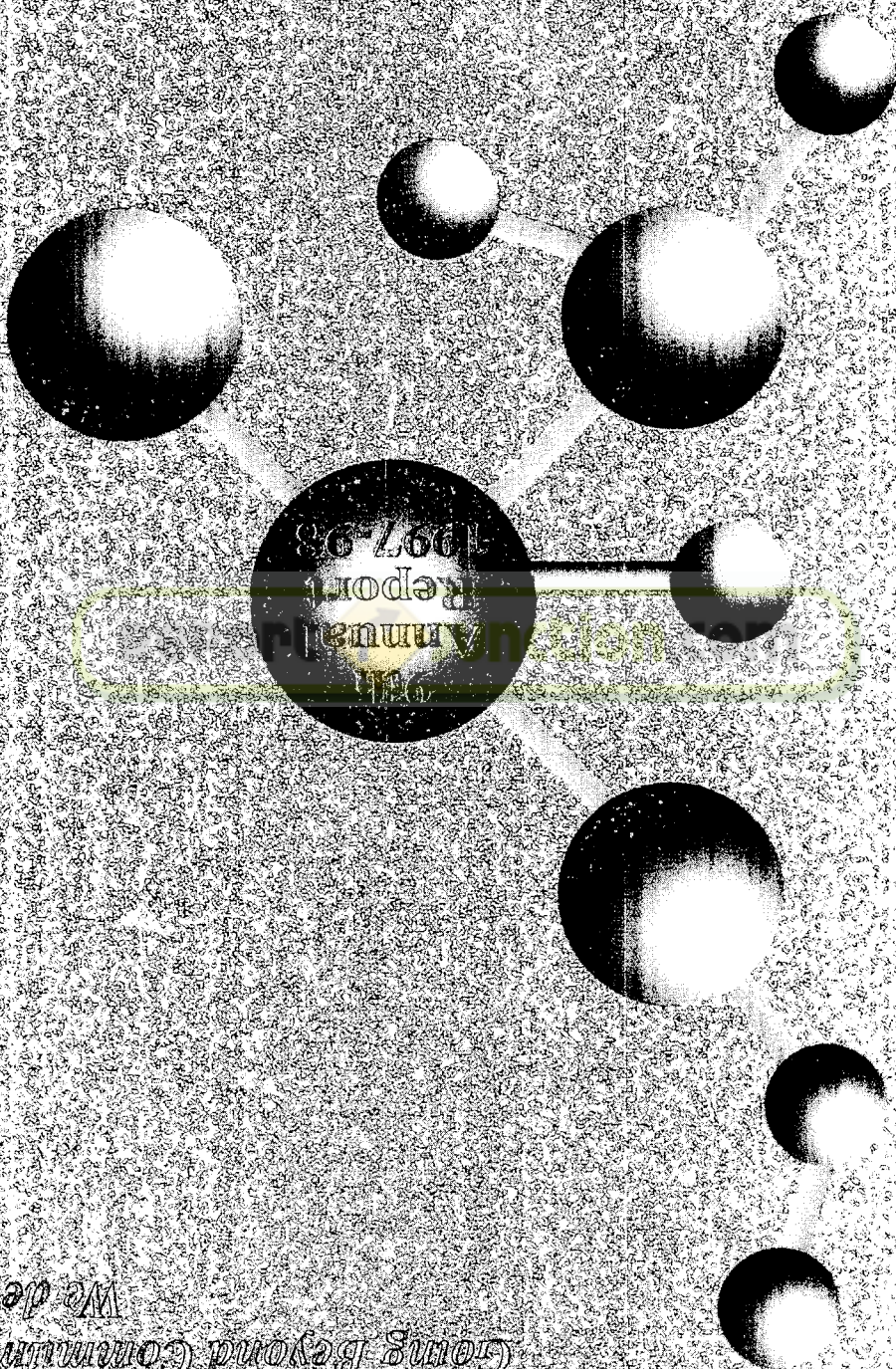


SUVEN PHARMACEUTICALS LIMITED



*Going Beyond Commitment
We deliver*



Certificate of Registration

KPMG Quality Registrar (A business unit of KPMG Peat Marwick LLP) Hereby Registers:

Suven Pharmaceuticals Ltd

Flat No.205, Srinilaya Estate, Ameerpet, Hyderabad - 500073, India

For its quality system described below under the American National Standards Institute
- American Society for Quality Control

Q9002 (ISO9002:1994) Standard

The quality system is applicable to:

Manufacture and supply of bulk actives and intermediates for pharmaceuticals,
agrochemicals and fine chemicals.

This registration is given subject to the conditions governing the use of this certificate as set forth in the
agreement between KPMG Quality Registrar and the holder thereof.
Registration does not assure the effectiveness of or products produced by a quality system.



Certificate Number: 0992
Issue Date: August 01, 1997
Expiration Date: July 31, 2000

Daniel L. Brennan, Partner
KPMG Peat Marwick LLP
Short Hills, NJ USA

Suven Pharmaceuticals Limited

BOARD OF DIRECTORS

Sri Bodhishwar Rai	Chairman
Dr. S. Ramachandran	(Alternate Director to Dr. Hargovind Rathore)
Sri M. Ajaya Kumar	
Dr. Ramaiah Muthyala	
Sri Venkateswarlu Jasti	Managing Director
Dr. Hargovind Rathore	
Smt. Sudha Rani Jasti	Wholetime Director

AUDITORS

M/s. Karvy & Company
Hyderabad.

MD	✓		BKC	✓
CS	NA		DPY	ND
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

BANKERS

M/s. State Bank of India
Overseas Branch
Abids
Hyderabad.

REGISTERED OFFICE

Flat No. 205
Srinilaya Estate
Ameerpet
Hyderabad - 500 073.

WORKS

Dasaigudem
Suryapet, Nalgonda (Dist.).

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Karvy Consultants Limited
"Karvy House"
46, Avenue 4, Street No.1
Banjara Hills, Hyderabad - 500 034.



NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the Members of the Company will be held on Friday the 7th August, 1998 at 2.30 P.M. at Hotel Green Park, Green Lands, Begumpet, Hyderabad, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 1998, together with the Report of the Directors and Auditors thereon.
2. To Declare Dividend.
3. To appoint a Director in place of Shri Bodhishwar Rai, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors for the current year. M/s. Karvy & Co., Chartered Accountants, Hyderabad, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT the Company do hereby accord its consent under section 293(1)(a) of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wherever situated, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit, together with power to takeover the management of the business and concern of the Company in certain events for securing any loans and/or advances already obtained or that may be obtained from any Financial Institutions/Banks/ Insurance Companies or person or persons, and/or to secure any debentures issued and/or that may be issued and all interests, compound/additional interest, commitment charges, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limit of Rs.50 crores (Rupees fifty crores only)."

for and on behalf of the Board
for **SUVEN PHARMACEUTICALS LIMITED**

Place:Hyderabad **VENKATESWARLU JASTI**
Date:22.06.1998. **MANAGING DIRECTOR**

Suven Pharmaceuticals Limited

NOTES:

1. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as set out above is annexed hereto.
2. A Member entitled to attend and vote at this Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself on a poll and Proxy need not be a member of the Company. The instrument of proxy in order to be valid, duly completed and signed, must be deposited at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
3. Members are requested to notify any change in their address/mandate/bank details immediately to the Registrars and Transfer Agents of the Company M/s. Karvy Consultants Limited.
4. Members who have not intimated the details of their bank account number earlier are requested again to advise the same to the Registrars and Transfer Agents of the Company M/s. Karvy Consultants Limited quoting their Folio Number(s) to avoid fraudulent encashment of dividend warrants.
5. The Members are requested to bring the Attendance Slips alongwith their copies of the Annual Report to the meeting.
6. The Register of Members of the Company shall remain closed on 1st to 7th of August, 1998 (inclusive of both days). Share Transfers received in order at M/s. Karvy Consultants Limited or Registered Office of the Company by 5.30 P.M. on 31st July, 1998 will be in time to be passed for payment of dividend.
7. Members who have multiple accounts in identical names or joint accounts in the same order are requested to send the share certificate(s) to the Registrar and Transfer Agents of the Company, M/s. Karvy Consultants Limited for consolidation of all such shareholdings into one account to facilitate better service.
8. The Dividend, if declared, will be exempt from income tax in the hands of the Members in terms of the relevant provisions of the Finance Act, 1997.



EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No.5

The Company passed a resolution in the Seventh Annual General Meeting of the Company held on 6th July, 1996 authorising the Board to borrow upto Maximum of Rs.50 crores. For raising loans from Banks, Institutions, etc., the Board needs authorisation to mortgage/hypothecate the assets of the Company as security/collateral security. In order to mortgage or hypothecate the assets of the Company, the consent of

the shareholders in the General Body Meeting is required under Section 293(1)(a) of the Companies Act, 1956 authorising the Board of Directors with necessary powers.

The Board therefore recommends the proposed resolution.

None of the Directors of the Company are interested or concerned in any way in the resolution.

for and on behalf of the Board
for **SUVEN PHARMACEUTICALS LIMITED**

Place:Hyderabad **VENKATESWARLU JASTI**
Date:22.06.1998. **MANAGING DIRECTOR**

Report  junction.com

Suven Pharmaceuticals Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Ninth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS:

	Year ended 31.03.1998 (Rs. in Lakhs)	Year ended 31.03.1997 (Rs. in lakhs)
Sales and other income	2721	2212
Gross Profit	564	513
(-) Interest	282	254
(-) Depreciation	75	65
(-) Provision for Taxation	14	31
Net Profit	193	163
Profit C/F from previous Balance Sheet	58	59
Profit available for appropriation	251	222
Appropriation:		
(-) Dividend payable	58	58
(-) Tax on Dividend payable	6	6
(-) Transfer to General Reserve	100	100
Net Profit C/F to Balance Sheet	87	58

REVIEW OF THE OPERATIONS :

Your Company in its quest to become a global player has placed greater emphasis on exports. As a result, exports for the year stood

at Rs.1952 Lakhs, a phenomenal growth of 47.14%, out of Gross Turnover of Rs.2564 lakhs. Your Company is a net foreign exchange earner since 1994-95.

DIVIDEND :

Your Directors are pleased to recommend a dividend of 18% net to the investor for the year ended 31st March, 1998. The consequent outflow, including the dividend tax of Rs. 5,76,000/-, will be Rs.63,36,000/-.

MARKETING :

Your Company's strength is in developing new products using niche chemistries at faster rate with cost competitiveness, which brought many MNC people to visit us during the year. The MNC teams visited our facility to ascertain our technical strengths and infrastructure facilities. The groups that visited our facility during the year are Abbott Laboratories - USA, Austin Chemicals - USA, Borregaard Synthesis Inc. - Norway, Creanova - USA, Dupont - France, Salsbury Chemicals - USA and SchweizerHall - Germany. After their visits, we have already received 12 new assignments for developing new intermediates for their latest chemical entries which are in Phase II and Phase III of the drug development.

Your Company efforts in developing new markets is based on its commitment to deliver the products always on time and the satisfied customers are our strength for future business growth.

**RESEARCH AND DEVELOPMENT :**

During the year the Company developed innovative processes involving complex synthesis for the manufacture of several drug intermediates and produced them in pilot scale. A number of new drug intermediates are at various stages of development. Most of these intermediates are meant for the MNC's products which are in Phase III of the US FDA drug development process. The total R&D expenses of Rs.41.60 lakhs for the Company as a percentage to total sales is 1.62%.

CAPITAL EXPANSION :

As approved in the A.G.M. held on 11th December, 1997, the Company in their Board Meeting of 26th December, 1997 issued 8,00,000 warrants to the Promoters of the Company with an option for conversion into the Equity Shares of the Company. Each warrant can be converted into one equity share of Rs.10/- each at a premium of Rs.10.65/- per share within 18 months from the date of their issue.

EXPANSION AND MODERNIZATION:

During the year, the aggregate capital expenditure of your Company amounted to Rs.141 Lakhs. The Company's major focus was upgrading and modernizing its manufacturing facilities and for pollution control.

QUALITY ASSURANCE :

During the year, indepth Quality Assurance audits were done by Abbott Laboratories, USA and Borregaard Synthesis, Norway and you will be glad to know that your Company's operations were given a high rating of

compliance. Some suggestions were also made for upgrading your Company as GMP facility which we hope to achieve during the year 1998-99. Quality Control Department is upgraded with state of the art testing equipment at a cost of Rs.21.3 Lakhs.

ENVIRONMENT :

The Company continues to give the highest importance to environmental protection and pollution control. Monitoring of effectiveness of the measures employed is an integral part of the Company's operating systems. The Company's R&D Division in Coordination with Production Department is contributing towards strengthening these activities.

As our ongoing process for control of liquid effluents, a system of segregation of waste streams has been introduced by laying new pipelines. Also for concentration of segregated effluents, new equipment for evaporation such as psychromatic evaporator have been ordered. The total outlay for upgrading environment protection facilities are to the tune of Rs.25 lakhs.

SAFETY :

The Company continued to invest substantial reserves in the area of risk awareness and Management. Safety Audits with reviews, training programmes and hazop studies which form part and parcel of the SOP's of the Safety Department contributed in a good measure to safety awareness.

FUTURE PLANS :

There are immense business opportunities for your Company based on its specialised chemistry and the road ahead has many many challenges to capitalize on these opportunities.

Suven Pharmaceuticals Limited

This year the focus will be on consolidation and rationalization to achieve better utilization of the existing capacities and for capitalizing on the immense development work it has done during the last 5 years.

The strengthening of R&D Department with a pilot plant and building a new GMP facility are our priority for this year. On this scenario your management is exploring the options of either going for a brand new facility or take over a unit which meets our immediate needs.

SOCIAL RESPONSIBILITY :

During the year, we contributed Rs.0.50 lakhs towards Chief Ministers Relief Fund. Further, we sponsored a permanent Drinking Water Scheme for the neighbouring villages and held medical camps.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Bodhishwar Rai, who retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

INVESTOR SERVICE :

Your Company will continue M/s. Karvy Consultants Limited as Registrar and Share Transfer Agents. You can contact them at [46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 (Ph. NO: 3312454, 3320251, 3320751 & 3320752)] for any matter relating to Shares.

AUDITORS :

The Auditors M/s. Karvy & Company, Chartered Accountants retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.

PERSONNEL :

During the year under review the Industrial relations were very satisfactory.

None of the employees received remuneration exceeding the limits prescribed as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO :

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 with respect to these matters is enclosed herewith and forms part of the report.

PUBLIC DEPOSITS :

Your Company has not accepted any Deposits from the Public during the year under review.

ACKNOWLEDGEMENTS :

The Directors wish to take this opportunity to place on record the valuable services rendered by all the employees of the Company. The Directors also express their sincere thanks to State Bank of India, Overseas Branch, Exim Bank, Industrial Development Bank of India, State and Central Government Agencies for their active support and shareholders for their confidence in the Company.

for and on behalf of the Board
for **SUVEN PHARMACEUTICALS LIMITED**

Place:Hyderabad **VENKATESWARLU JASTI**
Date:22.06.1998. **MANAGING DIRECTOR**



ANNEXURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY

ANNEXURE I TO DIRECTORS' REPORT - Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

I POWER AND FUEL CONSUMPTION

	Current Year ending 31.03.1998	Previous Year ending 31.03.1997
1. Electricity		
a) Purchased Units in K W H	25,87,965	15,59,582
Total Amount	Rs.93,08,355	Rs.53,93,839
Rate/Unit	Rs.3.60	Rs.3.46
b) Own generation through Diesel Generator		
Units in K W H	3,70,803	13,95,000
Units/Litre of Diesel Oil	3.11	3.00
Cost/Unit	Rs.3.23	Rs.2.91
2. a) Steam Coal 'C' Grade used in Boiler to generate steam for the process:		
Quantity (in MTS)	2614.19	2043.34
Total Cost	Rs.40,03,625	Rs.30,48,934
Average Rate/MT	1531.50	1492.13
b) Consumption per unit of Production:	Since the Company is manufacturing different products using the same facilities at the same time, it is not practicable to give consumption per unit of production.	