



**27TH  
ANNUAL REPORT  
AND ACCOUNTS**

**2002-2003**

**Certified True Copy**

**For Punjab Chemicals & Pharmaceuticals Ltd.**

  
**PUNIT K. ABROL**  
V.P. (Finance) & Secretary

Report

**PUNJAB CHEMICALS**

**AND**

**PHARMACEUTICALS LIMITED**

**BOARD OF DIRECTORS**

G. Narayana, Chairman  
 A.G. Shroff  
 Vijay Rai  
 Gurcharan Singh  
 Mukesh D Patel  
 Jagdish R Naik  
 N.Gopinath  
 Shaili Shroff, Managing Director  
 Avtar Singh, Director (Operations & Business Development)

**VICE PRESIDENT  
(FINANCE) & SECRETARY**

Punit K. Abrol

**AUDITORS**

J.R. Khanna & Co., Chandigarh

**BANKERS**

Bank of Baroda

**REGISTERED OFFICE**

SCO: 417-418, Sector-35C  
 Chandigarh-160 022.  
 Ph.: 0172-600955, 603120, 604127  
 Fax : 0172-603621  
 E-mail: pcpl\_chd@satyam.net.in

**WORKS**

Milestone 18, Ambala-Kalka Road  
 P.O. Bhankharpur (Derabassi)  
 Distt. Patiala (Punjab)  
 Ph.: 01762-280094, 283613 Fax: 01762-280070  
 E-mail: pcplfac@satyam.net.in

**OTHER OFFICES**

Excel Estate  
 S.V. Road  
 Goregaon(W)  
 Mumbai-400 062.  
 Tel.: 022-28723865, 28723866  
 Fax: 022-28725119, 28735743  
 E-mail: stscheme@bom3.vsnl.net.in

1012, 10th Floor, Ansal Bhawan,  
 K.G. Marg, New Delhi-110 001  
 Ph.: 011-23314867, 23312406  
 Fax: 011-23314890  
 E-mail: pcpldel@satyam.net.in

414, Navketan Complex  
 Opp. Clock Tower Garden,  
 52, S.D. Road, Secunderabad  
 Tel.: 040-27805662  
 Fax: 040-27805663  
 E-mail: pcplhyd@hd2.vsnl.net.in

**SHAREHOLDERS INFORMATION****Share Transfer System**

Share transfer would be registered and returned within a period of 30 days from the date of receipt, if the documents are in order in all respects.

**Assistance**

For assistance regarding share transfers and transmission, change of address, duplicate/missing share certificates and other matters, please write to the Registrar, Alankit Assignments Ltd., 205-208, Anarkali Market, Jhandewalan Extension, New Delhi - 110055

**Annual General Meeting**

Monday, 8th September, 2003 at 4.30 P.M.  
 at the Registered Office of the Company.

**Book Closure Dates**

1st September, 2003 to 8th September, 2003

Shares of the Company are listed on Ludhiana, Mumbai and Delhi Stock Exchanges and the fees have been paid.

The trading in the equity shares of the Company is compulsorily in dematerialised form since 28th August, 2000. Therefore, the same should be got dematerialised, if not done so far.

Website: www.pcplsts.com

**PUNJAB CHEMICALS & PHARMACEUTICALS LIMITED**

Regd. Office: SCO: 417-418, Sector-35C, Chandigarh-160 022

**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the members of Punjab Chemicals and Pharmaceuticals Limited will be held on Monday, the 8th September, 2003 at 4.30 p.m. at the Registered Office of the Company at SCO 417-418, Sector-35C, Chandigarh-160 022 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March, 2003 and the Balance Sheet as at that date, together with the Directors' Report and the Auditor's Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri G. Narayana, who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri M.D. Patel, who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

6. **Appointment of Shri Shaili Shroff as the Managing Director of the Company and to fix his remuneration.**

To consider and, if thought fit, to pass with or without modifications, the following resolution, as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the appointment of Shri Shaili Shroff as the Managing Director of the Company for a term of 3 (three) years with effect from 15.01.2003 to 14.01.2006 on the terms and conditions including remuneration as set out in the appointment letter issued to Shri Shaili Shroff, a copy whereof is tabled at this meeting and of which terms of remuneration are reproduced in the explanatory statement annexed to the notice of this meeting; be and is hereby approved.

RESOLVED FURTHER THAT the remuneration payable to Shri Shaili Shroff as aforesaid shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year, but subject to the ceiling laid down in this behalf in the said schedule XIII."

7. **Appointment of Shri Rajinder Singh as an Officer of the Company.**

To consider and, if thought fit, to pass with or without modifications, the following resolution, as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sub Sections (1) and (1B) of Section 314 and other applicable provisions of the Companies Act, 1956, consent of the company be and is hereby accorded to the appointment of Shri Rajinder Singh, as an Officer of the Company to hold an office or place of profit in the Company as Assistant Manager (Engineering) w.e.f. 17th July, 2003 in MG -4 Grade of the Company with Basic Pay of Rs. 11,000/- p.m. plus usual perquisites, amenities and facilities, etc. as per the rules of the Company and as per the terms and conditions mentioned in the appointment letter issued to him.

RESOLVED FURTHER THAT the appointment of Shri Rajinder Singh as Assistant Manager (Engineering) in MG-4 Grade and in the pay scale of Rs. 7000-32000 of the Company be and is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment, including increase in remuneration mentioned above from time to time subject to the condition that as and when the total monthly remuneration of Shri Rajinder Singh exceeds such sum as may be prescribed under sub section (1B) of section 314 of the Companies Act, 1956, the same shall not be allowed to be paid without obtaining approval of the Central Government."

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not later than forty eight hours before the commencement of the meeting.
3. Members, who hold shares in dematerialised form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
4. Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company

- at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
5. **Members are requested to notify immediately any change in their addresses to the Company, quoting Folio No. and giving complete address in block capitals with pin code of the postal address.**
  6. The members are requested to intimate, if the shares are held by them in the same order and names but in more than one Folio number. This will enable the Company to club the said accounts into one account.
  7. **The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2003 to 8th September, 2003 (both days inclusive), in connection with the Annual General Meeting.**
  8. The payment of dividend, if any declared, will be made to those members whose names will appear in the Register of Members on 31st August, 2003. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as details furnished by NSDL and CDSL for this purpose.
  9. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven years are required to be transferred to Investors Education & Protection Fund.
- The details of dividend declared/paid from the year 1995-96 onwards are given hereunder:

FINANCIAL YEAR	DIVIDEND %AGE	TYPE	DATE OF DECLARATION	DATE OF PAYMENT	DATE OF TRANSFER
1995-96	5	Final	17-09-1996	23-10-1996	20-11-2003
1996-97	15	Final	10-09-1997	15-10-1997	14-11-2004
1997-98	35	Final	26-08-1998	21-09-1998	20-10-2005
1998-99	50	Final	24-08-1999	15-09-1999	14-10-2006
1999-2000	15	Final	22-08-1999	27-09-2000	26-10-2007
2000-01	12.5	Final	25-09-2001	10-10-2001	09-11-2008
2001-02	Nil	-	-	-	-

10. **The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting is annexed as Annexure I to this notice.**
11. Information pursuant to Clause 49V(A) (a) & (c) of the Listing Agreement is required to be disclosed for the Directors who are being re-appointed and the same is annexed as Annexure II to this notice.
12. A statement to the shareholders of the company pursuant to Schedule XIII Part II, Section II Clause 1(B) and proviso (IV) to sub clause (B) of the Companies Act, 1956 alongwith the notice calling the 27th Annual General Meeting of the Company is given in the under item no. 6 of the Explanatory Statement.

By order of the Board

Punit K Abrol  
V.P.(Finance) & Secretary

Chandigarh, 19<sup>th</sup> July, 2003

#### ANNEXURE I

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.  
ITEM NO. 6

**Appointment of Shri Shaili Shroff as the Managing Director of the Company and to fix his remuneration.**

The Remuneration Committee and the Board of Directors of the Company in their respective meetings held on 10.01.2003, in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the members of the Company in General Meeting, appointed Shri Shaili Shroff as the Managing Director of the Company for a period of 3 years w.e.f. 15.01.2003 to 14.01.2006 on the terms and conditions including remuneration as set out in the appointment letter, which are reproduced below:

1. Salary of Rs. 75,000/- per month in the scale of Rs. 75000-7500-112500. The annual increment will be effective from 1st April each year taking into account the Company's performance and as decided by the Remuneration Committee and the Board of Directors.
2. Commission on net profits of the Company, subject to a limit of one percent (1%) of net profits of each financial year.
3. Perquisites as follows will be allowed in addition to the Salary, but restricted to an amount equal to the Annual Salary.
  - a. House Rent Allowance (HRA) at 50% of the Salary as above.
  - b. Reimbursement of medical expenses incurred for self and family as per rules of the Company, subject to a ceiling

of one month's salary in a year or three months' salary over a period of three years.

- c. Payment of subscription and fees in respect of one club. This will not include admission and life membership fee.
- d. Personal Accident Insurance - premium not to exceed Rs. 6,500/- per annum.
- e. Leave Travel Concession for self and family, as per the rules of the Company.
- f. Company's contribution to Provident Fund, Superannuation Fund or annuity fund as per the rules of the Company.
- g. Gratuity, as per the rules of the Company, payable in accordance with the approved Gratuity Fund.
- h. Encashment of leave at the end of tenure and as per the rules of the Company.
- i. Provision of car maintained by the Company for use on the Company's business.
- j. Telephone: The Company will provide Telephone facility at residence. However, the long distance personal calls shall be billed by the Company.

Provided that perquisites as per items (f), (g), (h), (i) & (j) shall not be included in the computation of the ceiling on remuneration. In any year if the profits are inadequate, his remuneration will be controlled by and in accordance with the provisions of Schedule XIII, Part II, Section II, Clause 1 (B) of the Companies Act, 1956.

The resolution is being proposed for approval as a special resolution in compliance of the requirements of Schedule XIII, Part II, Section II, Clause 1 (B) and proviso (iii) to sub clause (B) of the Companies Act, 1956.

None of the Directors of the Company except Shri Shaili Shroff himself may be deemed to be concerned or interested in this resolution.

As required u/s 302 of the Companies Act, 1956, an abstract of the terms and conditions of the appointment of Shri Shaili Shroff, the Managing Director of the Company and the Memorandum of Interest of the Directors in the said appointment was circulated to all the members within the prescribed time.

Shri Shaili Shroff, aged 38 years, having Management Diploma from the University of Deopage - USA is associated with the Company since 1992. Shri Shaili Shroff started working at the operational level and reached to the stature of the Managing Director after passing through various stages under the able guidance of late Shri S.D. Shroff. He was appointed as a Whole-Time-Director of the Company, designated as Executive Director with effect from 15th January, 1998 for a period of five years. He is a youngman with ideas and enthusiasm.

At present he is also on the Board of STS Chemicals Ltd., Efec Shroff (India) Ltd., Hem-Sil Trading & Manufacturing Pvt. Ltd. and Numet Aluminium Pvt. Ltd. He is also the Managing Director of Alpha Drug India Ltd.

THE REQUIRED DISCLOSURE AS PER SCHEDULE XIII, PART II, SECTION II, CLAUSE 1(B) AND PROVISIO (iv) TO SUB CLAUSE (B) IS AS STATED BELOW:

I. GENERAL INFORMATION:

- (1) Nature of industry : Chemicals
- (2) Date or expected date of commencement of commercial production : In production since 1978
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : N.A.
- (4) Financial Performance based on given indicators :

**2002-03**  
(Rs. in Lacs)

1.	Sales Turnover (Gross)	
a.	Domestic	3886.82
b.	Export	6671.38
	Total	10558.20
2.	Profit before tax (PBT)	449.03
3.	Profit after tax (PAT)	281.78
4.	Gross Block	4331.48
5.	Net Block	2208.79
6.	Paid-Up Capital	215.57
7.	Reserves & Surplus	1839.82
8.	Net Worth	1941.78
9.	EPS	Rs. 12.70
10.	Return on Net Worth	14.51%

(5) Export performance and net foreign exchange.

-Exports  
-Net foreign exchange  
earnings (2002-03)

- Rs. 66.72 crores  
- Rs. 54.54 crores

(6) Foreign investments or collaborations, if any

N.A.

## II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details

Shri Shaili Shroff, son of late Shri S.D. Shroff, aged 38 years, having Management Diploma from the University of Deopage - USA is associated with the Company since 1992. Shri Shaili Shroff started working at the operational level and reached to this stature after passing through various stages under the able guidance of late Shri S.D. Shroff, one of the promoters and past Managing Director of the Company. He has handled various Departments of the Company including Business Development of new Chemicals, Drug Intermediates and Agrochemicals. After the demise of Shri S.D. Shroff, he was appointed as the Executive Director of the Company in 1998. He has widely travelled across the world and attended various conferences relating to the Company's business on National & International level in India & Abroad. This has helped the Company to reach at this stage with many products and more than 60% of export business.

(2) Past remuneration

The details of the remuneration paid to Shri Shaili Shroff by the Company in the last three years is as follows:

Particulars	2000-01(Rs.)	2001-02 (Rs.)	2002-03 (Rs.)
Salary	5,10,000	5,70,000	6,40,080
Commission			70,453
Contribution to Provident Fund and other funds.	1,37,700	1,53,900	1,72,822
Rent Allowance	2,55,000	2,85,000	3,20,040
Perquisites	13,144	7,857	9,534
Total	9,15,844	10,16,757	12,12,929

(3) Recognition or awards

Under his dynamic leadership the Company has received the following awards:

- State Award for Export Promotion in the year 1990-91.
- Export House Recognition in the year 1999.
- Punjab State Safety Award, 2002.
- 2nd Chemexcil Award on Export performance for the year 2000-01.

(4) Job profile and his suitability

Being CEO, he is required to look after the day to day management and affairs of the Company, subject to the superintendence and control of the Board of Directors. Shri Shaili Shroff is an experienced executive who has been associated with the Company for the last 11 years. He has started working at the operational level and has handled the Company's departments of Business Development, Export market, liaison at the top level and Co-ordinating activities with the Financial Institutions and

- (5) Remuneration proposed
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).
- (7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.

Banks. He is a youngman with ideas, enthusiasm and commitment. His contribution towards the improvement in international business is worth noting, which has taken the Company to its present level. His vision is to take the Company to new heights and make the Company of international standard.

As stated above in the Explanatory Statement.

The Remuneration Committee and the Board of Directors of the Company have considered that keeping in view the size of the Company, job profile of Shri Shaili Shroff, the remuneration proposed is reasonable. The remuneration of Chief Executive in the allied Industries is reported to be in the Range of Rs. 20 lacs to Rs. 35 lacs per annum. Name of the parties with whom Shri Shaili Shroff has the pecuniary relationship is given below alongwith the amount of transactions during the year 2002-03.

	STS Chemicals Ltd.	Mrs. Shaili Shroff
Expenses	(Rs. in Lacs)	(Rs. in Lacs)
Purchase of goods.	155.62	-
Rent, Service charges & other expenses.	33.32	2.69
Interest	4.77	-
Income		
Sale of Goods	85.12	
Sale of Assets	3.00	
Commission Received	0.86	
ICD		
Received	75.00	
Refunded	55.00	

### III. OTHER INFORMATION:

- (1) Reasons of loss or inadequate profits. : Not applicable.
- (2) Steps taken or proposed to be taken for improvement. : Not applicable.
- (3) Expected increase in productivity and profits in measurable terms. : The Company is a profit making Company and it has the definite plans of the growth in the coming years. Barring unforeseen circumstances the expected growth should be 15 to 20% per annum.

### IV. DISCLOSURES:

- (1) In addition to Shri Shaili Shroff, the Managing Director, whose remuneration package is disclosed herein above, Shri Avtar Singh, Whole time Director is the only other Working Director and the Remuneration of Shri Avtar Singh for the year 2002-2003 is as follows:

Particulars	2002-03 (Rs.)
Salary	5,80,000
Commission	43,920
Contribution to Provident Fund and other funds.	1,56,600
Rent Allowance	1,74,000
Perquisites	45,086
Total	9,99,606

- (2) The clause of Corporate Governance is not applicable to the Company as per the Listing Agreement guidelines. Therefore, no other disclosures are required to be given.



## ITEM NO. 7

**Appointment of Shri Rajinder Singh as an Officer of the Company.**

Shri Rajinder Singh has been appointed as an Assistant Manager (Engineering) w.e.f. 17th July, 2003 in MG-4 Grade of the Company with Basic pay of Rs. 11,000/- p.m. plus usual perquisites, amenities and facilities, etc. as per the rules of the Company. He is related to Shri Avtar Singh, Director (Operations and Business Development) of the Company. Shri Rajinder Singh is a Bachelor of Engineering (Equivalent) from Indian Navy, Government of India.

As the total monthly remuneration to Shri Rajinder Singh is more than Rs. 10,000/- per month, therefore, approval of the members is sought by way of special resolution. In the course of time, when the monthly remuneration of Shri Rajinder Singh will reach near the limit prescribed under Section 314 (1B) of the Companies Act, 1956, the required application will be made to the Central Government for approval to pay monthly remuneration exceeding the limit, as per the requirement of the Act and as prescribed by the Government from time to time. Copy of the appointment letter issued to Shri Rajinder Singh has been kept for inspection of the members between 9.00 A.M. to 5.30 P.M. on any working day at the Registered Office of the Company. The Board recommend the resolution for approval of the members.

None of the Directors of the Company except Shri Avtar Singh may be deemed to be concerned or interested in this resolution as he is related to him.

**ANNEXURE II****Information pursuant to Clause 49 VI(A) (a) & c) of the Listing Agreement.**

Brief resume and name of the Companies in which the Directors who are being re-appointed as a Director of the Company, having directorship in other Companies is given below. The details regarding the appointment of the Managing Director have already been given under the relevant explanatory statement.

**A. Shri G Narayana**

Shri G. Narayana, Corporate and Business Contributor, Management Author and Trainer has an experience of more than 35 years in the Engineering, Operations, General Management, Corporate Management and Management of synergy of Group Companies.

He is a Graduate in Electrical and Electronics Engineering and Post Graduate in Management Studies. His learning includes a deep study of the Gita, the Upanishads, the Dhamma Pada and Indian Philosophy, Indian Ethos, Meditation, TAO, and Zen.

At present he is the Executive Chairman of Excel Industries Limited, Chairman of Yash Papers Ltd., and Newton Engineering & Chemicals Ltd., Chairman of Punjab Chemicals & Pharmaceuticals Limited, Aryan Paper Mills Ltd., Laopala R G Glass Ltd., Silverlight Nirlepware Industries Pvt.Ltd., Duraware Pvt.Ltd., and a mentor to Mahavir Group of Enterprises. He is also an honorary guide to several Medium and Small Scale Industries and voluntary organizations.

In association with Rama Krishna Mission, Ahmedbad Management Association, Chinmaya Mission, Symbiosis and Baroda Management Association he has contributed to spread the movement of Indian Ethos in Management and New Approaches to Management and Leadership Processes. Visited several countries on Business, Educational and Spiritual Missions

**B. Shri. M.D. Patel**

Shri M.D. Patel is a graduate in Chemical Engineering. Besides having over 28 years experience in various areas of finance and corporate management at Director level. He had been very active in various industry related trade associations like ICMA, CHEMEXCIL. He is also associated with trade related associations.

At present he is on the Board of Tarak Chemicals Ltd., Universal Esters Ltd., Infinity Consultants Ltd., Transpek Finance Ltd., Aimco Pesticides Ltd., Pathak Investment Pvt. Ltd., Dabhasa Investment Pvt. Ltd., Torrential Investment Pvt. Ltd., Niraj Patel Investment Pvt. Ltd., Nikhil Patel Investment Pvt. Ltd., Shilchar Electronic Ltd., Gujarat Automotive Gears Ltd., Benzo Petro International Ltd. and Punjab Chemicals and Pharmaceuticals Ltd.



**DIRECTORS' REPORT****TO THE MEMBERS.**

The Directors of your Company are pleased to present the 27th Annual Report and the audited statements of account of the Company for the year ended 31st March, 2003.

**1. FINANCIAL RESULTS**

The financial highlights of the Company during the year is summarised below:

	2002-03	(Rs. in Lacs) 2001-02
Sale of Products & Other Income (Net)	10209.38	6602.36
Profit/(Loss) before Depreciation & Tax	647.03	(192.25)
Less: Depreciation	198.00	191.20
Profit/(Loss) before Tax and Extra Ordinary items	449.03	(383.45)
Extra Ordinary Items	-	110.77
Less: Provision for Taxation		
Current year	26.50	0.31
Deferred Tax	140.75	(78.24)
Profit/(Loss) after Tax	281.78	(194.75)
Add/(Less): Prior Period Adjustments	(7.95)	10.15
Profit/(Loss) brought forward from previous year	273.83	(184.60)
<b>Profit/(Loss) available for Appropriation</b>	<b>189.51</b>	<b>(84.32)</b>
Out of this, the Directors have made the following appropriations:		
Proposed Dividend	53.89	0
Tax on Dividend	6.90	0
General Reserve	50.00	0
Carried forward to Balance Sheet	78.72	(84.32)

Note: Figures of the previous year have been regrouped, wherever necessary, to make them comparable with figures of the current year.

**2. DIVIDEND**

Keeping in view the performance, your Directors have decided to recommend a dividend at the rate of Rs. 2.50 per equity share (25%) for the financial year 2002-03. The dividend of Rs. 2.50 per share will be free of tax in the hands of the shareholders and the Company will pay the Dividend distribution tax @ 12.81% on the dividend declared and paid by the Company, as per the provisions of the Finance Act, 2003.

**3. OPERATIONS**

Your Directors are happy to inform that the Company has recorded 54% jump in the gross sales turnover at Rs. 105.58 crores during the year under review against Rs 68.74 crores in the last year. The significant increase of 75% in export turnover at Rs. 66.71 crores against Rs. 38.16 crores of the previous year has contributed to this growth. The Company registered a profit before tax and extra ordinary items of Rs. 4.49 crores as compared to a loss of Rs. 3.83 crores in the last year and profit after tax of Rs. 2.82 crores against loss of Rs. 1.95 crores after accounting for deferred tax adjustments. Increase in turnover and improved margins in agrochemicals have attributed to the profit for the year under review.

**4. PROSPECTS**

The Directors are pleased to inform that the manufacturing facilities are being upgraded and made versatile to avail of the various opportunities in minimum possible time. Additional products in the category of agrochemicals and drug intermediates are being explored for manufacture in the existing plants with required modifications.

Your Directors are confident that with the proactive and timely measures, growth of the Company will continue with a major thrust on increase in exports, better utilisation of available infrastructure and continuous improvement in the process and raw material efficiencies.

**5. INVESTMENT**

Your Company has entered into a Shares Sale & Purchase Agreement to acquire 1,88,56,058 fully paid up equity shares of Rs. 10/- each representing 49.72% of the paid up equity share capital of Alpha Drug India Limited (ADIL) having Registered Office and Works at Chandigarh-Ambala Highway, P.O. Lalru-140 501, Distt. Patiala, Punjab at an aggregate value of Rs. 25 lacs (Rupees twenty five lacs only) from DSM Pharma Chemicals Venlo B.V., (DSM Pharma) the majority shareholder of ADIL.

Subsequently, pursuant to the provisions of SEBI (SAST) Regulations, 1997 and subsequent amendments thereto, the Company made an offer to the public shareholders of ADIL to acquire upto 75,84,690 fully paid-up equity shares of Rs. 10/- each representing 20% of the paid-up equity share capital of ADIL at a price of Rs. 5.50 per share, payable in cash and acquired 15,08,813 fully paid up equity shares offered under such open offer. Subsequently, the management of ADIL has been taken over by the Company by reconstituting its Board of Directors. Upon the fulfillment of all the obligations for the acquisition of shares under the open offer as certified by the Merchant Bankers, the process for transfer of 1,88,56,058 equity shares of ADIL from DSM Pharma to the Company is being completed.

ADIL, a manufacturer of bulk drugs has been running into losses primarily due to the underutilisation of capacity. However, your Directors are confident to use the idle capacity by adding new products for the benefit of both the companies. Initially, your Company has given the job work for manufacturing the intermediate for one of its products and the same has been started after making minor modifications in one of the existing plants.

Your Directors view that the acquisition of ADIL should provide an additional opportunity in the international market in the pharma segment. The existing set up of ADIL is expected to bring product synergies between the two companies. The plants of both the companies are logistically situated in the nearby area and should help in improving the efficiency of human resources and technical inputs for both the companies.

#### 6. FINANCE

During the year, the Company has not availed any additional long term loan. The due instalments of the term loans availed from Industrial Development Bank of India (IDBI) and Bank of Baroda (BOB) have been regularly paid. FCNR(B) loan representing the Working Capital Demand Loan was renewed by the Bank.

The total amount of Fixed Deposits as on 31st March, 2003 was Rs. 432.89 Lacs. (previous year Rs. 428.37 Lacs.). The deposits amounting to Rs. 5.58 Lacs. were unclaimed by 52 number of depositors as on 31.03.2003 (previous year Rs. 7.11 Lacs. by 50 depositors). The Company has sent reminders to these depositors to complete the procedural formalities for repayment. In terms of the provisions of Investors Education & Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 34,408 of unpaid/unclaimed dividend was transferred during the year under review to Investors Education & Protection Fund, upon the expiry of seven years.

#### 7. INSURANCE

The Company continues to have the required insurance covers for the possible risks like fire, flood, public liability, marine, etc.

#### 8. ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL

The Company continues to take adequate measures for pollution control. The programmes in the areas of energy conservation, pollution control, value addition and reduction in waste generation are the ongoing process.

#### 9. EMPLOYEES & INDUSTRIAL RELATIONS

Your Directors take this opportunity to thank all the employees for rendering dedicated services to every constituent of the Company's customers and shareholders. Their co-operation, hard work and commitment during the difficult period deserve acknowledgement and appreciation. The employees are enthusiastic and have put in unstinted efforts to make the Company successful. The training and upgradation of the personnel are continuously looked after.

#### 10. DIRECTORS

During the year, Shri Shaili Shroff was appointed as the Managing Director of the Company w.e.f. 15.01.2003 for a period of three years as per the terms and conditions including remuneration as set out in the notice, subject to the approval of the members in the general meeting.

Shri Shaili Shroff was the Executive Director for the last five years and has been actively associated with and looking after the working of the Company for the last eleven years. He has worked hard for the development of export business, exploring new markets and the products for the Company. He is a young man with ideas, enthusiasm and commitment. Your Directors feel that the appointment of Shri Shaili Shroff as the Managing Director will be beneficial to the Company as he has a vision and long association with the Company.

In accordance with Article 146 of the Articles of Association of the Company and the provisions of the Companies Act, 1956, Shri G Narayana and Shri M.D. Patel, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

#### 11. DEPOSITORY SYSTEM

The members are aware that the Company's shares are tradable compulsorily in the electronic form. M/s Alankit Assignments Ltd., 205-208, Anarkali Market, Jhandewalan Extension, New Delhi have been appointed as the common Registrar of the Company for the physical as well as demat shares. The members are requested to contact the Registrar directly for any of their requirements.