

20th ANNUAL REPORT

2004

***Moving Towards Better Health Care
.....Everywhere***



PARENTERAL DRUGS (INDIA) LIMITED

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 Satish Chandra Consul	Director
Shri Dharam Pal Khanna	Director

COMPANY SECRETARY

Mr. Amit Kumar Sohni

REGISTERED OFFICE

340, Laxmi Plaza, Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai-400 053

CORPORATE OFFICE &**INVESTORS GRIEVANCES CENTRE**

Shri Ganesh Chambers,
Navalakha Crossing,
Indore-452 001
Madhya Pradesh

Report  Junction.com

SHARE TRANSFER AGENT

M/s. Intime Spectrum Registry Limited,
307, City Centre,
570, M.G. Road,
Indore-452 001
Madhya Pradesh

AUDITORS

M/s. T.N.Unni & Co.
Chartered Accountants,
402, Alankar Point,
Geeta Bhawan Square,
Indore-452001
Madhya Pradesh

BANKERS

State Bank of India
State Bank of Indore

PARENTERAL DRUGS (INDIA) LIMITED**NOTICE**

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held on Thursday the 30th day of September, 2004, 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 March, 2004, 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 Satish Chandra Consul who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a director in place of Shri Dharma Pal Khanna 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., Chartered Accountants, Indore, are eligible for re-appointment.

SPECIAL BUSINESS**ITEM No.5 AUTHORITY TO THE BOARD TO CREATE CHARGE**

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 and charges in addition to the existing mortgages and charges, 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 Indore, Industrial Finance Branch, Khel Prashal, Indore to secure the financial facilities to the Company to the extent of Rs.1325 lacs;

RESOLVED FURTHER THAT all monies borrowed, charges created and other steps to be 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 Indore, Industrial Finance Branch be and are hereby ratified and confirmed."

By order of the Board

Indore
Dt. 3rd September, 2004

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 Monday the 27th September, 2004 to Thursday the 30th September, 2004 (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 statement in terms of provisions of section 173 of the Companies Act, 1956 in respect of item No.5 is enclosed and forming part of the notice.
- 5) The shareholders who are still holding their shares in physical form are requested to approach their depository participants for dematerialisation of their shares.

By order of the Board

Indore
Dt. 3rd September, 2004

Vinod Kumar Gupta
Managing Director

EXPLANATORY STATEMENT

In terms of provisions of Section 173 of the Companies Act, 1956 explanatory statement for the special business under Item No.5 is as under:

Item No.5

In the month of August, 2004 State Bank of Indore, Industrial Finance Branch, Indore has sanctioned financial facilities to the Company to the tune of Rs.1325 lacs (Rs. One thousand three hundred twenty five lacs) to take up the existing financial facilities from Dena Bank, Navlakha Branch Indore, in respect of which necessary security and charge documents have already been executed in favour of State Bank of Indore.

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 charge so created by the Company in favour of State Bank of Indore, by way of passing the proposed resolution as an Ordinary Resolution. The Board recommends passing of the resolution.

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

By order of the Board

Indore
Dt. 3rd September, 2004

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 represent their twentieth report on the performance of the Company for the financial year ended 31st March, 2004.

FINANCIAL PERFORMANCE

(Rs.in lacs)

PARTICULARS	Current year ended 31st March, 2004 (Twelve Months)	Previous year ended 31st March, 2003 (Eight Months)
Sales and Other Income	9675.91	4840.56
Less : Operating Expenses	8964.11	4283.63
Profit before Interest & Depreciation	711.80	552.65
DEDUCTIONS		
Interest	327.72	321.17
Depreciation	203.59	143.28
Public issue expenses written off	6.43	4.28
Provision for Taxation / Deferred Tax	55.12	60.75
Operational Profit after tax	118.94	23.17
ADDITIONS		
Balance brought forward from previous year	1159.85	1742.91
APPROPRIATIONS		
Surplus Available for Appropriation	1278.79	1766.08
Transferred to General Reserve	-	606.23
Previous year Income Tax Liability	31.19	-
Balance carried to balance sheet	1247.60	1159.85

PERFORMANCE HIGHLIGHTS

The performance of the Company during the year under review was satisfactory and the Company was able to achieve new heights in the turnover, however due to acute competition the margins in the pharma industry have been squeezed and this has reflected in the profitability of the Company. Your Company is trying to achieve overall improvement in its performance including taking up expansion activities, joint ventures, development of new products and creation of new branded products by ploughing back its profits which will ultimately result into enhanced shareholders worth over the period of time and your directors are confident about achieving new heights in the years to come.

DIVIDEND

In order to conserve the financial resources for continued expansion activities of the Company the Board conveys its inability to recommend any dividend. During the year the Company transferred balance lying in the unpaid dividend account of the Company for the year 1996-97 to the Investors Education and Protection Fund, and as on date there is no unpaid or unclaimed dividend with the Company.

DIRECTORS

Shri Satish Chandra Consul and Shri Dharam Pal Khanna, Directors of the Company are retiring at the forthcoming Annual General Meeting and they are eligible for re-appointment. The Board recommends their appointment for another tenure.

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 appointment. The Board recommends their 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.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with Accounting Standard 21- Consolidated Financial Statements, the Group accounts are part of this report and accounts. The Consolidated accounts have been prepared on the basis of audited financial statements as received from the subsidiary, duly approved by its 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:

- (i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgement 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 that period.
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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.

SUBSIDIARY COMPANY

Statement of accounts of the subsidiary company i.e. Parenteral Drugs & Pharmaceuticals Limited are enclosed and forming part of 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 (2A) 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.

DELISTING APPLICATION

During the year the Company has made de-listing applications to Chennai Stock Exchange Limited, The Stock Exchange Ahmedabad and Madhya Pradesh Stock Exchange in terms of the SEBI Guidelines for voluntary de-listing and the applications are pending.

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 Bankers for their continued support to the Company.

FOR AND ON BEHALF OF THE BOARD

INDORE

DATE : 3rd September, 2004

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 31.03.2004 (12 months)	Previous Year 31.03.2003 (8 months)
1) Electricity		
a) Purchased units (in lacs)	42.37	20.60
Total Amount (Rs. In lacs)	200.00	92.79
Rate/Unit (Rs.)	4.72	4.50
b) Own Generation		
Through diesel /LDO generator		
Units (in lacs)	15.67	8.08
Units per liter of diesel/LDO Oil	3.50	3.50
Total Cost (Rs. In lacs)	69.10	35.58
Cost/Unit (Rs.)	4.41	4.40
2) Coal, (specify quality and where used)		
Steam coal (for Distilled water)		
Quantity (Tonnes)	5517.12	2785.03
Total Cost (Rs. In lacs)	137.93	64.05
Average Rate (Rs.)	2500.00	2300.00
3) Furnace Oil		
Quantity (Tonnes)	--	-
Total Amount (Rs. in lacs)	--	-
Rate/Unit (Rs.)	--	-
B) CONSUMPTION PER UNIT OF PRODUCTION		
Production (Unit 1000 Bottles)		
Electricity (Units)	58.82	58.13
(Purchased + Own Generation)		
Coal (Kgs)	52.69	51.53

FORM 'B'

(A) RESEARCH AND DEVELOPMENT**1) Specific areas in which Research & Development carried out by the Company**

- i) The Company has its own in-house Research & Development laboratory for testing and development of new products.
- ii) Development of Kit for Intraperitoneal dialysis meant for patients of chronic renal failure, which are known as CAPD Kits.
- iii) On going research for the development of new I.V. bottles.

2) Benefit derived as a result of above Research & Development

- i) CAPD kit is under trial for use in the market
- ii) Better and safe shape of I.V. bottles

3) Future Plan of Action

- i) Development of more number of antibiotic to combat infections
- ii) Development of affordable and efficacious mode of treatment for various ailments.

4) Expenditure

- a) Capital : None
- b) Recurring : Being born by the company on regular basis

(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.128.93 Lacs (Previous year Rs.30.29 Lacs)
- ii) The total foreign exchange outgo Rs.103.44 Lacs (Previous year Nil).

REPORT ON CORPORATE GOVERNANCE

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Indian pharmaceutical industry is passing through a phase where the Industry is trying to consolidate its position to meet threat from the International operators post GATT scenario, by developing new branded products and enhancing value of its existing brands.

Your Company is mainly engaged in manufacturing of Anti-biotics, Anti-bacterials, Vitamins, Anit-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 all 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 grass route level.

The overall performance of the Company during the financial year under review was satisfactory. The Company achieved a increase in the turnover in comparison to turnover for the previous period. The stiff competition in the Indian pharma industry has tremendously reduced its margin and is working on lowest profits ever. However the Company due to its inherent strength was able to improve its overall performance and is trying hard to establish itself as one of the pillars of the Indian pharma industry.

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 reasonable proportion of non-executive/independent directors, who are acknowledged as professionals in their respective fields. The Board Comprises of Three (3) executive directors and Two (2) 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	11
Shri Vinod Kumar Gupta - Managing Director	Executive	12
Shri Govind Das Garg - Whole-time Director	Executive	7
Shri Gordhan Kathuria*	Non-Executive/Independent	4
Shri Satish Chandra Consul	Non-Executive/Independent	None
Shri Dharam Pal Khanna	Non-Executive/Independent	3

* Ceased to be director with effect from 10th August, 2004

PARENTERAL DRUGS (INDIA) LIMITED**Attendance of Directors at Board Meetings and Annual General Meeting**

The Board of the Company met eight (8) times during the last financial year, and the attendance of directors at the Board Meetings and previous Annual General Meeting was as under:

Name of the Director	Attendance	
	Board Meeting	Annual General Meeting
Shri Manoharlal Gupta	3	-
Shri Vinod Kumar Gupta	6	1
Shri Govind Das Garg	8	-
Shri Gordhan Kathuria*	1	-
Shri Dharam Pal Khanna	8	-
Shri Satish Chandra Consul	8	-

* Ceased to be director with effect from 10th August, 2004

Note on Directors appointment/ re-appointment

Shri Satish Chandra Consul and Shri Dharam Pal Khanna, Directors of the Company are retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.

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

Shri D.P.Khanna is B.A.LLB and has retired as Executive Director of Madhya Pradesh Financial Corporation. He has 40 years of working experience in the field of finance.

3. Audit Committee

The Audit Committee was set up under the Chairmanship of Shri S.C.Consul an Independent Director. During the financial year 2003-2004, three meetings were held. The dates on which the said meetings were held are as follows:

1) 1st September, 2003 2) 31st January, 2004 3) 18th March, 2004

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Committee Meetings Attended
Shri S.C.Consul	Chairman	Three
Shri D.P.Khanna	Member	Three
Shri G.B.Kathuria*	Member	Nil

* Ceased to be director with effect from 10th August, 2004

The terms of reference of the Audit Committee inter-alia include the following:

- To hold periodic discussions with the Statutory auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- To review compliance with internal control systems;
- To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report.

PARENTERAL DRUGS (INDIA) LIMITED

4. Remuneration Committee

The Remuneration Committee will review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of the following Directors:

Name	Designation
Shri S.C.Consul	Chairman
Shri D.P.Khanna	Member

No meeting of the Remuneration Committee was held during the year for want of requirement to review remuneration of any Executive Director.

Details of remuneration paid/payable to directors for the year ended 31st March, 2004 are as follows:

Name of the Director	Relation-ship with other directors	Business relationship with PDPL	Loans and advances from PDPL	Sitting Fees* Rs.	Salary and Perquisites Rs.	Commission Rs.	Total Rs.
Shri Manohar Lal Gupta	Related to Shri Vinod Kumar Gupta and Shri G.D. Garg	Promoter	Nil	Nil	2,68,800#	Nil	2,68,800#
Shri Vinod Kumer Gupta	Related to Shri M.L.Gupta and Shri G.D.Garg	Promoter	Nil	Nil	2,68,800#	Nil	2,68,800#
Shri G.D.Garg	Related to Shri Vinod Gupta and Shri M.L. Gupta	Promoter	Nil	Nil	2,68,800#	Nil	2,68,800#
Shri G.B.Kathuria*	None	None	Nil	2000	Nil	Nil	2000
Shri D.P.Khanna	None	None	Nil	24,000	Nil	Nil	24,000
Shri S.C.Consul	None	None	Nil	24,000	Nil	Nil	24,000

* Ceased to be director with effect from 10th August, 2004

The remuneration to the executive directors is being paid as per the approval of the shareholders at the general body meeting.

5. Investors Grievance Committee

An 'Investors Grievance Committee' has been formed to look into shareholders and investors grievances. The following are the members of the Committee:

Name	Designation
Shri D.P.Khanna	Chairman
Shri S.C.Consul	Member

Mr.Amit Sohni, Company Secretary, is the Compliance Officer.

During the year the Company received 16 letters from its shareholders and all have been suitably replied, to the satisfaction of the shareholders and there is no pending complaint with the Company.

Share Transfers

- All shares have been transferred and returned within three weeks from the date of receipt, so long as the documents have been clear in all respects.
- The Share Transfer work has now been delegated to SEBI registered share transfer agent M/s. Intime Spectrum Registry Limited w.e.f. 1st April, 2003.