



**PARENTERAL DRUGS
(INDIA) LIMITED**

**25th
ANNUAL
REPORT
2009**

*Moving Beyond
The Boundaries*



Annual Report 2008 - 2009

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PARENTERAL DRUGS (INDIA) LIMITED**Company Information****BOARD OF DIRECTORS****Executive Directors**

Shri Manoharlal Gupta	Chairman-Cum-Managing Director
Shri Vinod Kumar Gupta	Managing Director
Shri Govind Das Garg	Whole-time Director
Shri Anil Mittal	Whole-time Director & Chief Executive

Non-Executive Directors

Shri Satish Chandra Consul	Independent Director
Shri Dharam Pal Khanna	Independent Director
Shri Dilip Kumar Panchaity	Independent Director
Shri Dilip Kumar Sinha	Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Archana Agar

REGISTERED OFFICE

340, Laxmi Plaza, Laxmi Industrial Estate,
New Link Road, Andheri (West)
Mumbai-400 053 (Maharashtra)
e-mail : pdpl@pdindia.com
Website : www.pdindia.com

CORPORATE OFFICE & INVESTORS GRIEVANCES CENTRE

Shree Ganesh Chambers, Navlakha Crossing,
Indore-452 001 (Madhya Pradesh)
e-mail : investor@pdindia.com

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) |
| 3. Village Sura, Post Suranussi,
Jalandhar - 144 027 (Punjab) | 4. Honda Industrial Estate, Plot No. 1, Phase III,
Sattari - 403 530 (Goa) |

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
Punjab National Bank

SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai-400 078 (Maharashtra)
e-mail: mumbai@linkintime.co.in

NOTICE

NOTICE is hereby given that the twenty fifth annual general meeting of the members of the Company will be held on Monday, the 28th day of December, 2009, at 9.30 a.m. at The Classique Club, Behind Infinity Mall, Link Road, Opposite Raheja, Oshiwara, Andheri (West), Mumbai-400 053, Maharashtra to transact the following business:

ORDINARY BUSINESS

- 1) To consider, approve and adopt the Balance Sheet of the Company as on 31st March, 2009, and Profit and Loss Account for the financial 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 (Rupee one and paisa fifty) per share on the equity shares issued by the Company;
- 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 a director in place of Shri Dilip Kumar Panchaity, who retires by rotation and being eligible offers himself for re-appointment;
- 5) To appoint the 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 OVER THE ASSETS OF THE COMPANY

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 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 and to be 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 and Punjab National Bank, the Bankers of the Company to secure various financial facilities extended by them to the Company to the tune of Rs.257.50 Crores (Rs. Two Hundred and Fifty Seven Crores Fifty Lacs only);

RESOLVED FURTHER THAT all moneys already borrowed within the aforesaid limit and charges already created and satisfied and other steps taken in respect of the financial facilities availed by the Company during the financial year from the above named Bankers and also from any other bank or financial institution and the documents executed by the Board of Directors of the Company in respect of the said financial facilities be and are hereby ratified and confirmed."

ITEM NO. 7 INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), 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.32,96,21,020/- (Rupees Thirty Two Crores Ninety Six Lacs Twenty One Thousand Twenty Only) divided into 2,65,00,000 (Two Crores Sixty Five Lacs) Equity Shares of Rs.10/- each, 35,00,000 (Thirty Five Lacs) 10% Cumulative, Non-Convertible, Redeemable Preference Shares of Rs.10/- each and 29,62,102 (Twenty Nine Lacs Sixty Two Thousand One Hundred Two) 0% Optionally Convertible Redeemable Preference Shares of Rs.10/- each aggregating to Rs.32,96,21,020/- (Rupees Thirty Two Crores Ninety Six Lacs Twenty One Thousand Twenty Only) to Rs.40,00,00,000/- (Rupees Forty Crores) divided into 2,65,00,000 (Two Crores Sixty Five Lacs) Equity Shares of Rs.10/- each, 35,00,000 (Thirty Five Lacs) 10% Cumulative, Non-Convertible, Redeemable

PARENTERAL DRUGS (INDIA) LIMITED

Preference Shares of Rs. 10/- each, 29,62,102 (Twenty Nine Lacs Sixty Two Thousand One Hundred Two) 0% Optionally Convertible Redeemable Preference Shares of Rs. 10/- and 70,37,898 (Seventy Lacs Thirty Seven Thousand Eight Hundred Ninety Eight) Redeemable Preference Shares of Rs. 10/-each aggregating to Rs. 40,00,00,000/- (Rupees Forty 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. 40,00,00,000/- (Rupees Forty Crores) divided into 2,65,00,000 (Two Crores Sixty Five Lacs) Equity Shares of Rs. 10/- each, 35,00,000 (Thirty Five Lacs) 10% Cumulative, Non-Convertible, Redeemable Preference Shares of Rs. 10/- each, 29,62,102 (Twenty Nine Lacs Sixty Two Thousand One Hundred Two) 0% Optionally Convertible Redeemable Preference Shares of Rs. 10/- and 70,37,898 (Seventy Lacs Thirty Seven Thousand Eight Hundred Ninety Eight) Redeemable Preference Shares of Rs. 10/-each aggregating to Rs. 40,00,00,000/- (Rupees Forty Crores) with power to the Board of Directors of the Company to issue such number of un-issued Redeemable Preference Shares on such terms and conditions as to dividend, premium, convertibility or otherwise as the Board may think appropriate from time to time and also 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 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 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 on 30th September, 2006, 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 of the Company to borrow any sum(s) of money, from time to time, from any one or more of the 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 bill 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 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 the undertakings 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 the Company's bankers in the ordinary course of business) will or may exceed the paid up capital of the Company and free reserves, 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. 1000 Crores (Rupees One Thousand Crores Only), exclusive of interest;

RESOLVED FURTHER THAT the Board of Directors is hereby authorized to execute all such documents, debentures, 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."

Place : Indore
Dt. : 26th November, 2009

BY ORDER OF THE BOARD
Vinod Kumar Gupta
Managing Director



PARENTERAL DRUGS (INDIA) LIMITED

NOTES:-

1. A MEMBER ENTITLED TO ATTEND THE 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 AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item No.6 to 8 are annexed hereunder and form part of this Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 25th day of December, 2009 to Monday, the 28th day of December, 2009 (both days inclusive).
4. The dividend for the year ended 31st March, 2009 as recommended by the Board, if sanctioned at the Annual General meeting, will be paid to those members whose names appear in the Company's Register of Members on 28th December, 2009. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
7. Members holding shares in demat mode may please note that, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS). In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in demat mode must give instructions, regarding bank account in which they wish to receive dividend, to their depository participants. The Company or the Share Transfer Agent will not act on any direct request from these members for change/deletion in such bank details.
8. 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.
9. The members who have not claimed any dividend for the financial year ended 31st March, 2007 and 31st March, 2008, due to any reason are requested to write to the Company or to the Registrar and Share Transfer Agent of the Company immediately since the same is lying unclaimed with the bankers of the Company.
10. The Shareholders who are still holding their shares in physical form are requested to approach their Depository Participants for dematerialization of their shares.

Place : Indore
Dt. : 26th November, 2009

BY ORDER OF THE BOARD
Vinod Kumar Gupta
Managing Director

EXPLANATORY STATEMENTS

In terms of provisions of Section 173 (2) of the Companies Act, 1956 explanatory statements for the special businesses under item No. 6 to 8 are as under:

Item No.6

The Bankers of the Company, State Bank of India and Punjab National Bank (hereinafter collectively referred to as 'the Bankers of the Company') have sanctioned various financial facilities to the Company to the tune of Rs. 257.50 crores (Rupees Two Hundred Fifty Seven Crores and Fifty Lacs Only) to meet various financial

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requirements of the Company for its various expansion plans, in respect of which necessary security and charge documents have already been 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 and/or to be created by the Company in future in favour of the Bankers of the Company, 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 are interested in the resolution.

Item No.7

At the beginning of the financial year the authorised share capital of the Company was Rs.30,00,00,000/- divided into 2,65,00,000 equity shares of Rs.10/- each & 35,00,000 10% Cumulative, Non-convertible, Redeemable Preference Shares of Rs. 10/- each. On the Scheme of amalgamation being sanctioned by the Hon'ble High Court of Mumbai, the authorised share capital of the company was increased to Rs.32,96,21,020/- divided into 2,65,00,000 equity shares of Rs.10/- each, 35,00,000 10% Cumulative, Non-convertible, Redeemable Preference Shares of Rs. 10/- each and 29,62,102 0% Optionally Convertible Redeemable Preference Shares of Rs.10/-each.

The Company has undertaken massive expansion projects and has initiated working on the projects at Mauritius and Kazakhstan. The projects at Kenya and Europe are likely to be started during the financial year ending 31st March, 2010.

This may require the Company to infuse capital to meet the norms of the lending banks, financial institutions and the requirements of the fund and therefore, the authorised share capital of the Company is proposed to be increased by way of introducing 70,37,898 Redeemable Preference Shares with a right to the Board of Directors of the Company to issue those preference shares on such terms and conditions as the Board may think fit considering the conditions imposed by the lending banks or the market forces.

The Board of Directors, therefore seek the approval of shareholders pursuant to section 94(1)(a) of the Companies Act, 1956 for increase in the authorised share capital as above and recommend to pass the resolution as an Ordinary Resolution.

The Board of Directors also seek the approval of shareholders pursuant to section 16 of the Companies Act, 1956 for amendment of Clause V of the Memorandum of Association and recommend to pass the resolution as an Ordinary Resolution.

The Directors of the Company may be deemed interested in the resolution to the extent the shares may be allotted to them out of the increased capital.

Item No.8

At the Annual General Meeting of the Company held on 30th September, 2006, the shareholders authorized the Board of Directors, under section 293(1)(d) of the Companies Act, 1956, to borrow money upto Rs.500 crores (Rupees Five Hundred Crores). Considering the expansion programmes to be undertaken by the Company, the Company may be required to borrow money beyond 500 crores.

As per section 293(1)(d) of the Companies Act, 1956, approval of the members is required when the proposed borrowing together with the amount already borrowed exceeds the aggregate of the paid up capital and free reserves of the Company.

In view of this, the members are requested to accord their consent by authorizing the Board to borrow funds to the extent of Rs.1000 crores (Rupees One Thousand Crores Only).

The Board recommends passing of the resolution as Ordinary Resolution.

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

Place : Indore
Dt. : 26th November, 2009

BY ORDER OF THE BOARD
Vinod Kumar Gupta
Managing Director

DIRECTORS' REPORT

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

Dear Shareholders,

Your Directors are pleased to present the 25th Annual Report on the performance of the Company together with the annual audited accounts for the financial year ended 31st March, 2009.

FINANCIAL RESULTS :-

The summary of the financial results for the year and appropriation of divisible profits is given below:

(Rs.in lacs)

Particulars	31 st March, 09	31 st March, 08
Sales and Other Income	22723.17	21511.16
Less Operating Expenses	19346.22	17638.32
Profit before Interest & Depreciation	3376.95	3872.84
DEDUCTIONS		
Interest	1130.23	1078.17
Depreciation	571.18	446.34
Provision for Fringe Benefit Tax	31.38	31.20
Provision for Taxation	192.63	257.64
Less Deferred tax Liability	374.60	145.50
Add Deferred Tax Asset	-	-
Operational Profit after tax	1076.94	1913.99
Add Provisions written back	-	-
Net Profit	1076.94	1913.99
ADDITIONS		
Balance brought forward from previous year	3133.25	1777.85
APPROPRIATIONS		
Surplus Available for Appropriation	4210.19	3691.84
Transferred to General Reserve	215.39	405.85
Proposed Dividend	208.05	171.95
Tax on Distributed Profit	35.36	29.22
Previous year Income tax Liability / Written back	-	48.43
Balance carried to Balance Sheet	3751.39	3133.25
Earning per share (EPS of Face Value of Rs. 10/-)	6.87	16.76

EXTENTION OF ANNUAL GENERAL MEETING

The Registrar of Companies, Maharashtra, vide its Order dated 21st August, 2009, granted extention upto 31st December, 2009, for convening of the Annual General Meeting of the Company at the request of the Company.

PARENTERAL DRUGS (INDIA) LIMITED**PERFORMANCE**

The financial year 2008-2009 was a year of challenges and uncertainties for businesses across various segments of industry with financial crisis, heightened volatility in commodity prices, sharp movement in currencies, crashing stock markets, severe liquidity crisis and an economic meltdown. Your Company too was not insulated from these challenges as the business had its impact on overall margins. However, inspite of all odds, during the financial year 2008-09 the turnover of the Company stood at Rs.227.23 crores as against the turnover of Rs.215.11 crores in the previous financial year 2007-08. The profit before tax stood at Rs.16.76 crores as against Rs.23.48 crores in the previous financial year. The profit after tax for the financial year ended 31st March, 2009 stood at Rs.10.77 crores as against Rs.19.14 crores in the previous financial year. However, during the current year the situation has improved and your directors expect better future ahead.

AMALGAMATION OF M/S.PFL HOLDINGS PRIVATE LIMITED AND M/S. GOA HOLDINGS (INDIA) PRIVATE LIMITED WITH THE COMPANY

The scheme of amalgamation was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its Order dated 12th October, 2009. Under the scheme of amalgamation, M/s. PFL Holdings Private Limited and M/s. Goa Holdings (India) Private Limited have been amalgamated with the Company consequent to which M/s. Punjab Formulations Limited and M/s. Goa Formulations Limited have become wholly-owned subsidiaries of the Company with effect from 1st November, 2008, and in consideration thereof, the Company has issued 43,30,123 equity shares and 29,62,102, 0% optionally Convertible Redeemable Preference Shares of Rs.10/- each at a premium of Rs.176.50 per share in the Company to the respective shareholders of the amalgamated companies.

As a result of sanction of the scheme of amalgamation, the entire manufacturing capacity of the large volume parenteral under the group has come under one umbrella which has not only enhanced the shareholders' net worth but has also resulted into integration of the entire business of the group.

DIVIDEND

Your Directors are pleased to recommended a dividend of Rs.1.50 (Rupee one and paisa fifty only) per share for the financial year ended 31st March, 2009. The dividend shall be tax free in the hands of the shareholders.

The Board has not recommended any dividend on preference shares, since the only preference share holder waived its right to receive any dividend.

SUBSIDIARY COMPANIES

The Company has eight subsidiaries as on date. During the year under review, M/s. Punjab Formulations Limited and M/s. Goa Formulations have also become wholly-owned subsidiaries of the Company on sanction of the Scheme of amalgamation.

M/s. Mascareignes Pharmaceutical Manufacturing Company Limited, a Mauritius based pharmaceutical company is proposed to become a subsidiary of the Company and the necessary formalities in this regard are being completed.

Your Company has also incorporated a wholly-owned subsidiary in Kazakhstan in the name of "Parenteral Drugs Kazakhstan" to undertake the business of manufacturing of pharmaceutical products.

The consolidated financial statements, in terms of clause 32 of the Listing Agreement and in terms of Accounting Standards 21 issued by the Institute of Chartered Accountants of India (ICAI) of the subsidiary companies and the Statement of Accounts of the consolidated financial statements under section 212 of the Companies Act, 1956 and Auditors' and the Directors' Report thereon are enclosed and forming part of the annual accounts.

DIRECTORS

Shri Satish Chandra Consul 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.

PREFERENTIAL ISSUE

The Company allotted 12,00,000 equity shares on preferential basis to M/s. Mahaganapati Investment Private Limited, a Company under promoter category, on conversion of warrants, in terms of SEBI (Disclosure of

PARENTERAL DRUGS (INDIA) LIMITED

Investor Protection), Guidelines, 2000 (now, SEBI (Issue of Capital and Disclosure Requirements), 2009).

The proceeds of the preferential issue have been used to fund the ongoing expansion and modernization programs of the Company as well as to meet the working capital requirements for the projects undertaken by the Company.

AUDITORS AND AUDITORS' REPORT

The Statutory Auditors, M/s. T.N.Unni & Co., Chartered Accountants, Indore, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

The Company has received a letter from them to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Notes on accounts referred to in the Auditors' Report are self-explanatory and do not require further explanation from the Board.

COST AUDIT

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the Company's Bulk Drugs Division and Formulations Division. The Central Government has approved the appointment of M/s.K.G.Goyal & Co., Cost Accountants, for conducting the cost audit of the Company.

FIXED DEPOSIT

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

UNCLAIMED DIVIDEND

The amount transferred by the Company in a separate account towards payment to the shareholders is lying unclaimed in some cases. The shareholders, who have not claimed their dividend up till now, are requested to immediately approach the Registrar and Share Transfer Agent of the Company for payment of their dividend.

CONVERSION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to 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 attached to this Directors' Report.

PARTICULARS OF EMPLOYEES

The particulars of employees required under section 217 (2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, forms part of this report.

However, having regard to provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the said statement is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars pertaining to the employees of the Company may write to the Company Secretary at the corporate office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your directors, confirm that:

- i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have in selection of the accounting policies, consulted the statutory auditors and applied these policies consistently, making 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 as on 31st March, 2009 and of the profit of the Company for the year ended 31st March, 2009;