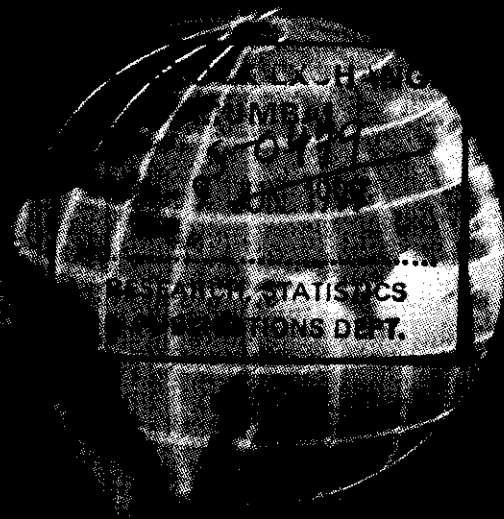


GOING BEYOND
COMMITMENT,
WE DELIVER.



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SUVEN
PHARMACEUTICALS LIMITED

A DECADE AND BEYOND



At Suven, a decade of progress and performance is a matter of pride and hope.

*Suven's forward looking and proactive strategy in the formative phase of the organization since 1991, is today **the path finder** for many Indian Companies especially against the backdrop of **GATT and WTO** regimes.*

*Suven has always been at the **forefront of innovation**, developing products based on the core process technologies in the niche chemistries and segments.*

*Suven's **strategy** has all along been in developing innovative products on an exclusive basis in collaboration with multinational companies by forging*

*long term relationships with them. Thus, Suven has always been essentially "**a customer driven company.**"*

*With the development on hand of more than 100 intermediates through the collaborative support of multinational drug companies, Suven today is, on a solid foundation and is **confidently stepping into next millenium** for encashing the great opportunities that exists.*

*Suven's continued **commitment** of resources for **Research and Development**, as also broadening of production base to absorb new technologies are natural corollary to our strategy.*

Some of the noteworthy facts are :-

Networth of Rs. 150 million, growing at 31% per annum for the entire decade.

Sale volumes reached a peak of Rs. 310 million in 1999 and aggregate annual growth rate is 32%.

Current year's E.P.S. is at Rs.7/-, a consistently maintained growth with a book value per share at Rs. 42/-.

Dividends are being paid continuously for the past 5 years.

Suven is a net foreign exchange earner through high value added products and with 60% of sales exported to premium markets of European Union and USA.

ISO 9002 Certification in 1997 is the Hallmark of Quality Systems working at Suven.

Successful passing of Quality Assurance and GMP Audits by numerous multinational companies from European Union and USA, is the testimony for Suven's commitment to maintain Global Quality Specifications and Standards.

Effluent Treatment Facility for a clean and green environment is the

commitment of Suven.

The spirit of innovation, the strategies adopted, the co-operative collaborators and efforts of its work force are the real core strengths of Suven.

Contributions made by Technical collaborators through their patronage to Suven as their exclusive sourcing partner from India, is greatly acknowledged with reverence.

Teams of committed and enthusiastic technical personnel has been the backbone to the success of Suven, who deserve greater and full appreciation.

Continued confidence of our shareholders and their support is a matter of pride and satisfaction to the company.

With all round support and confidence reposed in us by all our partners of progress, we at Suven re-dedicate ourselves to enhance the Quality of our performance to :

"Going beyond commitment, we deliver"

Venkat Jasti.

VENKAT JASTI
Managing Director

For a Clean and Green Environment



Mr. Per A. Sorlie
Executive Vice President
from Borregaard Industries Ltd.,
Norway
Planting a Tree

Visitors at
Psychromatic Evaporator System
for Solids Removal



Visitors at
Biological Waste Water Treatment Plant

Suven Pharmaceuticals Limited

BOARD OF DIRECTORS

| | |
|--------------------------|--|
| Shri Bodhishwar Rai | Chairman |
| Dr. S. Ramachandran | (Alternate Director to Dr. Hargovind Rathore) |
| Dr. M.R.Naidu | |
| Dr. Ramaiah Muthyala | |
| Shri Venkateswarlu Jasti | Managing Director |
| Dr. Hargovind Rathore | |
| Smt. Sudha Rani Jasti | Wholetime Director |

AUDITORS

M/s. Karvy & Company
Hyderabad.

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 Tenth Annual General Meeting of the Members of the Company will be held on Wednesday the 30th June, 1999 at 1.30 p.m. at Hotel Taj Residency, Banjara Hills, 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, 1999, together with the Report of the Directors and Auditors thereon.
2. To Declare Dividend.
3. To appoint a Director in place of Dr.Ramaiah Muthyala, 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 Dr. M.R.Naidu, be and is hereby appointed as Director of the Company, who is liable to retire by rotation."

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

"RESOLVED THAT pursuant to Sections 16 and 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company

be and is hereby increased from Rs.5,00,00,000 (Rupees Five Crores only) divided into 50,00,000 equity shares of Rs.10/- each to Rs.10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 equity shares of Rs.10/- each, ranking paripassu with the existing equity shares.

RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

"The Authorised Share Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 equity shares of Rs.10/- each with a right to increase or reduce the share capital in accordance with the provisions of the Companies Act, 1956."

7. 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, Article 7(a) of the Articles of Association of the Company be and is hereby altered to read as follows:

The Authorised Share Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 (one crore only) equity shares of Rs.10/- (Rupees Ten only) each."

By order of the Board
for **SUVEN PHARMACEUTICALS LIMITED**

Place:Hyderabad **VENKATESWARLU JASTI**
Date:30.04.1999. **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 and those 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.
4. The Members are requested to bring the Attendance Slips along with their copies of the Annual Report to the meeting.
5. The Register of Members of the Company shall remain closed on 1st to 3rd of July, 1999 (inclusive of both days).
6. Dividend, if declared, by the Annual General Meeting will be paid to the members whose names appear in the Register of Members as on 03-07-1999.
7. Members who have multiple folios in identical names or joint names 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 folio to facilitate better service.

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EXPLANATORY STATEMENT

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

Item No.5

Dr. M.R.Naidu was appointed as Additional Director at the Meeting of Board of Directors held on 7th September, 1998. According to the provisions of Section 260 of the Companies Act, 1956 he holds the office of director only upto the date of Annual General Meeting. Notice has been received from a shareholder proposing his candidature.

Dr. M.R.Naidu, presently Managing Director of Vishnu Cements Ltd., is a Doctorate in Science and Graduate in Mechanical Engineering. He had memberships in Professional Bodies like American Society of Mechanical Engineers, Planning Executives' Institute and Indian Institute of Engineers.

Dr. M.R. Naidu was a former Chairman and Managing Director of M/s. Bharat Heavy Plates and Vessels Limited (BHPV) and Hindustan Machine Tools Limited (HMT) and having rich and vast experience in Technical and Administrative Sectors. He also held Senior Positions and Directorships in various Public and Private Sector Organisations.

The Board therefore recommends the proposed resolution.

None of the Directors of the Company except Dr. M.R.Naidu is interested or concerned in any way in the above resolution.

Item No.6

The Company proposes to expand its activity and hence it is required to increase the

Authorised Capital, in order to enable the Company to raise capital whenever the need arises. Hence your Directors propose to increase the authorised share capital from Rs.5 crores to Rs.10 crores by the creation of 50,00,000 further equity shares of Rs.10/- each which will rank paripassu in all respects with the existing equity shares of the Company. The proposed increase of Authorised Capital requires the approval of members in general meeting. Consequent upon the increase of authorised capital, the Company's Memorandum of Association will require alteration so as to reflect the increase in share capital. The Board recommends for passing of the resolution by the members.

None of the Directors is interested or concerned in the Resolution.

Item No.7

In view of the increase in the Authorised share capital of the Company pursuant to Sec.94 of the Companies Act, 1956, Article 7(a) of the Articles of Association of the Company is required to be altered by approval of the members in the general meeting by means of a Special Resolution.

The resolution is therefore recommended for approval of the shareholders. None of the Directors is interested or concerned in the Resolution.

By order of the Board
for **SUVEN PHARMACEUTICALS LIMITED**

Place:Hyderabad **VENKATESWARLU JASTI**
Date:30.04.1999. **MANAGING DIRECTOR**

Suven Pharmaceuticals Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Tenth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS:

| | Year ended 31.03.1999 (Rs. in Lakhs) | Year ended 31.03.1998 (Rs. in lakhs) |
|-----------------------------|--|--|
| Sales and other income | 3104 | 2571 |
| Gross Profit | 611 | 564 |
| (-) Interest | 258 | 282 |
| (-) Depreciation | 85 | 75 |
| (-) Provision for Taxation | 18 | 14 |
| Net Profit | 250 | 193 |
| Profit C/F from previous | | |
| Balance Sheet | 88 | 58 |
| Profit available for | | |
| appropriation | 338 | 251 |
| Appropriation: | | |
| (-) Dividend payable | 81 | 58 |
| (-) Tax on Dividend payable | 8 | 6 |
| (-) Transfer to | | |
| General Reserve | 160 | 100 |
| Net Profit C/F to | | |
| Balance Sheet | 90 | 88 |

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.2299 Lakhs, a growth of 17.78%, out of Gross Turnover of Rs.3104 lakhs. Your Company is a net foreign exchange earner since 1994-95.

DIVIDEND :

Your Directors are pleased to recommend a dividend of 24% net to the members for the year ended 31st March, 1999. The consequent outflow, including the dividend tax of Rs.8,07,467/- will be Rs.88,82,139/-.

MARKETING :

The Production strategies for Drugs and Drug Intermediates are changing. The European and American customers are looking for cost saving sources without compromising on quality. Our Company's strength by developing new products using niche chemistry is well recognised and the continuous inquiries for new products are received. Some of the visits of our customers have resulted in sizeable long-term business, which would fetch continuous orders year after year. During this year also we expect one of the product exported on trial basis to result into a sizeable long-term business. We continue to be in the innovative intermediates market where we have created a place for ourselves. Though the volumes are not expected to be larger but the orders we get will have better margins above the standard norms of the Drug Industry. Our thrust continues to be in this field of manufacturing high value innovative products and marking a place for ourselves in the global market.

RESEARCH AND DEVELOPMENT :

During the year, the Company developed innovative processes involving complex synthesis for the manufacture of several intermediates. Our R&D Team have done remarkably well with limited resources of funds and facilities.

The total R&D Expenses of Rs.103.10 lakhs for the Company as a percentage to total sales is 3.33%.



QUALITY ASSUARANCE :

During the year, your Company was audited by various multinational companies who has accorded high praise for the activities. KPMG has done the surveillance audit to continue ISO9002 certification. Your Company was also audited by the Central and State Drug Control Authorities to accord WHO GMP for the bulk actives and a certificate is awaited.

ENVIRONMENT :

The Company gives highest importance to pollution control and environment protection. This year your Company has fully implemented evaporation systems for the segregated high TDS effluents at a cost of Rs.25.00 lakhs. Future plan includes construction of secured landfill for solid wastes.

SAFETY :

As a part and parcel of SOPs, your Company has conducted several safety training programs. Also a special in house training was conducted for the safe handling of dangerous chemicals employing the experts from Degussa of Germany.

MODERNIZATION & UPGRADATION :

During the year, the aggregate capital expenditure of your Company amounted to Rs.222.75 lakhs. The focus was again upgrading and modernising Manufacturing Facilities, Quality Control Department and Effluent Treatment Plant.

FUTURE PLANS :

While there are many business opportunities in our chosen field, the road ahead have many challenges, which your Company will successfully meet and lead the Company for long term stability. This year we have successfully diversified into marketing

formulations to Vietnam and Combodia and in the ensuing years we would like to export to other countries.

SOCIAL RESPONSIBILITY :

During the year we have contributed to various Charity activities like Janmaboomi, Drinking Water Supply Schemes, Primary Health & Education etc. to the tune of Rs.3.65 lakhs.

DIRECTORS :

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

Dr. M.R.Naidu was appointed as Additional Director on the Board during the period and holds office till the date of forthcoming Annual General Meeting and is eligible for reappointment. The Company has received notice from members under Section 257 of the Companies Act, 1956, proposing his appointment as Director subject to retirement by rotation.

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.