



**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	Non-Executive/Independent Director
Shri Dharam Pal Khanna	Non-Executive/Independent Director
Shri Dilip Kumar Panchaity	Non-Executive/Independent Director
Shri Dilip Kumar Sinha	Non-Executive/Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Shilpa Naik

REGISTERED OFFICE

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

**CORPORATE OFFICE &
INVESTORS GRIEVANCES CENTRE**

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

SHARE TRANSFER AGENT

M/s. Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (W),
Mumbai-400078

LOCATION OF PLANTS

1. Village Asrawad, Post Dudhia,
Nemawar Road, Indore (M.P)
2. Village Bhud, Tehsil Nalagarh
Distt. Solan, Himachal Pradesh

AUDITORS

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

BANKERS

State Bank of India
State Bank of Indore
Punjab National Bank

PARENTAL DRUGS (INDIA) LIMITED
NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the members of the Company will be held on Saturday the 30th day of September, 2006, 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, 2006, 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 Govind Das Garg who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a director in place of Shri Satish Chandra Consul 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 APPOINTMENT OF DIRECTOR

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT in terms of provisions of Section 257 of the Companies Act, 1956 Shri Dilip Kumar Sinha, be and is hereby appointed as independent, professional Director of the Company liable to retire by rotation."

ITEM NO. 6 AUTHORITY TO THE BOARD TO CREATE CHARGE

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT in addition to all the resolutions passed by the members of the Company pursuant to provisions of section 293 (1) (a) and other applicable provisions, if any, 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 the Banks mentioned below to secure the financial facilities granted/to be granted by them to the Company, together with interest due thereon and payable by the Company to them in terms of the loan agreement entered/ to be entered into between the Company and the lending Banks :-

S.No	Name of Bank	Term Loan	SLC	W. C.Limits	Total
01.	State Bank of India	26.00	5.00	49.05	80.05
02.	State Bank of Indore	7.90	--	4.50	12.40
03.	Punjab National Bank	3.00	--	13.10	16.10
	Total	36.90	5.00	66.65	108.55

RESOLVED FURTHER THAT all monies already borrowed, charges created and other steps already taken in respect thereof and the documents executed by the Board of Directors of the Company in respect of above financial facilities in favour of the Banks be and are hereby ratified and confirmed."

ITEM NO. 7 AUTHORITY TO THE BOARD TO BORROW

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the company held on 17th August, 1995 and pursuant to the provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the members hereby accord their consent to the Board of Directors to borrow any sum(s) of money from time to time from any one or more of Company's bankers and /or from any one or more other persons, firms, body corporate or financial institutions whether by way of cash credit, advances or deposits, loans or bills discounting, issue of debentures, bonds or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien or pledge of Company's assets and properties, whether immovable or movable or stock in trade (including raw materials, stores, spare parts and components in stock or in transit) and work in progress and all or any of undertaking(s) of the Company notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) will or may exceed the paid up capital of the Company and its free reserve that is to say reserves not set apart for any specific purposes so that the total amount upto which monies may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 500 crores (Rupees Five Hundred Crores only) exclusive of interest and the Board of Directors is hereby authorized to execute such debenture trust deed or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and instruments or writings containing such conditions and covenants as the Board may think fit."

ITEM No.8 REVISION OF REMUNERATION OF SHRI MANOHARLAL GUPTA, CHAIRMAN-CUM MANAGING DIRECTOR

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

"RESOLVED THAT pursuant to provisions of sections 198, 309, 310, 311 and 269 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to increase the remuneration of Shri Manoharlal Gupta, Chairman-cum-Managing Director of the Company to Rs. 2,00,000/- per month, and contribution towards provident fund and provision for gratuity w.e.f. 1st April, 2006;

RESOLVED FURTHER THAT the remuneration already paid to Shri Manoharlal Gupta, as aforesaid be and is hereby ratified."

ITEM No.9 REVISION OF REMUNERATION OF SHRI VINOD KUMAR GUPTA, MANAGING DIRECTOR

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

"RESOLVED THAT pursuant to provisions of sections 198, 309, 310, 311 and 269 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to increase the remuneration of Shri Vinod Kumar Gupta, Managing Director of the Company to Rs. 2,00,000/- per month, and contribution towards provident fund and provision for gratuity w.e.f. 1st April, 2006;

RESOLVED FURTHER THAT the remuneration already paid to Shri Vinod Kumar Gupta, as aforesaid be and is hereby ratified."

PARENTAL DRUGS (INDIA) LIMITED**ITEM No.10 REVISION OF REMUNERATION OF SHRI GOVIND DAS GARG, WHOLE-TIME DIRECTOR**

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

"RESOLVED THAT pursuant to provisions of sections 198, 309, 310, 311 and 269 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to increase the remuneration of Shri Govind Das Garg, Whole-time Director of the Company to Rs. 1,00,000/- per month, and contribution towards Provident Fund and provision for gratuity w.e.f. 1st April, 2006;

RESOLVED FURTHER THAT the remuneration already paid to Shri Govind Das Garg, as aforesaid be and is hereby ratified."

BY ORDER OF THE BOARD

Place :Indore
Dt. 5th September, 2006

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 27th September, 2006 to Saturday the 30th September, 2006 (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 10 are enclosed and forming part of this notice.
- 5) The Shareholders who are still holding their shares in physical form are requested to approach their Depository Participants for dematerialization of their shares.

EXPLANATORY STATEMENTS

In terms of provisions of Section 173 of the Companies Act, 1956 explanatory statements for the special businesses under Item No.5 to 10 are as under:

Item No.5

Shri Dilip Kumar Sinha was appointed as an Additional Director of the Company, pursuant to section 260 of the Companies Act, 1956 by the Board at its meeting held on 31st January, 2006, and his office is coming to an end at the ensuing annual general meeting of the Company.

In terms of provisions of section 257 read with the provisions of section 190 of the Companies Act, 1956, a notice from a shareholder of the Company has been received for his appointment as regular director of the Company.

Shri Dilip Kumar Sinha is 61 years old. He is a retired Bank official from State Bank of India and possesses vast experience in the field of finance & accounts.

In terms of provisions of section 257 of the Companies Act, 1956 approval of the members of the Company is required for appointment of Shri Dilip Kumar Sinha as regular Director of the Company liable to retire by rotation.

The directors of the Company recommend passing of the resolution as an ordinary resolution.

None of the Directors of the Company except Shri Dilip Kumar Sinha, is interested in the resolution.



PARENTAL DRUGS (INDIA) LIMITED

Item No. 6

State Bank of India, Commercial Branch, GPO, Indore, State Bank of Indore, Industrial Finance Branch, Khel Prashal, Indore and Punjab National Bank, Sector 16-D, Chandigarh have sanctioned various financial facilities to the tune of Rs. 80.05 crores, Rs. 12.40 crores and Rs. 16.10 crores respectively, aggregating to Rs. 108.55 crores in respect of which necessary securities and charge documents have already been executed in favour of the Banks.

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 India, State Bank of Indore and Punjab National Bank 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.

Item No. 7

At the Annual General Meeting of the Company held on 17th August, 1995, the shareholders had authorized the Board of Directors, under section 293 (1) (d) of the Companies Act, 1956, to borrow money upto Rs.200 crores (Rupees Two Hundred Crores). Considering the expansion/diversification programmes undertaken by the Company, the Company may be required to borrow money beyond 200 Crores. In view of this, it is proposed that authority to the Board to borrow money be increased from Rs.200 crores to Rs.500 crores.

The Board recommends passing of the resolution.

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

Item No. 8 to 10

The Company has made stupendous progress all along these years. This progress has been largely due to wholehearted efforts, guidance & leadership of the Promoter Directors of the Company. Having regard to the present position of Turnover the Company is in good condition of absorbing extra expenses on the remuneration of the Promoter Directors, particularly in view of the fact that the present remuneration is low and it has been in force for about 10 years now.

The Remuneration Committee and The Board of Directors at their meeting held on 29th July, 2006 have recommended to make an upward revision in the remuneration of the Promoter Directors as proposed in the notice.

In terms of provisions of sections 198, 309, 310, 311 and 269 read with schedule XIII of the Companies Act, 1956 approval of the members of the Company is required for upward revision in the remuneration of Promoters Directors of the Company, by passing the special resolutions as proposed under Item No. 8, 9, and 10 of the notice. This explanatory statement is and should also be considered as an abstract under section 302 of the Companies Act, 1956.

The Board recommends passing of the resolution.

Shri Vinod Kumar Gupta, Shri Manoharlal Gupta and Shri Govind Das Garg, being related to each other are interested in the resolution.

BY ORDER OF THE BOARD

Place :Indore
Dt. 5th September, 2006

Vinod Kumar Gupta
Managing Director

PARENTERAL DRUGS (INDIA) LIMITED
DIRECTORS' REPORT

To,
The Members of
M/s. Parenteral Drugs (India) Limited

Dear Shareholders

Your Directors are pleased to present their report on the performance of the Company for the financial year ended 31st March, 2006:-

FINANCIAL PERFORMANCE

(Rs.in lacs)

PARTICULARS	Current year ended 31st March, 2006	Previous year ended 31st March, 2005
Sales and Other Income	13286.83	10599.10
Less Operating Expenses	12305.83	9680.13
Profit before Interest & Depreciation	981.00	918.97
DEDUCTIONS		
Interest	527.19	479.55
Depreciation	233.92	226.99
Provision for Fringe Benefit Tax	27.82	-
Provision for Taxation	66.90	48.70
Less : Deferred Tax Liability	-	22.03
Add :Deferred Tax Asset	9.14	-
Operational Profit after tax	134.31	141.70
Add: Provisions written back	7.17	-
Net Profit	141.48	141.70
ADDITIONS		
Balance brought forward from Previous Year	1360.40	1247.60
APPROPRIATIONS		
Surplus Available for Appropriation	1501.88	1389.30
Transferred to General Reserve	-	-
Previous year Income tax liability	7.07	28.90
Balance carried to Balance Sheet	1494.81	1360.40

PERFORMANCE HIGHLIGHTS

Business Scenario:- During the year under review the turnover of the Company has increased to Rs.132.30 crores from Rs. 105.82 crores in the previous year recording an increase of 25%. The profitability of the Company remained stable inspite of all odds and stiff competition. The products of the Company are well accepted in the market. The overall performance of the Company was satisfactory. However the Board is of the view that there is a scope for improvement in the performance and your Company is trying hard to touch new heights in the industry.

Baddi Project: - During the year under review, your Company has set up a plant for manufacturing Pharmaceutical Products at Baddi in the State of Himachal Pradesh, and on the date of this report, the project has been commissioned.

DIVIDEND

In order to conserve the financial resources for continued expansion activities of the Company the Board conveys its inability to recommend any dividend. The Company does not have any unpaid or unclaimed Dividend. The Board is of the view that due to continued expansion activities the shareholders' net worth will definitely increase, which will multiply their gains.

DIRECTORS

Shri Govind Das Garg and Shri Satish Chandra Consul, Directors of the company are retiring at the forthcoming annual general meeting and they are eligible for re-appointment. The Board recommends their re-appointment.

Shri Dilip Kumar Sinha was appointed as Additional Director of the Company by the Board on 31st January, 2006 to hold office till the date of the ensuing annual general meeting. The Company has received a notice from a shareholder under sections 257 and 190 of the Companies Act, 1956 for his appointment as a regular director of the company. The Board recommends his appointment.

COMPANY SECRETARY

Ms. Shilpa Naik was appointed as Company Secretary and Compliance Officer of the Company w.e.f. 22nd March, 2006.

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

FIXED DEPOSITS

The Company did not invite or 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 have been followed along with proper explanation relating to material departures;
- ii) that the directors have 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 of the Company for the period;
- iii) that the directors have 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 have prepared the Annual Accounts on a going concern basis.

PARENTERAL DRUGS (INDIA) LIMITED**SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENT**

Statement of accounts of the subsidiary company i.e. Parenteral Drugs and Pharmaceuticals Limited and the consolidated financial statement in terms of Accounting Standards 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) of the Companies Act, 1956 and is forming part of the report of the Board.

LISTING

The shares of the Company are listed on The Stock Exchange Mumbai. The application of the Company for voluntary delisting is pending before The Madhya Pradesh Stock Exchange, Indore.

PARTICULARS OF EMPLOYEES

The provisions of section 217 (2A) of the Companies Act, 1956 read with provisions of the Companies (Particulars of the Employees) Rules, 1975, are not attracted in case of any employee of the Company during the year 2005-2006.

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. The Directors appreciate the dedicated and sincere services rendered by all the employees of the Company.

ACKNOWLEDGEMENT

Your Directors place on record their sincere gratitude for the valued support and assistance extended to the Company by the shareholders, Banks, Financial Institutions and Government Agencies and look forward to their continued support.

FOR AND ON BEHALF OF THE BOARD

Place : Indore
Dt. 5th September, 2006

Manoharlal Gupta
Chairman Cum-Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'A'

Disclosure of particulars with respect to Conservation of Energy :

	Current Year 31.03.2006	Previous Year 31.03.2005
A) POWER AND FUEL CONSUMPTION		
1) Electricity		
a) Purchased units (in lacs)	68.22	49.74
Total Amount (Rs. In lacs)	280.24	235.28
Rate/Unit (Rs)	4.11	4.73
b) Own Generation		
Through diesel /LDO generator		
Units (in lacs)	10.92	21.14
Units per liter of diesel/LDO Oil	3.50	3.50
Total Cost (Rs. In lacs)	88.69	132.88
Cost/Unit (Rs.)	8.12	6.28
2) Coal, (specify quality and where used)		
Steam coal (for Distilled water)		
Quantity (Tonnes)	7863.24	6555.08
Total Cost (Rs. In lacs)	277.90	186.95
Average Rate (Rs.)	2835.00	2852.00
B) CONSUMPTION PER UNIT OF PRODUCTION		
Production (Unit 1000 Bottles)		
Electricity (Units)	58.81	58.64
(Purchased + Own Generation)		
Coal (Kgs)	53.30	53.20

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) On going research for the development of formulations.
- iii) On going research for the development of new I.V. bottles

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

- i) Number of Complaints has been reduced.
- ii) Improved and safe shape of I.V. bottles.
- iii) Better customer satisfaction after using the products.

3) Future Plan of Action

- i) Development of more number of antibiotic to combat infections.
- ii) Working for solutions for patients especially in Asthma and Diabetes.
- iii) Development of affordable and efficacious mode of treatment.

4) Expenditure

- a) Capital : None
- b) Recurring : Borne by the Company on regular basis

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

No new technology was absorbed or adopted during the year under review.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Total foreign exchange earnings during the year was Rs.283.39 Lacs (Previous year Rs.251.80 Lacs)
- ii) The total foreign exchange outgo during the year was Rs.155.68 Lacs (Previous year Rs.236.56 Lacs)