 30 days from the date of receipt by the Registrars of the Company in case the documents are complete in all respects.

F. Dematerialization of shares and liquidity

The shares of the company are compulsorily traded in Dematerialized form and are available for trading under both the depositories in India, NSDL (National Securities Depository Services Limited) and CDSL (Central Depository Services (India) Limited).

31.41% of total Equity capital is held in Dematerialized form with NSDL and CDSL as on 31st March, 2005.

G. Financial Calendar

The company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.