

PARENTERAL DRUGS (INDIA) LIMITED

Care

Concern



Quality

19th ANNUAL REPORT
2003

Moving Towards Better Health Care.....Everywhere

**BOARD OF DIRECTORS**

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

REGISTERED OFFICE

340, Laxmi Plaza, Laxmi Industrial Estate,
New Link Road, Andheri (West)
Mumbai
Maharashtra

ADMINISTRATIVE OFFICE &**INVESTORS GRIEVANCES CENTRE**

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

SHARE TRANSFER AGENT

M/s. Intime Spectrum Registry Limited,
307, City Centre,
570, M.G. Road,
Indore (M.P.) - 452 001

LOCATION OF PLANT

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 Nineteenth Annual General Meeting of the members of the Company will be held on Tuesday the 30th day of September, 2003, 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 at 31st March, 2003, and 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 Gordhan Kathuria who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a director in place of Shri Govind Das Garg who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Statutory Auditors of the Company and to fix their remuneration. The retiring Auditors of the Company M/s. T.N. Unni & Co. Indore, are eligible for re-appointment.

SPECIAL BUSINESS**Item No.5 Re-appointment of Chairman Cum-Managing Director**

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 269, 198, 309, read with provisions of Schedule XIII to the Companies Act, 1956, approval of the members of the Company be and is hereby accorded for the re-appointment of Shri Manoharlal Gupta as Chairman cum-Managing Director of the Company for a further period of five years with effect from 1st January, 2004, on a consolidated monthly remuneration of Rs.20,000/- per month."

Item No.6 Re-appointment of Managing Director

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 269, 198, 309, read with provisions of Schedule XIII to the Companies Act, 1956, approval of the members of the Company be and is hereby accorded for the re-appointment of Shri Vinod Kumar Gupta as Managing Director of the Company for a further period of five years with effect from 1st January, 2004, on a consolidated monthly remuneration of Rs.20,000/- per month."

Item No.7 Re-appointment of Whole-Time Director

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 269, 198, 309 and 314 read with provisions of Schedule XIII to the Companies Act, 1956, approval of the members of the Company be and is hereby accorded for the re-appointment of Shri Govind Das Garg as Whole-time Director of the Company for a further period of five years with effect from 1st January, 2004, on a consolidated monthly remuneration of Rs. 20,000/- per month."

Item No.8 Voluntary De-Listing of Shares

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

"RESOLVED THAT in terms of SEBI (Delisting of Securities) Guidelines, 2003 approval of the members of the Company be and is hereby accorded for the voluntary delisting of shares of the Company from Madras Stock Exchange Limited, The Stock Exchange Ahmedabad and Madhya Pradesh Stock Exchange;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary actions for the voluntary de-listing of shares of the Company from the above stock exchanges in terms of above referred guidelines and other applicable provisions of law, if any, in this regard."

Item No.9 Payment of Remuneration to Shri Ravi Gupta

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 314 of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded for payment of monthly remuneration to Shri Ravi Gupta of Rs.10,000/- (Rs.Ten Thousand) and payment of such other statutory dues like contribution to Provident Fund, Gratuity and other statutory contributions as may be applicable to the Company."

By order of the Board

Indore
Dt.1st September, 2003

Vinod Kumar Gupta
Managing Director

NOTES:-

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND 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 Wednesday the 24th September, 2003 to Tuesday the 30th September, 2003 (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) Explanatory statements in terms of provisions of section 173 of the Companies Act, 1956 in respect of item No.5 to 9 are enclosed and forming part of the notice.

By order of the Board

Indore
Dt.1st September, 2003

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.5 to 9 are as under:

Item No.5

Shri Manoharlal Gupta is a promoter director of the Company and has been managing the affairs of the Company from the very beginning and has been instrumental in bringing the Company to this stage.

He is 50 years old and a Bachelor of Arts and has 30 years of working experience in pharmaceutical industry and has wide experience in various business activities.

Shri Manoharlal Gupta has been working as Chairman cum-Managing Director of the Company from the very beginning and he was lastly appointed as Chairman cum-Managing Director on 30th November, 1998, for a period of five years starting from 1st January, 1999, and his tenure as Chairman Cum-Managing Director is expiring on 31st December, 2003.

In terms of provisions of sections 198, 269, 309 read with the provisions of Schedule XIII to the Companies Act, 1956, approval of the members of the Company is required for his re-appointment as Chairman Cum-Managing Director of the Company by way of passing the proposed resolution as a Special Resolution.

Shri Manoharlal Gupta for himself and Shri Vinod Kumar Gupta and Shri Govind Das Garg may be deemed interested in the resolution.

This explanatory statement is and should be considered as explanatory note under section 302 of the Companies Act, 1956. The Board recommends passing of the resolution.

Item No.6

Shri Vinod Kumar Gupta is a promoter director of the Company and has been managing the affairs of the Company from the very beginning and has been instrumental in bringing the Company to this stage.

He is 53 years old and a Bachelor of Science and Bachelor of Laws and has 33 years of working experience of various business activities including experience in pharmaceutical industry.

Shri Vinod Kumar Gupta has been working as Managing Director of the Company since 1992 and he was lastly appointed as Managing Director on 30th November, 1998, for a period of five years starting from 1st January, 1999, and his tenure as Managing Director is expiring on 31st December, 2003.

In terms of provisions of sections 198, 269, 309 read with the provisions of Schedule XIII to the Companies Act, 1956, approval of the members of the Company is required for his re-appointment as Managing Director of the Company by way of passing the proposed resolution as a Special resolution.

Shri Vinod Kumar Gupta for himself and Shri Manoharlal Gupta and Shri Govind Das Garg may be deemed interested in the resolution.

This explanatory statement is and should be considered as explanatory note under section 302 of the Companies Act, 1956. The Board recommends passing of the resolution.

Item No.7

Shri Govind Das Garg is a promoter director of the Company and has been managing the affairs of the Company on day to-day basis from the very beginning.

He is 57 years old and a Bachelor of Technology and has many years of working experience in diversified business activities including experience in pharmaceutical industry.

Shri Govind Das Garg has been working as Whole-time Director of the Company since 1994 and he was lastly appointed as Whole-time Director on 30th November, 1998, for a period of five years starting from 1st January, 1999, and his tenure as Managing Director is expiring on 31st December, 2003.

In terms of provisions of sections 198, 269, 309 and 314 read with the provisions of Schedule XIII to the Companies Act, 1956, approval of the members of the Company is required for his appointment as Whole-Time Director of the Company by way of passing the proposed resolution as a Special resolution.

Shri Govind Das Garg for himself and Shri Manoharlal Gupta and Shri Vinod Kumar Gupta may be deemed interested in the resolution.

This explanatory statement is and should be considered as explanatory note under section 302 of the Companies Act, 1956. The Board recommends passing of the resolution.

Item No.8

The shares of the Company are listed on The Stock Exchange, Mumbai, Madhya Pradesh Stock Exchange, Indore, The Stock Exchange, Ahmedabad and Madras Stock Exchange Limited, however except The Mumbai Stock Exchange the trading has not taken place at any of the Stock Exchanges for a long time and the objective behind listing on such stock exchanges is not being achieved and the company is unnecessarily bearing the cost of listing fee on all such stock exchanges. Under these circumstances it is proposed to get the shares of the Company de-listed from all exchanges except the Mumbai Stock Exchange, which also provides online trading facility throughout the country and covers all the investors of the Country.

In terms of Securities And Exchange Board of India (Delisting of Securities) Guidelines-2003 approval of the shareholders of the Company by way of Special Resolution is required for the purpose of voluntary delisting as proposed in the notice.

None of the Directors of the Company is interested in the resolution. The Board recommends passing of the resolution.

**Item No.9**

Shri Ravi Gupta has been looking after all export activities of the Company and is employed on whole time basis and now it is proposed to compensate him by way of paying remuneration of Rs.10,000/- (Rs.Ten Thousand) and payment of such other statutory dues like contribution to Provident Fund, Gratuity and other statutory contributions as may be applicable to the Company.

Shri Ravi Gupta is aged 46 years, a post graduate in Commerce and has 30 years of working experience in the pharmaceuticals industry in various capacities and now looking after all export related activities on whole time basis.

In terms of provisions of section 314(1b) of the Companies Act, 1956 approval of the members of the Company is required for payment of remuneration to Shri Ravi Gupta of Rs.10,000/- (Rs.Ten Thousand) or more, by way of passing special resolution as proposed in the notice.

Shri Manoharlal Gupta, Shri Vinod Kumar Gupta and Shri Govind Das Garg are interested in the resolution.

The Board recommends passing of the resolution.

By order of the Board

Indore
Dt.1st September, 2003

Vinod Kumar Gupta
Managing Director



DIRECTORS' REPORT

To,

The Members of

M/s. Parenteral Drugs (India) Limited

Dear Shareholders

The Directors are pleased to present their Nineteenth report on the performance of the Company for the financial year ended 31st March, 2003, which is for a period of eight months starting from 1st August, 2002 to 31st March, 2003

Rs.in lacs

PARTICULARS	Current period Ended 31st March, 2003 (Eight Months)	Previous Year Ended 31st July, 2002 (Twelve Months)
Sales and Other Income	4840.56	8978.24
Less Operating Expenses	4283.63	8536.58
Profit before Interest & Depreciation	552.65	803.67
DEDUCTIONS		
Interest	321.17	529.74
Depreciation	143.28	195.02
Deferred Revenue Expenses and public issue Expenses written off	4.28	6.43
Provision for Taxation	53.56	36.04
Operational Profit after tax	23.17	36.42
ADDITIONS		
Balance brought forward from previous Year	1742.91	1706.49
APPROPRIATIONS		
Surplus Available for Appropriation	1766.08	1742.91
Transferred to general reserve	606.23	-
Balance carried to balance sheet	1159.85	1742.91

PERFORMANCE

The current financial year consists of eight months period only, due to change in financial year closing from July to March and the period under review covers non-peak months of the year, which has resulted in comparatively reduced turnover in comparison to the previous year. However with the help of continued and positive efforts there is a overall reduction in operating expenses and consequent increase in profits. Simultaneously the continued expansion and developmental process at the plant has resulted in satisfactory performance during the year and has increased the book value of the shares.

DIVIDEND

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

DIRECTORS

Shri Gordhan Kathuria and Shri Govind Das Garg, Directors of the company are retiring by rotation and being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

Shri Manoharlal Gupta, Chairman Cum-Managing Director, Shri Vinod Kumar Gupta, Managing Director and Shri Govind Das Garg, Whole-time Director of the Company are proposed to be re-appointed at their respective posts for a further period of five years. The Board recommends their re-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..

AUDITORS' REPORT

The report of the Board of Directors of the Company and notes to the accounts are self-explanatory and do not require further explanation from the Board.

FIXED DEPOSITS

The Company did not accept any deposit 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:

- i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit or loss of the Company for the period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the Annual Accounts on a going concern basis.

STATEMENT OF ACCOUNTS OF SUBSIDIARIES

Statement of accounts of the subsidiary company i.e. Parenteral Drugs and Pharmaceuticals Limited are enclosed and forming part of the annual accounts.

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 associates and suppliers of the Company for their cordial association and to the Bankers for their continued support to the Company.

FOR AND ON BEHALF OF THE BOARD

INDORE
1st September, 2003

Manoharlal Gupta
Chairman Cum-Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'A'

Disclosure of particulars with respect to Conservation of Energy

A) POWER AND FUEL CONSUMPTION

	Current Year 31.03.2003 (8 months)	Previous Year 31.07.2002 (12 months)
1) Electricity		
a) Purchased units (in lacs)	20.60	37.29
Total Amount (Rs. In lacs)	92.79	167.60
Rate/Unit (Rs)	4.50	4.49
b) Own Generation		
Through diesel /LDO generator		
Units (in lacs)	8.08	9.19
Units per liter of diesel/LDO Oil	3.50	3.50
Total Cost (Rs. In lacs)	35.58	42.02
Cost/Unit (Rs.)	4.40	4.57
2) Coal, (specify quality and where used)		
Steam coal (for Distilled water)		
Quantity (Tones)	2785.03	4628.15
Total Cost (Rs. In lacs)	64.05	102.74
Average Rate (Rs.)	2300.00	2219.89
3) Furnace Oil		
Quantity (Tonnes)	-	18.86
Total Amount (Rs. In lacs)	-	1.31
Rate/Unit	-	7.00
B) CONSUMPTION PER UNIT OF PRODUCTION		
Production (Unit 1000 Bottles)		
Electricity (Units)	58.13	57.91
(Purchased + Own Generation)		
Coal (Kgs)	51.53	51.63

FORM 'B'

(A) Research and Development

1) Specific areas in which Research & Development carried out by the Company

(In House Research & Development at Company's own laboratory).

- 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 affecting the production of the main plant.

4) Expenditure

- a) Capital : NONE
- b) Recurring : The expenditure has been charged under primary head of expenses.

(B) Technology Absorption, Adoption 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. 30.29 lacs (Previous year 98.93 lacs)
- ii) Total foreign exchange outgo Rs. Nil (Previous year Rs. 60.11 lacs)

REPORT ON CORPORATE GOVERNANCE

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Indian pharmaceutical industry witnessed another year of stiff competition from international operators who forced the Indian Pharma Industry to strengthen their base and remove weaknesses to sustain in the industry and to a large extent the Indian Industries were successful by adopting and maintaining international standards.

Your 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 and all the products of the Company have good acceptance in the market. In addition to the products acceptability, the restricted marketing strategy has also helped the Company in better realization from sales.

The Company not only continued to retain its position among the leaders in the field of Intravenous Fluids in polypropylene bags but also touched new heights of production. Your Company is continuously engaged in development of new products and expansion of its production capacities as a result of which the performance of the Company in the years to come shall touch new heights.

The Company has appointed well qualified professionals to look after facets of organization, independently under control of a Chief Executive who is responsible for successful execution of policies and control over the departmental heads. The marketing team of the Company which employs more than 800 persons is headed by a President Marketing having regional heads under him who have access to the market at gross route level.

The overall performance of the Company during the year under review was satisfactory. Though there was a comparatively low turnover due to reduction in the period of financial year from twelve months to eight months and non coverage of the peak season in the current financial year which starts only after March, however with the help of control over operational expenses, except cost of employees for retention of quality personnel, your Company was able to improve slightly on profits.

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 economic 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.

Keeping in mind the above factors the Company management has been designed in such a manner that it leads to enhancement of above values.

2. Board of Directors

The Board of Parenteral Drugs (India) Limited (PDPL) consists of equal number of non-executive/independent directors, who are acknowledged as professionals in their respective fields. The Board comprises of three (3) executive directors and three (3) non-executive / independent directors.

The constitution of Board is as under:

Name of the Director	Executive/Non-Executive /Independent	No. of Other Directorships
Shri Manoharlal Gupta - Chairman Cum Managing Director	Executive	12
Shri Vinod Kumar Gupta - Managing Director	Executive	12
Shri Govind Das Garg - Whole-time Director	Executive	8
Shri Gordhan Kathuria - Director	Non-Executive/Independent	4
Shri Satish Chandra Consul - Director	Non-Executive/Independent	Nil
Shri Dharam Pal Khanna - Director	Non-Executive/Independent	3