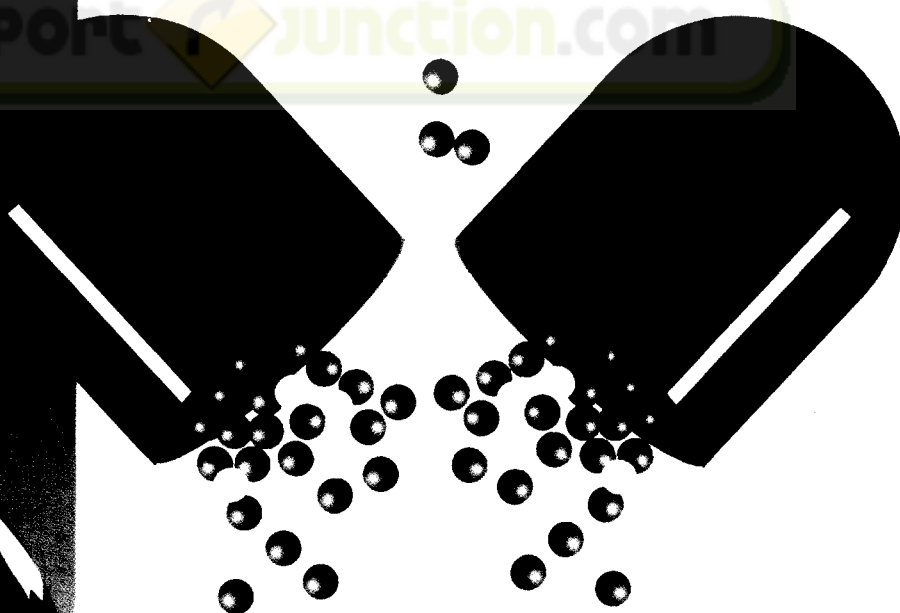


18th
ANNUAL REPORT

2002

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PARENTERAL DRUGS (INDIA) LIMITED

**BOARD OF DIRECTORS**

Shri Manoharlal Gupta	Chairman Cum - Managing Director
Shri Vinod Kumar Gupta	Managing Director
Shri Govind Das Garg	Whole-Time Director
Shri Govardhan Kathuria	Director
Shri Satish Chandra Consul	Director
Shri Dharam Pal Khanna	Director

REGISTERED OFFICE

35, Mansoor Building,
98, Princess Street,
Mumbai-400 002
Maharashtra

**ADMINISTRATIVE OFFICE &
INVESTORS GRIEVANCES CENTRE**

Shri Ganesh Chamber,
Navlakha Crossing,
Indore (M.P.) - 452 001

LOCATION OF PLANTS

Village Asrawad,
Post Dudhia,
Nemawar Road,
Indore (M.P.) - 453 331

AUDITORS

M/s. T.N. Unni & Co.,
Chartered Accountants,
402, Alankar Point,
Geeta Bhawan Square,
Indore (M.P.) - 452 001

BANKERS

State Bank of India
Dena Bank

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held on Saturday the 28th day of December, 2002, at 10 a.m. at 57, Mulji House, Bharuch Street, Masjid Bunder, Mumbai-400 009 to transact the following business:

ORDINARY BUSINESS

- 1) To consider, approve and adopt the Balance Sheet of the Company as on 31st July, 2002, and the Profit and Loss Account for the year ended on that date and the report of the Statutory Auditors and the Directors thereon.
- 2) To appoint a director in place of Shri Vinod Kumar Gupta who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint Statutory Auditors of the Company and to fix their remuneration. The retiring Auditors of the Company M/s.T.N.Unni & Co., Chartered Accountants, Indore, are eligible for re-appointment.

SPECIAL BUSINESS

Item No. 4 To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution :

"RESOLVED THAT in terms of provisions of Section 293 (1) (a) of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create such mortgages, charges and hypothecation including equitable mortgage in addition to the existing mortgages, charges and hypothecation, created by the Company, as the Board may decide, on the assets of the Company, whether movable or immovable both present and future, in favour of State Bank of India, Industrial Finance Branch, G.P.O. Branch, Indore and Dena Bank, Navlakha Branch, Indore to secure the following facilities:

ON FIRST PARI-PASSU CHARGE BASIS:

- 1) In favour of Dena Bank for its term loan of Rs. 1316.32 lacs; and
- 2) In favour of State Bank of India for its term loan of Rs.500 lacs;

ON SECOND PARI-PASSU CHARGE BASIS:

- 1) In favour of Dena Bank for its working capital limits of Rs.450 lacs and
- 2) In favour of State Bank of India for its working capital limits of Rs.2950 lacs;

together with interest due thereon and payable by the Company to them in terms of their respective loan agreements entered/to be entered into between the Company and the Banks;

RESOLVED FURTHER THAT all moneys borrowed, charges created and other steps taken in respect thereof and the documents executed by the Board of Directors of the Company in respect of the above financial facilities in favour of State Bank of India, Industrial Finance Branch and Dena Bank, Navlakha Branch be and are hereby ratified and confirmed."

Item No.5 To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT in terms of provisions of Section 257 of the Companies Act, 1956, Shri Satish Chandra Consul, be and is hereby appointed as a professional, independent Director of the Company liable to retire by rotation"

PARENTERAL DRUGS (INDIA) LIMITED

Item No.6 To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT in terms of provisions of Section 257 of the Companies Act, 1956, Shri Dharam Pal Khanna, be and is hereby appointed as a professional, independent Director of the Company liable to retire by rotation"

Item No.7 To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT in terms of provisions of Section 31 of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded for deletion of the present Article 112 of the Articles of Association of the Company and for insertion of the following new Article as Article 112 :

112. The Promoter Directors of the Company are

- 1) Shri Manoharlal Gupta
- 2) Shri Vinod Kumar Gupta
- 3) Shri Govind Das Garg

Indore

Dt.23rd November, 2002

By order of the Board

Vinod Kumar Gupta
Managing Director

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY AND THE PROXY IN ORDER TO BE VALID MUST BE DEPOSITED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FOR THE MEETING.
- 2) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 24th December, 2002 to Saturday the 28th December, 2002 (both days inclusive)
- 3) Shareholders desiring any information pertaining to accounts are requested to write to the Company at an early date to enable the Company to reply the queries suitably.
- 4) The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares of the Company. The members are requested to approach their respective Bankers for holding their shares in electronic form, if not already done so.

Indore

Dt.23rd November, 2002

By order of the Board

Vinod Kumar Gupta
Managing Director

EXPLANATORY STATEMENTS

In terms of provisions of Section 173 of the Companies Act, 1956 explanatory statements for the special business under Item No.4 to 7 are as under:

Item No.4

The Bankers of the Company i.e. State Bank of India, Industrial Finance Branch, Indore and Dena Bank, Navlakha Branch, Indore, vide working capital consortium agreement Dt.28th May, 2002, and their respective loan agreements Dt.28th May, 2002 and 30th March, 2002 have sanctioned various credit facilities details of which are as under:

Term Loan Facility from:

- 1) Dena Bank for Rs. 1316.32 lacs; and
- 2) State Bank of India for Rs.500 lacs;

Working Capital Facility from:

- 1) Dena Bank for Rs.450 lacs; and
- 2) State Bank of India for Rs.2950 lacs.

The above mentioned credit facilities are secured by a charge on the properties of the Company for which necessary documents have been executed.

In terms of provisions of Section 293 (1) (a) of the Companies Act, 1956 approval of the members of the Company is sought to ratify the mortgages and charges including equitable mortgages created by the Company, in addition to the existing mortgages and charges on the assets of the Company, whether present or future to secure the aforesaid credit facilities and interest due thereon at the respective agreed rates, payable by the Company in terms of the agreements entered into with them.

The directors of the Company recommend passing of the resolution.

None of the Directors of the Company is interested in the resolution.

Item No.5 and 6

Shri Satish Chandra Consul and Shri Dharam Pal Khanna were appointed as Additional Directors of the Company by the Board at its meeting held on 27th February, 2002 and their respective office is coming to an end at the forthcoming annual general meeting.

In terms of provisions of Section 257 read with the provisions of section 190 of the Companies Act, 1956 notices from the shareholders of the Company have been received for their appointment as regular directors of the Company.

Shri Satish Chandra Consul is 70 years old and M.A. LLB, and a retired IAS officer who was in Government service for 34 years and has held various responsible positions including Managing Directorship of M.P.F.C. Presently he is a member of the Bar Council of the M.P. High Court and practicing as an Advocate.

Shri Dharam Pal Khanna is 68 years old and B.A., L.L.B and has retired as Executive Director of Madhya Pradesh Financial Corporation. He has 40 years of working experience in the field of finance.

In terms of provisions of Section 257 of the Companies Act, 1956 approval of the Board of Directors of the Company is sought for appointment of Shri Satish Chandra Consul and Shri Dharam Pal Khanna as regular Directors of the Company.



The directors of the Company recommend passing of the resolutions, under item no. 5 & 6.

None of the Directors of the Company is interested in the resolutions except Shri Satish Chandra Consul and Shri Dharam Pal Khanna.

Item No. 7

The present Article 112 of the Articles of Association of the Company reads as under:

112. The First Directors of the Company are

1. Shri Manoharlal Gupta
2. Shri N.K.Dani
3. Shri B.B.Agrawal

Shri N.K.Dani and Shri B.B.Agrawals have ceased to be directors of the Company and they are no more associated with the Company and in order to ensure reflection of correct position of the promoter directors on the Board in the Articles it is proposed to amend the Articles suitably in the manner as proposed in the resolution.

In terms of provisions of Section 31 of the Companies Act, 1956 approval of the members of the company is sought by way of passing the proposed Special Resolution for alteration in the Articles of Association of the Company.

None of the Directors of the Company is interested in the resolution except Shri Manoharlal Gupta who may be deemed interested in the resolution to the extent his name appears in the Articles.

Indore

Dt.23rd November, 2002



By order of the Board

Vinod Kumar Gupta
Managing Director

PARENTERAL DRUGS (INDIA) LIMITED**DIRECTORS' REPORT**

To,

The Members of

M/s. Parenteral Drugs (India) Limited

Dear Shareholders

The Directors are pleased to present their Eighteenth report on the performance of the Company for the financial year ended 31st July, 2002.

FINANCIAL PERFORMANCE

Rs.in lacs

PARTICULARS	Year ended 31.07.2001	<u>Year Ended</u> <u>31.7.2002</u>
Sales and Other Income	8978.24	8918.36
Less Operating Expenses	7712.12	8536.58
Profit before Interest & Depreciation	1329.66	803.67
DEDUCTIONS		
Interest	570.87	529.74
Depreciation	188.53	195.02
Deferred Revenue Expenses and public issue Expenses written off	6.43	6.43
Provision for Taxation	63.60	36.04
Operational Profit after tax	500.23	36.42
ADDITIONS		
Balance brought forward from previous Year.	1206.26	1706.49
APPROPRIATIONS		
Surplus Available for Appropriation	1706.49	1742.91
Balance carried to balance sheet	1706.49	1742.91

PERFORMANCE

During the year under review the Company made changes in its business policy. A need was felt to control the ever increasing sundry debtors. The Company took concrete steps in the directions of controlling them.

The Directors are pleased to inform that as a result of such steps, the Company could not only reduce the sundry debtors level by 6.14 crores which works out to be approx. 24% as compared to last year, but also maintained the same level of market share. In addition to this the company has also taken various cost saving measures which will benefit the Company in the long run.

DIVIDEND

In order to conserve the financial resources for further expansion activities of the Company the Board conveys its inability to recommend any dividend.

DIRECTORS

Shri Vinod Kumar Gupta, director of the company is retiring by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

Shri Satish Chandra Consul and Shri Dharam Pal Khanna were appointed as Additional Directors of the Company on 27th February, 2002 and it is proposed to appoint them as regular director, liable to retire by rotation. The Board recommends their appointment.

AUDITORS

M/s. T.N.Unni & Co., Chartered Accountants, Indore, the Statutory Auditors of the Company are retiring at the forthcoming annual general meeting and they are eligible for re-appointment. The Board recommends their re-appointment.

PARENTERAL DRUGS (INDIA) LIMITED**AUDITORS' REPORT**

The report of the Statutory Auditors of the Company and notes to the accounts are self-explanatory and there being no adverse remark therein no explanation is required from the Board.

FIXED DEPOSITS

The Company did not accept any deposits from the public during the year and there are no unpaid or unclaimed deposits with the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board confirms that:

- a) The financial statements are in full conformity with the requirements of the Companies Act, 1956, and applicable accounting standards have been followed along with proper explanation relating to material departure.
- b) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that were 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 period and of the profit or loss of the Company for the period under review.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

A report on corporate governance as required under the listing agreement, containing required details is enclosed and forming part of the report of the Board of Directors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

The details of energy conservation, technology absorption, foreign exchange earnings and outgo during the year are annexed in Form No. A and B as required under Section 217 (1) (e) and forming part of the report of the Board.

PARTICULARS OF EMPLOYEES

The provisions of Section 217 (2-A) of the Companies Act, 1956, read with the provisions of the Companies (Particulars of Employees) Rules, 1975, are not attracted in case of any employee of the Company.

RELATIONS WITH EMPLOYEES

The relations with the employees continued to be cordial during the year. The directors wish to place on record their sincere appreciation for the excellent team spirit with which they have worked for the progress of the Company.

ACKNOWLEDGEMENT

The Directors place on record their sincere gratitude to the employees of the Company for their hard work and to the Banks for their continued support to the Company.

FOR AND ON BEHALF OF THE BOARD

Indore
Dt. 23rd November, 2002

Manoharlal Gupta
Chairman Cum-Managing Director

PARENTERAL DRUGS (INDIA) LIMITED**ANNEXURE TO THE DIRECTORS' REPORT****FORM 'A'**

Disclosure of particulars with respect to Conservation of Energy

A) POWER AND FUEL CONSUMPTION

	Current Year 31-07-2002	Previous Year 31-07-2001
1) Electricity		
a) Purchased units (in lacs)	37.29	32.78
Total Amount (Rs. In lacs)	167.60	144.25
Rate/Unit (Rs)	4.49	4.40
b) Own Generation		
i) Through diesel generator		
Units (in lacs)	9.19	16.17
Units per liter of diesel Oil	3.50	3.23
Total Cost (Rs. In lacs)	42.02	78.76
Cost/Unit (Rs.)	4.57	4.87
2) Coal, (specify quality and where used)		
a) Steam coal (for Distilled water)		
Quantity (Tones)	4628.15	4144.01
Total Cost (Rs. In lacs)	102.74	82.89
Average Rate (Rs.)	2219.89	2000.27
3) Furnace Oil		
Quantity (Tonnes)	18.66	33.90
Total Amount (Rs. In lacs)	1.31	2.40
Rate/Unit	7.00	7.00

B) CONSUMPTION PER UNIT OF PRODUCTION

Production (Unit 1000 Bottles)		
Electricity (Units)	57.91	59.55
(Purchased +Own Generation)		
Coal (Kgs)	51.63	49.34

FORM 'B'**A) RESEARCH AND DEVELOPMENT :**

- 1) Specific areas in which Research & Development carried out by the Company
 - Development of new products
 - Development of modified design for bottles for better outlook
- 2) Benefits derived as a result of above Research & Development
 - New products were developed and introduced in the market
- 3) Future plan of action

The Company intends to establish an independent R & D cell supported by a pilot plant. This will help in developing a wide range of products and also further optimizing process conditions without effecting the production on the main plant.
- 4) Expenditure
 - a) Capital : NONE
 - b) Recurring : The expenditure has been charged under primary head of expenses.

B) TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION :

No new technology was absorbed or adopted during the year.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- i) Total Foreign Exchange Earnings during the year was Rs. 98.93 lacs (Previous year 75.68 lacs)
- ii) Total foreign exchange outgo Rs. 60.11 lacs (Previous year Rs. 327.05 lacs)

CORPORATE GOVERNANCE

INTRODUCTION

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance for implementation by Companies listed on the Stock Exchanges. Accordingly, the Code was implemented by effecting amendments to the Listing Agreements by the Stock Exchanges with which the Company is listed.

A report on the implementation of the code of Corporate Governance under the Listing Agreement by the Company is furnished below.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Indian pharmaceutical industry is passing through a difficult phase mainly due to rapid developments in the field of medications, new techniques of medication, price war and tough competition from international competitors. However in spite of all odds the Indian pharmaceutical industry is growing @ 7-8% every year and with the help of new techniques and continued research and developmental activities in post GATT era the future of the Indian pharmaceutical industry seems to be bright.

The Company is mainly engaged in manufacturing of Anti-biotics, Anti-bacterials, Vitamins, Anti-ulcerant, Anti-diabetic and Anti-hypertensive medicines in addition to Intravenous Fluids in polypropylene bags. The Company has recently introduced a new Anti-hypertensive tablet and is going to introduce a new Anti-Diabetic drug very soon.

The Company is among the leaders in the field of Intravenous Fluids in polypropylene bags and pioneer in making 400 mg Ciprofloxacin infusion in 200 ML with 5% dextrose.

PDPL has its distribution network throughout the country with 29 sales depots and in order to keep control over the day to day activities including debtors, stocks, overheads and timely collection & recovery latest technology is being used to provide necessary support to a qualified team of professionals at administrative office. Various departmental heads have been given responsibility as well as liberty to review the control mechanism with sufficient reporting systems to the higher management in place.

During the year under review the Company made changes in its business policy. A need was felt to control the ever increasing sundry debtors. The Company took concrete steps in the directions of controlling them.

The Directors are pleased to inform that as a result of such steps, the Company could not only reduce the sundry debtors level by 6.14 crores which works out to be approx. 24% as compared to last year, but also maintained the same level of market share. In addition to this the company has also taken various cost saving measures which will benefit the Company in the long run.

PDPL has a workforce of more than 1000 people including qualified professionals working throughout the Country. PDPL believes in better relationship with its employees, provides required training, retention of devoted workers with timely incentives at all the levels as a result of which optimum performance in the form of desired output is achieved.

A. MANDATORY REQUIREMENTS

1. Company's Philosophy

The Company believes in service to the society at large by preparing quality medications and its availability at a reasonable price and development of new products from time to time and availability of better and economical medical facilities to the society when required by them and also in delegation of responsibilities to the employees while discharging their duties, capital appreciation to the investors and gaining confidence of the investors at large.