

MD	✓				BKC	✓
CS	✓				DPY	✓
RO	✓				DIv	✓
TRA	✓				AC	✓
AGM	✓				SHI	✓
YE	✓					

# MESCO PHARMACEUTICALS LIMITED

Annual Report 1996-97



THE **MESCO** GROUP  
VISION WITH A MISSION

**MESCO PHARMACEUTICALS LIMITED**

*The Mesco Group*  
*Vision with a Mission*

**BOARD OF DIRECTORS**

Mrs. Rita Singh, *Chairperson & Managing Director*  
 Mr. J.K. Singh, *Director*  
 Mr. D.K. Singh, *Director*  
 Ms. Natasha Singh, *Director*  
 Mr. S.P. Gugnani, *Director*  
 Dr. Harish Nirula, *Director*

**AUTHORISED REPRESENTATIVE**

Ms. Seema Rath

**AUDITORS**

M/s A. R. & Associates  
 Chartered Accountants  
 Delhi

**BANKERS**

Canara Bank  
 Industrial Finance Branch  
 World Trade Tower  
 Barakhamba Lane, New Delhi-110 001

**REGISTERED OFFICE**

B-12A, Phase-II  
 Noida, District Ghaziabad  
 Uttar Pradesh-201 305

**CORPORATE OFFICE**

Mesco Towers  
 H-1, Zamrudpur Community Centre  
 Kailash Colony  
 New Delhi-110 048

**FORMULATIONS UNIT**

Mohabewala Industrial Area  
 State Bank Road, Dehradun, U.P.

**OVERSEAS OFFICES**

Hotel Orlyonok, 15 Kosygina Street  
 Moscow-117586  
 Russia

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**MESCO PHARMACEUTICALS LIMITED**

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**NOTICE**

Notice is hereby given that the TENTH ANNUAL GENERAL MEETING of the members of MESCO PHARMACEUTICALS LIMITED will be held on Monday, the 29th day of December, 1997 at Community Centre, Sector-34, Noida, Distt. Ghaziabad, (U.P) to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and to adopt the Audited Balance Sheet as at 31 March, 1997 and Profit & Loss Account for the period ended on that date alongwith the report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr D.K. Singh, Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr S.P. Gugnani, Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

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

**"RESOLVED THAT** the consent of the Members of the Company be and is hereby accorded to discontinue the listing of the Securities of the Company listed in the Stock Exchanges of Calcutta, Ahmedabad and Madras and accordingly, the Company be and is hereby authorised to discontinue the listing from the year 1998-99."

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

**"RESOLVED THAT** subject to the provisions of Section 17, and other applicable provisions, if any, of the Companies Act, 1956 the consent of the members of the Company be and is hereby accorded to shift the registered office of the Company from B-12A, Phase-II, Noida, Dist. Ghaziabad, Uttar Pradesh -201305, to Mohabewala Industrial area, State Bank Road, Dehradun, Uttar Pradesh which is within the same State.

By Order of the Board  
 for **MESCO PHARMACEUTICALS LIMITED**

Place: New Delhi  
 Date : 5th December, 1997

**SEEMA RATH**  
 AUTHORISED SIGNATORY

**MESCO PHARMACEUTICALS LIMITED**

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**NOTES:**

1. Explanatory statement as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of this notice.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and Proxy need not be a member of the Company.
3. Proxy form completed in all respects should reach the registered office of the Company at least 48 hours before the time of meeting.
4. Members desirous of having any information as regards accounts are requested to write to the Company atleast 7 days in advance of the meeting, so as to enable the Management to keep the information ready.
5. All the letters, agreements and documents referred to our relating to the Resolutions contained in the notice and/or the accompanying explanatory statement will be open for inspection to the members at the Registered Office of the Company during the Company's business hours on any working day of the Company upto and including the date of the meeting.
6. All members/proxies are requested to bring copies of the Annual Report with them as copies of the Report will not be distributed at the venue of the Meeting.

**EXPLANATORY STATEMENT (Pursuant to Section 173 (2) of the Companies Act, 1956).****Item No. 5**

In terms of the Prospectus for the Company's Public Issue and the subsequent Letter of Offer for the Public cum Rights Issue, the Companies Securities are listed at various Stock Exchanges.

Keeping in view the overall review of the efficiency of our operations and also with a view to cut down Company's overheads, it is advisable to discontinue Company's Listing Agreement with Calcutta, Ahmedabad, and Madras Stock Exchanges. The proposed delisting will save a substantial amount of cost and will also provide operational convenience to the Company.

This is not likely to affect the shareholder's interest, since the Company's securities are listed on National Stock Exchange apart from Delhi and Bombay Stock Exchanges. As the screen based trading facility is available in National Stock Exchange along with transparency of transactions all over India, more and more investors are being attracted to National Stock Exchange.

The Company recommends the delisting of securities from the Stock Exchanges of Calcutta, Ahmedabad, and Madras, as this will not adversely affect the liquidity to the Investors.

None of the Director is in any way concerned or interested in the above resolution.

**Item No.6**

As the formulation plant of the Company is located at Dehradun and all manufacturing, marketing and banking activities of the Company are being carried-out at Dehradun. Henceforth, it is convenient for the Company to expedite and closely monitor the on-going progress of formulation unit at Dehradun. In view of the above, it is prudent to shift the registered office from B-12 A, Phase-II, Noida, Distt. Ghaziabad, Uttar Pradesh 201305 to Mohabewala Industrial Area, State Bank Road, Dehradun, Uttar Pradesh which is within the same state.(i.e Uttar Pradesh ).

None of the Director is in any way concerned or interested in the above resolution.

By Order of the Board  
 for MESCO PHARMACEUTICALS LIMITED

Place : New Delhi  
 Date : 5th December, 1997

SEEMA RATH  
 AUTHORISED SIGNATORY

**MESCO PHARMACEUTICALS LIMITED***The Mesco Group  
Vision with a Mission***DIRECTORS' REPORT****To the Members,**

Your Directors have pleasure in presenting the 10th Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 1997

**FINANCIAL RESULTS**

PARTICULARS	(Rs. in Lacs)	
	CURRENT YEAR 31.03.1997	PREVIOUS YEAR 31.03.1996
SALES & OTHER INCOME	6113.34	5640.73
PROFIT BEFORE TAXATION	974.47	1006.56
PROFIT AFTER TAX	974.47	906.56
BALANCE B/F (NET ADJUSTMENTS)	270.49	79.76
AMOUNT AVAILABLE FOR APPROPRIATION	1244.96	986.32
<b>APPROPRIATIONS</b>		
TRANSFER TO :		
DEBENTURE REDEMPTION RESERVE	215.83	215.83
GENERAL RESERVE	500.00	500.00
BALANCE C/F	529.13	270.49

**DIVIDEND**

In order to conserve resources, the Board of Directors of your Company are of opinion that no dividend for the year, 1996-97 be recommended & resources be utilized for strengthening the existing operations of the Company.

**FUTURE OUTLOOK**

In our pursuit to continue our business with European Companies, we have now taken over a project with them for eradication of Leprosy from the developing countries under Anti-Leprosy Project funded by Japanese Government. A total amount of USD 30 million per annum to be continued till year 2002 has been allocated for this project. About Rs. 60 lacs have already been invested for installation of a specialised Blister Packaging machine and while all the preparation has been completed. We are expecting to get the order by mid February, 1998 estimated over 10 million dollars (approx 40 crores).

**OPERATIONS**

During the year under review, sales of the Company increased over the previous year. The Company recorded a turnover of Rs. 6113.34 Lacs as against Rs. 5640.73 Lacs in the previous year registering a growth of 8% (approx.) over the previous year. The profit after tax was Rs. 974.47 Lacs against Rs. 906.56 lacs in the previous year resulting a growth of 7% (approx.)

**MARKETING**

With the changing environment in the Pharmaceutical Industry in India, Mesco Pharmaceuticals Ltd has taken constant decision to now continue with the marketing on specialised items only and discourage any further involvements with Me-2 products.

As a result full thrust has now been given to create further marketing in India for specialised products like Hepa Merz and Viru Merz for the treatment of Cirrhosis and Hepatitis under agreement with Merz & Company, Germany & special emphasis on exports of Pharmaceutical products.

## MESCO PHARMACEUTICALS LIMITED

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### DEPOSITS

The Company has invited Fixed deposits from Public during the financial year as per section 58A of the Companies Act., 1956 & provisions of the the Companies (Acceptance of Deposits) Rules, 1975. The position of the Fixed Deposits as on 31st March, 1997 are as follows:

1.Amount of overdue deposits : Rs. 4.21 lakhs

### INDUSTRIAL RELATIONS

Your Directors wish to sincerely thank all the employees for the cordial relations and excellent and valuable services rendered by them to the Company. The Management recognises that the Company's human resources represent a vital contribution to its success, both past and future, and will continue its progressive policies to encourage excellence in professionalism both individually and team spirit.

### DIRECTORS

During the year under review, Mr D.K. Singh and Mr S.P. Gugnani, Directors, retires by rotation at the conclusion of the ensuing Annual General Meeting and , being eligible have offered themselves for re-appointment. Your Directors recommend their appointment to the Board in the ensuing Annual General Meeting.

### AUDITORS

M/s A.R & Associates, Chartered Accountants , Delhi who are the Statutory Auditors of the Company. retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

### NOTES ON ACCOUNT

The observation of the Auditors and Notes on Accounts are self explanatory and have been suitably dealt within the Schedules and Notes.

### PARTICULARS REGARDING EMPLOYEES

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

Particulars of employees in terms of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in the Annexure II and forms part of this report.

### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

As required under Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 a statement showing the information relating to the conservation of the energy, technology absorption and foreign exchange earnings and outgo is enclosed as Annexure-I and forms part of this report.

### ACKNOWLEDGMENTS

The Directors wish to thank the Financial Institutions, Company's Bankers and various authorities for all the help and encouragement extended towards the Company. Your Directors deeply acknowledge the continued trust and confidence you have placed in the Company. The Directors also wish to place on record their deep appreciation for the services rendered by the officers, staff and workers of the Company at all levels and for their dedication and loyalty.

for and on behalf of the Board

Place : New Delhi  
Date : 5th December, 1997

**RITA SINGH**  
CHAIRPERSON & MANAGING DIRECTOR

**MESCO PHARMACEUTICALS LIMITED***The Mesco Group  
Vision with a Mission***ANNEXURE I**

INFORMATION AS PER SECTION 217 (1) (E) READ WITH 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, 1997.

**FORM A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	<b>AS AT 31/03/97</b>	<b>AS AT 31/03/96</b>
<b>POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
<b>a) Purchased:</b>		
Unit	<b>612,684</b>	<b>547,963</b>
Total Amount	<b>Rs. 12,86,636</b>	<b>11,50,722</b>
Rate/Unit	<b>Rs. 2.10</b>	<b>2.10</b>
<b>b) Own Generation</b>		
<b>i) Through Diesel Generator</b>		
Units	<b>136,506</b>	<b>1,22,087</b>
Units per Litre of Diesel Oil	<b>66,588</b>	<b>59,555</b>
Cost/Unit	<b>Rs. 2.05</b>	<b>2.05</b>
<b>ii) Through Steam Turbine/Generator</b>		
Units	<b>NIL</b>	<b>NIL</b>
Units per Litre of Fuel		
Oil/Gas		
Cost/Unit		
<b>2. COAL :</b>	<b>NIL</b>	<b>NIL</b>
Quantity (Tonnes)		
Total Cost		
Average Rate		
<b>3. FURNACE OIL :</b>	<b>NIL</b>	<b>NIL</b>
Quantity (K.Ltrs)		
Total Amount		
Average Rate		
<b>4. OTHER/INTERNAL GENERATION</b>	<b>NIL</b>	<b>NIL</b>
Quantity		
Total Cost		
Rate/Unit		