

28<sup>th</sup> Annual Report  
2011-2012

# Strengthening Ourselves for Tomorrow



**PARENTERAL DRUGS (INDIA) LIMITED**

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# Company Information

## Board of Directors

### Executive Directors

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

### Non-Executive Directors

- **Mr. Satish Chandra Consul**  
Independent Director
- **Mr. Dharam Pal Khanna**  
Independent Director
- **Mr. Dilip Kumar Panchaity**  
Independent Director
- **Mr. Dilip Kumar Sinha**  
Independent Director
- **Ms. Archana Agar**  
Company Secretary & Compliance Officer

### 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, A. B. Road,  
Indore-452 001 (Madhya Pradesh)  
e-mail: investor@pdindia.com

### 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  
Punjab National Bank

### Registrar And Share Transfer Agent

Link Intime India Pvt. Ltd.  
C-13, Kantilal Maganlal Estate,  
Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai - 400 078  
Tel No: 022 - 25946970  
Fax No: 022 - 25946969  
Email : rnt.helpdesk@linkintime.co.in

## Manufacturing Locations

- **Madhya Pradesh**  
Village Asrawad,  
Post Dudhia, Nemawar Road,  
Indore- 452 016
- **Himachal Pradesh**  
Village Bhud,  
Tehsil Nalagarh,  
Dist Solan- 173 205

## N O T I C E

**NOTICE** is hereby given that the **28<sup>th</sup> Annual General Meeting** of the members of **Parenteral Drugs (India) Limited** will be held on **Saturday, the 29<sup>th</sup> day of September, 2012, at 9.30 a.m. at The Classique Club, Behind Infinity Mall, Link Road, 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 31<sup>st</sup> March, 2012, 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 re-appoint Mr. Satish Chandra Consul who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint Mr. Dilip Kumar Panchaity who retires by rotation and being eligible offers himself for re-appointment.
4. 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, is eligible for re-appointment.

### SPECIAL BUSINESS

#### ITEM NO.5

#### 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 already created or 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. 361.00 crores (Rupees three hundred and sixty one crores);

**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 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.”

**Place: Indore**  
**Date: 16<sup>th</sup> August, 2012**

**BY ORDER OF THE BOARD**  
**Vinod Kumar Gupta**  
**Managing Director**

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, setting out material facts relating to the business at Item No. 5 of the notice as set out in the notice above is annexed hereto.
3. Members holding shares in physical form are requested to forward applications for transfer and all other share related correspondence (including intimation for change in address) to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078.
4. The members are requested to:
  - a) Intimate to the registrar/ Company, changes if any at in their registered address at an early date along with the PIN code.
  - b) Quote registered folio/client ID and DP ID in all their correspondence.
5. Members holding shares in dematerialized form (electronic form) are requested to intimate any change in their address, bank mandate etc., directly to their respective depository participants.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 26<sup>th</sup> September, 2012 to Saturday, 29<sup>th</sup> September, 2012 (both days inclusive).
7. Corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
8. Shareholders seeking any information or have Queries with regard to:
  - a) Accounts and operations of the company.
  - b) Annual Report of the Company.
 are requested to write to the Company at an early date so that the information and answers can be kept ready.
9. Members/ proxies should fill in the attendance slip for attending the meeting and bring their attendance slip along with their copy of Annual Report to the meeting.
10. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. In terms of section 205A and 205C of the Companies Act, 1956, any member who has not claimed his/her dividend is requested to write to the Registrar and Share Transfer Agents and any dividend remaining unpaid for a period of 7 years from the due date of payment is required to be transferred to Investor Education and Protection Fund.
12. PDIL is concerned about the environment and utilizes natural resources in a sustainable way. Company has decided to e-mail Annual Report through electronic mode to all the shareholders whose e-mail addresses have been registered/updated in the records of Company/ Registrar/ Depositories pursuant to the '**Green Initiative in Corporate Governance**' initiated by the Ministry of Corporate Affairs, Government of India vide its Circular Nos. 17/2011 and 18/2011 dated 21.04.2011, 29.04.2011 and 27.12.2011 respectively. The members who have not registered / updated their e-mail addresses so far, are requested to register/ update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold their shares in physical form and who are desirous of receiving the communication/ documents in electronic form are requested to promptly register their e-mail addresses with the Registrar or with the Company.

- 13 A member may avail the facility of nomination by nominating in the prescribed "Nomination Form", a person to whom his/her shares in the Company shall vest in the event of his/her death.
14. Re-appointment of Director: At the ensuing Meeting, Mr. Satish Chandra Consul and Mr. Dilip Kumar Panchaity, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The details pertaining to Mr. Satish Chandra Consul and Mr. Dilip Kumar Panchaity are required to be provided pursuant to the requirement of clause 49 of the Listing Agreement are furnished in the statement on Corporate Governance forming part of Annual Report.

### EXPLANATORY STATEMENT

The following Explanatory Statement set out all material facts relating to the business mentioned under Item No. 5 in terms of provisions of Section 173 (2) of the Companies Act, 1956:

#### Item No.5

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. 361.00 crores **(Rupees three hundred and sixty one crores)** to meet various financial requirements of the Company for its business purposes, 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 is interested in the resolution.

**Place: Indore**  
**Date: 16<sup>th</sup> August, 2012**

**BY ORDER OF THE BOARD**  
**Vinod Kumar Gupta**  
**Managing Director**



## DIRECTORS' REPORT

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

### Dear Shareholders

Your Directors present the 28<sup>th</sup> Annual Report on your Company's business and operations along with the standalone and consolidated summary of financial statements for the year ended 31<sup>st</sup> March, 2012.

### RESULT OF OPERATIONS

A summarized statement of the financial results of the current year and that of the previous year is given below:

(Rs. in Lacs)

Particulars	Standalone		Consolidated	
	F.Y. 11-12	F.Y. 10-11	F.Y. 11-12	F.Y. 10-11
Sales and Other Income	22283.73	37892.83	33294.91	48281.65
Profit before Interest, Depreciation & Tax	883.27	4517.29	1435.47	5037.04
<b>Less:</b>				
Interest and Financial outlay	3919.00	2250.86	4840.64	2855.02
Depreciation	1284.42	1093.54	1446.77	1256.95
Provision for Taxation	-	235.02	25.85	351.75
Deferred tax Liability	461.43	66.37	458.50	72.61
<b>Net Profit after Tax</b>	<b>(4781.59)</b>	<b>871.50</b>	<b>(5336.31)</b>	<b>500.71</b>
Balance brought forward from previous year	5815.71	4944.21	5753.73	5311.70
Surplus Available for Appropriation	1034.12	5815.71	417.42	5812.40
<b>Appropriation:</b>				
Transferred to General Reserve	-	-	-	-
Proposed Dividend	-	-	-	-
Tax on Distributed Profit	-	-	-	-
Minority Interest	-	-	1.50	58.67
Balance carried to Balance Sheet	1034.12	5815.71	415.91	5753.73
<b>Earning per share</b> (EPS of Face Value of Rs. 10/-)	<b>(18.49)</b>	<b>3.37</b>	<b>(20.64)</b>	<b>1.71</b>

### FINANCIAL PERFORMANCE

The consolidated turnover for the year was Rs. 332.94 crores as compared to Rs. 482.81 crores in the previous year. The turnover on standalone basis stood Rs. 222.83 crores as against Rs. 378.92 crores in the previous year.

On a consolidated basis, your Company earned profit before interest and depreciation of Rs. 14.35 crores during the year as against profit before interest and depreciation of Rs. 50.37 crores in the previous year and incurred loss before tax of Rs. 48.52 crores as against the profit before tax of Rs. 9.25 crores during the previous year. On a standalone basis, your Company earned profit before interest and depreciation of Rs. 8.83 crores during the year as against Rs. 45.17 crores in the previous year and incurred loss before tax of Rs. 43.20 crores as against profit before tax of Rs. 11.72 crores during the previous year. The reduction in profitability is due to adverse market conditions.

A review of the performance during the year is given under the section Management Discussion and Analysis Report which forms part of the Annual Report.

## DIVIDEND

As the financial year 2011-12, the company has excess of expenditure over income for the first time, no dividend could be recommended by the Board.

## FINANCIAL FACILITIES

During the year under review, the Company has repaid the term loan installments of Rs. 13.92 crores and Fresh Term loan/ Corporate Loan of Rs. 45.00 crores were availed during the year. The total outstanding fund based and non-fund based borrowings of Rs. 257.12 crores from the State Bank of India and Rs. 36.65 crores from the Punjab National Bank.

## CDR PROPOSAL

The lead banker of the Company State Bank of India (SBI) had filed "Flash Report" with Corporate Debt Restructuring (CDR) Cell which is been duly accepted by the CDR cell on 25th June, 2012. The final proposal of restructuring shall be shortly submitted by SBI to the CDR cell for their approval.

## SUBSIDIARY COMPANIES

All the subsidiary companies are non-material and non-listed subsidiary companies as defined under Clause 49 of the Listing Agreement with the Stock Exchange(s).

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and provisions contained in the Articles of Association of the Company, Mr. Satish Chandra Consul and Mr. Dilip Kumar Panchaity, 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.

As required under the Listing Agreement, particular of directors seeking reappointment at the ensuing Annual General Meeting has been given under the Corporate Governance Report.

## REPORT ON CORPORATE GOVERNANCE

The Company is adhering to good Corporate Governance practices in every sphere of its operations. The Company has taken adequate steps to comply with the applicable provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A separate report on Corporate Governance is enclosed as a part of the Annual Report along with Certificate from auditors confirming compliance with the conditions of Corporate Governance. The declaration by the Managing Director addressed to the members of the Company pursuant to clause 49 of the Listing Agreement regarding adherence of the code of conduct by the members of the Board and by the senior management personnel of the Company is also attached to the Corporate Governance Report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year under review as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges is set out in a separate section forming part of the Annual Report.



## AUDITORS

M/s. T.N. Unni & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is recommended for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of section 226 of the said Act.

## AUDITORS' REPORT

The Notes on Accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

## COST AUDIT

In line with the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to its product every year. During the year, M/S. K.G. Goyal & Co., Cost Accountants, resigned w.e.f. 5<sup>th</sup> November, 2011 and M/S. A. Goyal & Co., Cost Accountants, has been appointed in place of previous cost auditor for the financial year 2011-12.

The Company has reappointed M/s. A. Goyal & Co., Cost Accountants, to audit the cost accounts relating to its products for the financial year 2012-13. A Certificate from the Cost Auditors has been received to the effect that their re-appointment would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of section 226 of the said Act.

## SAFETY, HEALTH AND ENVIRONMENT

Occupational health, safety and environment management is given utmost importance. Your Company is committed to the safety of employees, processes and all stakeholders involved directly or indirectly with our activities. Your company has taken various steps to promote safety, health and pollution control.

## HUMAN RESOURCE

The Human Resource ("HR") function has over the years fully developed its capabilities and set up a scalable recruitment and Human Resource Management process, which enables us to attract and retain higher caliber employees. HR has played a critical role in supporting the business goals during the various changes in the sector as well as in the Company. Your Company is of the firm opinion that efficiency of its employees plays a key role in achieving set goals and building a competitive work environment. The Company regularly conducts various programmes at different levels so as to ensure that a vibrant and motivated work-force leads to achievement of the defined goals. Employee relations continued to be harmonious and cordial at all levels and in all the units of the Company.

## INSURANCE

All the assets of your company including buildings, machineries, fixtures and other fixed assets, stocks, raw-materials, work in progress, finished goods etc. have been adequately insured.

## FIXED DEPOSIT

The Company has not accepted any public deposits and therefore, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

## UNCLAIMED DIVIDEND

The amount transferred by the Company in separate bank accounts 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 claiming their dividend.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars pertaining to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in **Annexure 'A'** forming part of this report.

## PARTICULARS OF EMPLOYEES

During the year under review, none of the employees of the Company was in receipt of remuneration under section 217(2A) of the Companies Act, 1956.

## LISTING

The shares of the Company continue to be listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The annual listing fee for the year 2012-2013 has been paid to these Exchange(s).

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to the directors' responsibility Statement, it is hereby confirmed 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 with 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 31<sup>st</sup> March, 2012 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2012;
- iii) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) They have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for wholehearted support received from all stakeholders, customers and the various departments of Government, financial institutions and bankers of the Company. The Directors also wish to place on record their sense of appreciation for devoted services of all the employees of the Company. The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance.

**Place: Indore**

**Date: 16<sup>th</sup> August, 2012**

**FOR AND ON BEHALF OF THE BOARD**

**Manoharlal Gupta**

**Chairman-cum-Managing Director**