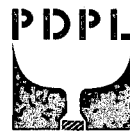
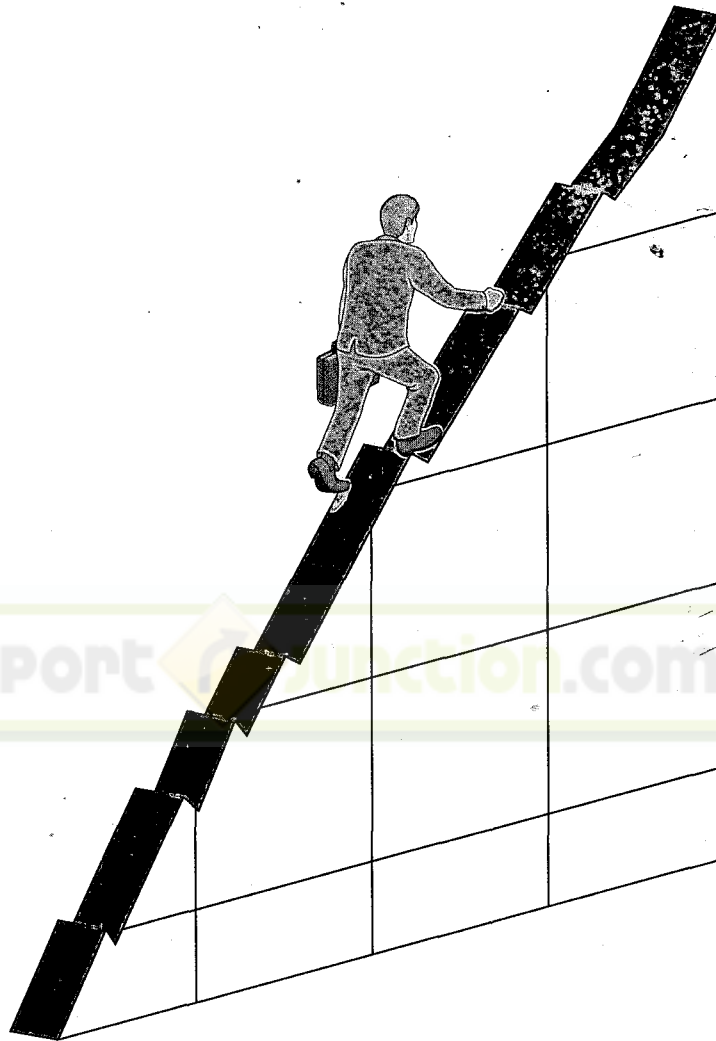
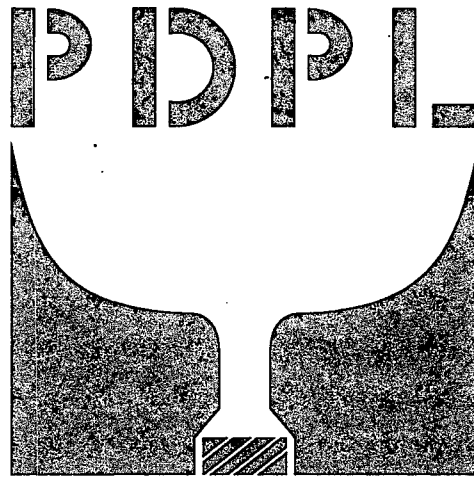


23rd Annual Report



**PARENTERAL DRUGS
(INDIA) LIMITED**

Care, Concern & Cure



Annual Report 2006-2007

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PARENTERAL DRUGS (INDIA) LIMITED**BOARD OF DIRECTORS**

- | | |
|-------------------------------|--------------------------------|
| 1) Shri Manoharlal Gupta | Chairman Cum-Managing Director |
| 2) Shri Vinod Kumar Gupta | Managing Director |
| 3) Shri Govind Das Garg | Whole-time Director |
| 4) Shri Satish Chandra Consul | Director |
| 5) Shri Dharam Pal Khanna | Director |
| 6) Shri Dilip Kumar Sinha | Director |
| 7) Shri Dilip Kumar Panchaity | Director |

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Ashok Mishra

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.)

LOCATION OF PLANTS

- | | |
|---|---|
| 1) Village Asrawad,
Post Dudhia,
Nemawar Road,
Indore- 453 331
Madhya Pradesh | 2) Village Bhud,
Tehsil Nalagarh,
Distt. Solan- 173 205
Himachal Pradesh |
|---|---|

AUDITORS

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

BANKERS

State Bank of India
State Bank of Indore
Punjab National Bank
IDBI Limited

SHARE TRANSFER AGENT

M/s. Intime Spectrum Registry Limited
C-3, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai-400 078

NOTICE

NOTICE is hereby given that the twenty third annual general meeting of the members of the Company will be held on Saturday the 29th day of September, 2007, at 10 a.m. at Eden Hall, The Classique Club, Link Road, Oshiwara, Andheri (West), Mumbai-400 053 to transact the following business:

ORDINARY BUSINESS

- 1) To consider, approve and adopt the Balance Sheet of the Company as at 31st March, 2007, 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 declare a dividend of Rs.1.50 per share on the equity shares issued by the Company;
- 3) To appoint a director in place of Shri Dharam Pal Khanna who retires by rotation and being eligible offers himself for re-appointment;
- 4) To appoint a director in place of Shri Dilip Kumar Panchaity who retires by rotation and being eligible offers himself for re-appointment;
- 5) 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. 6 AUTHORITY TO THE BOARD TO CREATE CHARGE

To consider and if thought fit to pass with or without modification 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, 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, State Bank of Indore, Punjab National Bank and IDBI Limited, to secure various financial facilities extended by them to the Company to the extent of Rs. 191.00 Crores;

RESOLVED FURTHER THAT all moneys borrowed, to be borrowed, charge created or to be 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, State Bank of Indore, Punjab National Bank and IDBI Limited be and are hereby ratified and confirmed."

ITEM NO. 7 INCREASE IN AUTHORISED SHARE CAPITAL

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

"RESOLVED THAT approval of the members of the Company be and is hereby accorded in terms of provisions of Section 94 of the Companies Act, 1956 for increase in the Authorised Share Capital of the Company from Rs.10,00,00,000/- (Rupees Ten Crores) divided into 65,00,000 (Sixty five lacs) equity shares of Rs.10/- each and 35,00,000 (Thirty five lacs) 10% Cumulative, Non-convertible, Redeemable Preference Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs.10,00,00,000 to Rs.30,00,00,000/- (Rupees Thirty Crores) divided into 2,65,00,000 (Two crores sixty five lacs) equity shares of Rs.10/- each and 35,00,000 (Thirty five lacs) 10% Cumulative, Non-convertible, Redeemable Preference Shares of Rs.10/- (Rupees Ten) each aggregating to Rs.30,00,00,000 (Rupees Thirty Crores) and the following new Clause V of the Memorandum of Association be substituted for the existing clause:-

- V. The Share Capital of the Company shall be Rs.30,00,00,000/- (Rupees Thirty Crores) divided into 2,65,00,000 (two crores sixty five lacs) equity shares of Rs.10/- each and 35,00,000 (thirty five lacs) 10% Cumulative, Non-convertible, Redeemable Preference Shares of Rs. 10/- (Rupees Ten) each aggregating to Rs.30,00,00,000/- (Rupees Thirty Crores) with power to the Company to increase or reduce the said capital and to issue any part of its capital, original or increased with or without any postponement of rights or to any conditions or restrictions and

PARENTERAL DRUGS (INDIA) LIMITED

so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to powers hereinafter contained. The rights of the holders of any class of shares for the time being forming part of the capital of the Company may be modified, altered, varied, extended or surrendered either with the consent in writing of the holders of three fourth of the issued shares of the class or with the sanction of the special resolution of the members of the class as provided by the Articles of Association as originally registered or as altered by resolution."

ITEM NO. 8 ISSUE OF BONUS SHARES

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

"RESOLVED THAT in terms of provisions of Article 165 of the Articles of Association of the Company and subject to the guidelines issued by the Securities and Exchange Board of India for issue of bonus shares under Chapter XV of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and approval of the Reserve Bank of India, approval of the members of the Company be and is hereby accorded for capitalization of the profits and reserves to the extent of Rs.5,60,00,000/- (Rupees five crores sixty lacs) as per the audited books of the Company, for issue of 56,00,000 (fifty six lacs) fully paid-up equity shares of Rs.10/- each out of the un-issued equity share capital of the Company as bonus shares to the existing equity shareholders, in ratio of 1 equity share for each equity share held by the shareholders whose names appear in the register of members of the Company on such date as may be fixed by the Board of Directors of the Company as record date in consultation with the Bombay Stock Exchange, Mumbai;

RESOLVED FURTHER THAT the new equity shares so issued shall rank *pari-passu* in all respects with and carry the same rights as the existing fully paid-up equity shares of the Company and shall be entitled to participate in full in any dividend to be declared in respect of the financial year in which the allotment of new equity shares pursuant to this resolution is made."

ITEM NO. 9 APPOINTMENT OF SHRI ADITYA GUPTA

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

"RESOLVED THAT in terms of provisions of Section 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded, for appointment of Shri Aditya Gupta, as *"Project Coordinator"* of the Company for a period of five years w.e.f. 1st April, 2007, on a monthly remuneration of Rs.40,000/- (Rupees forty thousand) and contribution towards provident fund and gratuity as per applicable provisions;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

ITEM NO. 10 ALTERATION OF ARTICLES OF ASSOCIATION

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause 165 of the Articles of Association of the Company be and is hereby amended to delete the authority given to the shareholders to approve capitalization of profits and reserves for the purpose of issue of bonus shares and to read as follows:

CAPITALIZATION OF PROFITS AND RESERVES

165. (1) The Company may at its Board meeting resolve:

- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve account or to the credit of the Profit and Loss Account, or to the credit of share premium account or otherwise available for distribution and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who could have been entitled thereto if distributed by way of dividend and in the same proportion.

(2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) in or towards:

- (i) Paying up any amount for the time being unpaid on any shares held by such member respectively;
- (ii) Paying in full, unissued shares of the Company to be allotted, distributed or credited as fully paid bonus shares to and amongst such members in the proportion aforesaid; or

PARENTERAL DRUGS (INDIA) LIMITED

- (iii) Partly in the way specified in sub clause (i) and partly in that specified in sub clause (ii).
- (3) A share premium account and a capital redemption reserve account may, for the purpose of this regulation, only be applied in the paying up to the un-issued shares to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed regarding fully paid bonus shares.

ITEM NO. 11 FURTHER ISSUE OF SHARES

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

"RESOLVED THAT in terms of provisions of section 81 (1A) of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to issue to the extent of 1,50,00,000 (One crore fifty lacs) equity shares of Rs.10/- each out of the un-issued equity share capital of the Company by way of rights issue or public issue or by way of a suitable combination thereof to the shareholders of the Company and/or to general public, as the Board of Directors may consider appropriate, which may result into the offer of shares to such persons whether they are the shareholders of the Company or not, in terms of the guidelines framed by the Securities and Exchange Board of India under SEBI (Disclosure & Investor Protection) Guidelines, 2000 and/or such further and other rules, regulations or guidelines as may be framed from time to time by any authority in the country in connection with issue of further shares to the public whether resident in India or outside India;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

Indore
3rd September, 2007

BY ORDER OF THE BOARD
Vinod Kumar Gupta
Managing Director

NOTES:-

- 1) **A MEMBER ENTITLED TO ATTEND ANNUAL GENERAL MEETING AND VOTE THEREAT 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. 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 for the purpose of dividend from Tuesday the 25th September, 2007 to Saturday the 29th September, 2007 (both days inclusive).
- 3) Shareholders having any query or desiring any information pertaining to annual accounts are requested to write to the Company at an early date to enable the Company to reply the queries suitably at the time of the annual general meeting.
- 4) Explanatory statements in terms of provisions of Section 173(2) of the Companies Act, 1956 in respect of item No. 6 to 11 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.

Indore
3rd September, 2007

BY ORDER OF THE BOARD
Vinod Kumar Gupta
Managing Director

EXPLANATORY STATEMENT

In terms of provisions of Section 173(2) of the Companies Act, 1956 explanatory statements for the special business under item No. 6 to 11 are as under:

Item No.6

The Bankers of the Company and IDBI Limited (hereinafter collectively referred to as 'the lenders of the Company') have sanctioned various financial facilities to the Company to the tune of Rs. 191.00 crores (Rupees One hundred ninety one crores) to meet the financial requirements of the Company for its various expansion plans, in respect of which necessary security and charge documents have already been executed/ to be executed in favour of the lenders. 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 security so created by the Company in favour of the lenders of the Company, by way of passing the proposed resolution as an ordinary resolution.

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

Item No.7

In order to issue shares to the existing equity shareholders of the Company against capitalization of profits and reserves by way of bonus shares and to enable the Company to issue further shares to the existing shareholders and to the public in near future, it is proposed to increase the authorised share capital of the Company from the present level of Rs.10,00,00,000/- (Rupees Ten Crores) to Rs.30,00,00,000/- (Rupees Thirty Crores).

In terms of provisions of Section 94 read with the provisions of Section 16 of the Companies Act, 1956 approval of the members of the Company is sought for passing the proposed resolution as an ordinary resolution.

The Article 21 of the Articles of Association of the Company authorizes the members of the Company, from time to time by passing ordinary resolution at a general body meeting, to increase share capital by the creation of new shares of such amount as may be deemed expedient.

The members are requested to pass the proposed resolution as an ordinary resolution. The Board recommends passing of the ordinary resolution.

The directors of the Company may be deemed concerned or interested in the resolution to the extent of fresh shares as may be allotted to them out of the proposed fresh issue by way of bonus shares or otherwise.

Item No.8

The Company came out with its first public issue during the year 1994, and since then was ploughing back its profits every year into the business and expansion activities into the Company were taking place year by year. This resulted into accumulation of profits and reserves into the Company.

The Board of Directors of the Company is of the view that the shareholders of the Company, who have invested their money into the business of the Company for several years must be rewarded suitably by way of capitalization of those accumulated profits and reserves.

In terms of provisions of Articles 165 of the Articles of Association of the Company, approval of the members of the Company is sought for approval of the proposed resolution as an ordinary resolution.

The members are requested to pass the proposed resolution as an ordinary resolution. The Board recommends passing of the ordinary resolution.

The directors of the Company may be deemed concerned or interested in the resolution to the extent of fresh shares as may be allotted to them out of the proposed fresh issue by way of bonus shares or otherwise.

Item No.9

Shri Aditya Gupta is a Bachelor of Engineering (Hons) from Oxford Brooks University, U.K. and holds Masters Degree in International Health Management from Imperial College, London, U.K. and possesses specialized knowledge in the field of Engineering & Industrial Designs. He is associated with the new project and expansion activities of the Company and has been rendering his services as "Project Coordinator" from the very beginning.

He has been devoting his full time and attention for the activities of the Company without any remuneration for last six months and has been discharging his responsibilities as a regular employee of the Company.

Now it is proposed to appoint and designate him as "Project Coordinator" of the Company w.e.f. 1st April, 2007 on a monthly remuneration of Rs.40,000/- (Rupees forty thousand). In terms of provisions of section 314 of the Companies Act, 1956, approval of the members of the Company is sought by way of special resolution for his appointment in the Company.

The members are requested to pass the proposed resolution as a special resolution. The Board recommends passing of the special resolution.

Shri Manoharlal Gupta, the Chairman cum Managing Director of the Company, being related to Shri Aditya Gupta, is deemed to be interested in the resolution.

PARENTERAL DRUGS (INDIA) LIMITED

PDPL

Item No.10

As per the existing clause 165 of the Articles of Association prior approval of the members of the Company in general meeting is required to consider capitalization of Profits and Reserves for issue of bonus shares to their existing shareholders and this requires convening of a members meeting for the purpose though there is no statutory requirement to do so. Now therefore it is proposed to amend the Articles in such a manner to delete the requirement regarding permission of the members and to authorize the Board of Directors of the Company to recommend, issue and allot shares by way of capitalization of profits and reserves of the Company by way of bonus shares.

Section 31 of the Companies Act, 1956 requires approval of members of the Company by way of special resolution for any alteration in the Articles of Association. The Board of Directors recommends passing of the resolution under Item No.10 as a special resolution.

The directors of the Company may be deemed concerned or interested in the resolution to the extent of fresh shares as may be allotted to them out of the proposed fresh issue by way of bonus shares or otherwise.

Item No.11

In order to meet the capital requirements for the ongoing modernization and expansion programmes it is proposed to issue further shares either to the existing shareholders by way of right offer or by way of public issue or in a suitable combination of right as well as public offer as the Board may think appropriate considering the market forces prevailing at the time of the issue.

In term of provisions of Section 81 (1A) of the Companies Act, 1956, approval of the shareholders of the Company is required for issue of further shares to the persons other than the existing shareholders of the Company by way of a special resolution. If the Board of Directors of the Company decides to issue shares to the public in addition to the issue to the existing shareholders, it will attract provisions of section 81 (1A) of the Companies Act, 1956, therefore it is proposed to secure approval of the members by way of special resolution as mentioned under item No.11 of the notice.

The Board of Directors recommends passing of the resolution under Item No.11 as a special resolution.

The directors of the Company may be deemed concerned or interested in the resolution to the extent of fresh shares as may be allotted to them out of the proposed fresh issue.

Indore
3rd September, 2007

BY ORDER OF THE BOARD
Vinod Kumar Gupta
Managing Director

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

To
The Members of
Parenteral Drugs (India) Limited
Mumbai

Dear Shareholders

The Directors take pleasure in presenting the 23rd annual report on the performance of the Company together with the annual audited accounts for the financial year ended 31st March, 2007.

FINANCIAL RESULTS:-

(Rupees in Lacs)

Particulars	31st March, 2007	31st March, 2006
Sales and Other Income	17450.73	13286.83
Less Operating Expenses	15763.68	12305.83
Profit before Interest & Depreciation	1687.05	981.00
DEDUCTIONS		
Interest	659.17	527.19
Depreciation	277.28	233.92
Provision for Fringe Benefit Tax	35.93	27.82
Provision for Taxation	113.29	66.90
Less Deferred tax Liability	124.81	-
Add Deferred Tax Asset	-	9.14
Operational Profit after tax	476.55	134.31
Add Provisions written back	-	7.17
Net Profit	476.55	141.48
Additions		
Balance brought forward from previous year	1494.81	1360.40
APPROPRIATIONS		
Surplus Available for Appropriation	1971.36	1501.88
Transferred to General Reserve	95.31	-
Proposed Dividend	84.00	-
Tax on Distributed Profit	11.78	-
Previous year Income Tax Liability	2.42	7.07
Balance carried to Balance Sheet	1777.85	1494.81
Earning per share (EPS of Face Value of Rs. 10/-)	8.51	2.53



PARENTERAL DRUGS (INDIA) LIMITED

OPERATIONS AND BUSINESS PERFORMANCE

The performance of the Company during the year under review registered a turnover of Rs.17345.91 Lacs against turnover of Rs. 13230.17 Lacs during the previous year thereby showing growth of 31% compared to the previous year. The profits before interest, depreciation and tax increased by 72% to Rs.1687.04 Lacs as against Rs. 981.00 Lacs in the previous year. The profits before tax was higher by 241% to Rs.750.59 Lacs. The profit after tax was increased by 235% to Rs.474.13 Lacs as compared to Rs.141.47 Lacs. The growth in performance is mainly due to commencement of commercial production at Baddi plant and availability of higher capacities of production thereat and ongoing steps for modernization of the Indore plant. The Company continued to enjoy prominent position in various products and successfully launched new products during the year under review. The Company will continue to focus on strengthening inherent strengths which will accrue benefits to the shareholders in the years to come.

DIRECTORS

Shri Dharam Pal Khanna and Shri Dilip Kumar Panchaity, the 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.

DIVIDEND

The Directors of the Company are pleased to recommend a dividend of 15% (Rs.1.50 per share) on the equity shares of Rs. 10/- each. The dividend shall be tax free in the hands of the shareholders. The dividend, if approved by the members, will be paid to the shareholders whose names appear on the Register of Members of the Company as on 29th September, 2007. There is no unpaid or unclaimed dividend lying with the Company.

CAPITAL & BORROWINGS

During the year under review, no new equity shares were issued by the Company. However, in order to meet the ongoing capital expenditure programmes for expansion and modernization of the plants, funds were raised for issue of fresh 35,00,000 (thirty five lacs) 10% Cumulative, Non-convertible, Redeemable Preference Shares of Rs.10/- (Rupees Ten) each aggregating to Rs.3,50,00,000/- (Rupees three crores fifty lacs). Other than the application money for preference shares as mentioned above, the expansion projects were funded by way of loans from Banks and financial institution and the internal accruals.

AUDITORS

The Statutory Auditors, M/s. T.N.Unni & Co., Chartered Accountants, Indore the retiring auditors of the Company are proposed to be re-appointed. The Audit Committee at its meeting held on 3rd September, 2007 has recommended re-appointment of M/s.T.N.Unni & Co for the coming financial year. The Board also recommends their re-appointment.

AUDITORS' REPORT

The report of the Statutory Auditors of the Company and notes on 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.

ISSUE OF BONUS SHARES

The Directors also recommend issue of bonus shares in the ratio of one equity share for every one existing equity share held by the members by capitalization of Profits and Reserves of the Company. The proposed issue of bonus shares is subject to the consent of the shareholders at the forthcoming annual general meeting. The bonus shares shall rank *pari-passu* in all respects with the existing fully paid up equity shares of the Company, including any dividend declared for the financial year in which the bonus shares are allotted.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO.

The details of energy conservation, technology absorption and foreign exchange earnings & outgo in accordance with the provisions of Clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as an annexure to the Directors' Report.

COMPANY SECRETARY & COMPLIANCE OFFICER

During the year, the Company appointed Shri Ashok Mishra as Company Secretary and Compliance Officer.