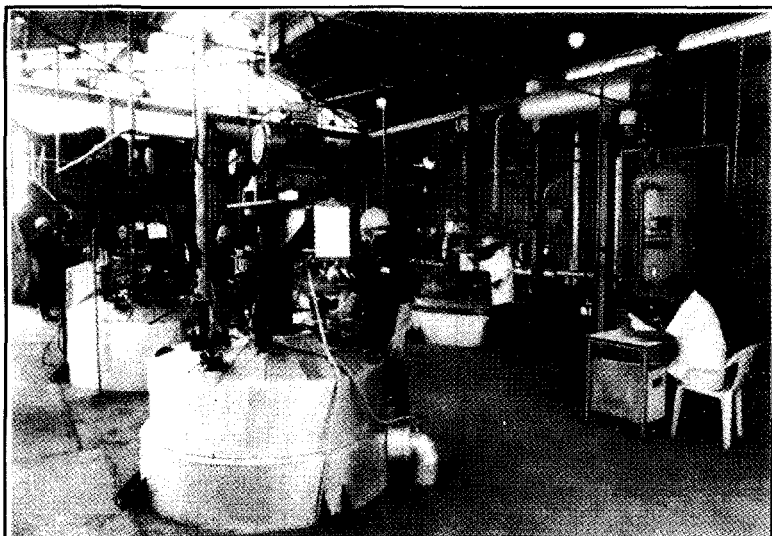


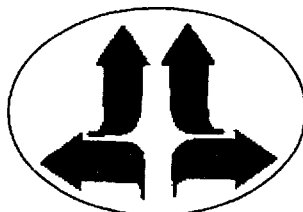
P I Drugs & Pharmaceuticals Ltd

Annual Report 2003-04

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P. I. DRUGS & PHARMACEUTICALS LIMITED

(Formerly Known as Visistha Trades & Finance Ltd.)

BOARD OF DIRECTORS:

MR. ADITYA R. DESAI	
MR. L. N. BHAT	<i>Managing Director</i>
MR. BHARAT MERCHANT	
MR. S. N. JAGANNATH	<i>Executive Director</i>
MR. S. V. SHANBHAG	<i>Executive Director</i>
MR. YOGESH PARIKH	
MRS. GITA PARIKH	
MR. KARTIK KAPADIA	
MR. RAJEN K. DESAI	
MR. CHANDRASHEKHAR LAL	

COMPANY SECRETARY

MRS. LATA VARSHNEY

AUDITORS

M/S. L. T. JADAV & CO.

BANKERS

STATE BANK OF INDIA
HDFC BANK
INDIAN OVERSEAS BANK
SARASWAT CO-OP. BANK LTD

REGISTERED OFFICE

116, Vardhaman Industrial Complex,
Lal Bahadur Shastri Marg,
Thane (W) – 400 601.

PLANTS

W-152, MIDC, Tarapur, Boisar, Dist. Thane.
B-32, MIDC, Mahad, Dist. Raigad.
A-68, Additional Ambarnath, MIDC Indl. Area,
Ambarnath (East), Dist. Thane.
Research & Development Center, Bangalore

REGISTRAR & SHARE TRANSFER AGENT

M/s. Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka,
Mumbai – 400 059.

P.I. DRUGS & PHARMACEUTICALS LIMITED**NOTICE**

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of **P. I. DRUGS & PHARMACEUTICALS LIMITED** will be held on Thursday, the 30th day of SEPTEMBER, 2004 at Hotel Royal Inn, Gokul Nagar, Thane (W) – 400 601 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2004 and Profit & Loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Yogesh Parikh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Geeta Parikh, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. Kartik Kapadia who retires by rotation and being eligible offer himself for re-appointment.
5. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. L. T. Jadav & Co. are eligible for re-appointment.

By order of the Board of Directors
For **P. I. DRUGS & PHARMACEUTICALS LIMITED**

PLACE: THANE.
DATE : 18.08.2004.

(LATA VARSHNEY)
COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be filed with the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from 27th September 2004 to 02nd October 2004 (both days inclusive).

By order of the Board of Directors
For **P. I. DRUGS & PHARMACEUTICALS LIMITED**

PLACE: THANE.
DATE : 18.08.2004.

(LATA VARSHNEY)
COMPANY SECRETARY



BRIEF PROFILE OF THE COMPANY

INTRODUCTION AND BACKGROUND:

Pursuant to the Scheme of Amalgamation as sanctioned by the Hon'ble High Court M/s Visistha Trades & Finance Limited has been amalgamated with an unlisted Public Limited Company namely P. I. Drugs & Pharmaceuticals Limited. Consequent to the Scheme of Amalgamation the name of M/s. Visistha Trades & Finance Limited stands changed to P. I. Drugs & Pharmaceuticals Limited. Registrar of Companies has also accorded its approval for the change in name and certified the same by issue of Fresh Certificate of Incorporation on 25.03.2004.

The original P. I. Drugs & Pharmaceuticals Limited was incorporated in the year 1991 with the name Perna Industries Private Limited. In 1998 Company diversified to the area of manufacturing of bulk drugs and accordingly its name changed to P. I. Drugs & Pharmaceuticals Limited.

OPERATIONS:

The main operations and plants of the Company are strategically located in and around Thane in the State of Maharashtra.

The bulk drug plant of the Company is at Mahad, where it manufactures Anthelmintics. This is a niche market and Company has near monopoly in this range of products. Albendazole (a de-worming agent), the main product of the Company, is being outsourced by almost all the Multinational Companies. It is the best quality available at the lowest rate. The price of the product is even less than that of its Chinese competitors. There is an unlimited scope for the growth in this product line as demand of the same is increasing day by day. The Company is planning to increase the capacity by specific expansion of equipments and de-bottling exercise.

The Company's formulation unit is at Ambernath and recently has been granted the 100% EOU status. Outsourced by international organizations, the Company's formulations are growing at an aggressive pace. The Company intends to add injectibles to make it a comprehensive formulation unit.

The Company's Advance Research Centre is at Bangalore. Apart from continuous cost reducing exercise for its own products the Research Centre has already developed three major drugs. One of the products, Ramipril, is already at an advanced development stage and the Company has already commenced pilot plant production and intends to scale up shortly.

THE TEAM:

Under the leadership and managerial expertise of Mr. L. N. Bhat, who is one of the most experienced players in the Pharmaceutical field, the Company has an efficient and professional team of qualified and experienced executives. Mr. L. N. Bhat is a post Graduate in Organic Chemistry from Karnataka University. He worked for sixteen years in Hoechst Pharmaceuticals Ltd., (Presently Aventis Ltd.) and for 6 years with Eskayef Ltd., (Presently Glaxo Smith Kline). He is a techno commercial person having a vast credible knowledge of the Bulk Drugs and Pharmaceuticals business. He has hands-on experience in identifying and commercializing molecules. There is a great emphasis on systems as may be seen that the manufacturing units have an excellent reputation and market share.

He is ably assisted by Mr. Jagannath who is heading the R & D division at Bangalore and Mr. Shanbhag who is heading the formulation division.

P.I. DRUGS & PHARMACEUTICALS LIMITED**HISTORY OF FINANCIAL PERFORMANCE:**

The original P. I. Drugs & Pharmaceuticals Limited had a well-established track record of profit and growth for last so many years. The brief financial parameters since 2000 are given below.

(Rs. in Lakhs)

Particulars	31.03.2000	31.03.2001	31.03.2002	31.03.2003
Income from operations	42.08	126.55	775.83	1262.44
Other Income	—	2.10	8.57	32.86
Profit before depreciation	37.01	55.64	283.89	339.95
Depreciation	NIL	8.81	16.82	27.00
Net Profit	37.01	46.83	267.07	312.95
Paid-up Capital	144.00	184.00	435.07	500.00

After Amalgamation the accounts of the erstwhile P. I. Drugs & Pharmaceuticals Limited has been merged with that of the transferee Company and the equity capital of the Amalgamated Company is Rs. 6.5 Crores.

THE GROWTH STORY AND CAPEX:

Based on the de-bottling exercise, the increasing turnover in the formulation unit and saving in costs due to the newly acquired 100% EOU status, the Company's bottom line is expected to grow this year by more than 50%. This is without taking into account any acquisitions. The Company has identified a unit manufacturing an antiprotozoal molecule treatment of trypanosoma Baberia. To make the formulation unit comprehensive Company is planning to add injectibles. To finance the project Company is already in advance talks with a leading Bank. However this project is expected to be finalized and implemented only towards the end of Calendar year 2004 and reflect in the top and bottom line only from the financial year 2005-2006.

Also on the anvil is production of vaccines for the veterinary market since the Company is already a leader in the field and well established in similar line of products and have to sell to the same client base. Hence with an established market for these products it would be a natural progression to develop this line in FY 2005-2006. Moreover with the introduction of this product line the Company will be grabbing a foothold in the bio-tech arena which consequently opens up new possibilities and areas of growth lending further credence to optimism for the future.



DIRECTORS REPORT

Dear Members,

Your Directors are pleased to submit their Nineteenth Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March 2004.

The previous financial year 2003-2004 was a transitional year for your Company. Company moved decisively to strengthen and expand its business by Amalgamating with an Unlisted Company namely M/s P. I. Drugs & Pharmaceuticals Limited and positioned itself for a major thrust in to the market of Drugs & Pharmaceuticals. We, the company people, are dedicating ourselves to build the Company into a global Pharmaceutical Powerhouse. Company's unique strengths and assets provide it singular ability to achieve its vision. Consequent of amalgamation your company has acquired the business of the said P. I. Drugs & Pharmaceuticals Limited. Though the appointed date of the Scheme was 1st October 2002, your directors have decided not to amalgamate the account of the companies for the financial year 2002-2003 that have already been finalized, audited and approved by the shareholders of respective companies by the time the Court delivered the order and sanctioned the Scheme. Accordingly the figure in respect to the financial results of the Company for previous year, as stated in the enclosed accounting statements, are relating to the company prior to the amalgamation.

FINANCIAL RESULTS:

Particulars	(Rs. in lacs)	
	Current year ended 31.03.2004	Previous year ended 31.03.2003
Income from operations	1988.06	Nil
Other Income	31.56	Nil
Gross Profit before Depreciation & Taxation	437.00	(1.26)
Depreciation	37.76	Nil
Provision for Tax	103.73	Nil
Profit after Depreciation & Taxation	295.51	(1.26)

OPERATION:

Your Directors are pleased to inform you that Albendazole production has standardized in Mahad plant of the Company and the Company has started marketing the bulk drug in the Indian market. This product is expected to give good base to your Company. Your Company is continuing to pursue the business of manufacturing and exporting granules of Bulk drug. This is expected to make a beginning of export dosage formulation of API. Company has acquired a place in Jigini Industrial Area near Bangalore and the same is being used for in-house Research & Development. Company is also manufacturing & exporting intermediate Phenyl Mercapto Aniline to Mexico.

DIVIDEND:

Your Company is in the process of expanding its operation by expanding the production capacity and exploring new markets. With these goals in mind your Directors have decided to plough back the profit and not recommended any dividend to the equity shareholders. The preference shares that carry a cumulative dividend of 5% are allotted on 31st March 2004 and so not entitled for the dividend pertaining to the financial year 2003-2004.

P.I. DRUGS & PHARMACEUTICALS LIMITED**CHANGE IN NAME OF THE COMPANY:**

The Hon'ble High Court has approved the Scheme of Amalgamation of the Company vide its order dated 23rd September 2003. Pursuant to the Scheme the name of the Company was changed to M/s P. I. Drugs & Pharmaceuticals Limited, after following the procedure as laid down in the Act. The Registrar of Companies has issued fresh Certificate of incorporation consequent upon the change in name on 25th March 2004.

PERSONNEL:

There is no employee drawing salary exceeding or equal to the limit as prescribed in the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

The information required under Section 217(1)(e) of the Companies Act, read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 is appended hereto and forms part of this report.

DIRECTORS:

Pursuant to the Scheme of Amalgamation Mr. L. N. Bhat, Managing Director, Mr. S. V. Shanbhag and Mr. S. N. Jaggannath, Executive Directors of erstwhile M/s P. I. Drugs & Pharmaceuticals Limited were appointed the Managing and Executive directors of the Company respectively. Mr. Aditya Desai and Mr. Bharat Merchant were also appointed directors of the Company by Shareholders in their Extra-ordinary General Meeting held on 15th December 2003.

Mr. Yogesh Parikh, Mrs. Gita Parikh, & Kartik Kapadia Directors will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year Mr. Rajen Desai was appointed as Additional Director and pursuant to section 260 of the Act would cease to be a director on the conclusion of ensuing Annual General Meeting.

DEPOSITS:

The Company has not invited or accepted any deposits from Public during the year.

INDUSTRIAL RELATIONS:

The Industrial relations continued to be cordial throughout the year.

CORPORATE GOVERNANCE

The Board has been committed to adopt, besides any obligations under relevant laws or regulations, relevant best practices for Corporate Governance. Further, the Company is regular in filing and submitting reports on Corporate Governance to the Stock Exchange wherein it is listed and has fully implemented all the requirements of Clause 49 of the Listing Agreement

AUDIT COMMITTEE :

Pursuant to the Companies (Amendment) Act, 2000, Board of Directors has constituted an audit committee, The present constitution of Audit Committee is of three Non-Executive Directors, Mr. Aditya Desai, an independent Non Executive Director is the Chairman of said committee. The Company Secretary used to act as Secretary of the Audit Committee.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies (Amendment Act) 2000, the Directors of the Company state as under that:

- (i) in the preparation of annual accounts, applicable Accounting Standards have been followed.
- (ii) the selected accounting policies are consistently applied and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for that period.
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared annual accounts on a going concern basis.

AUDITORS:

M/s. L. T. Jadav & Co., Chartered Accountants of Mumbai, will retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness for re-appointment.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation of the support and co-operation received from the Government authorities and the Company's Bankers. Your Directors also commend the contribution made by the employees.

By order of the Board of Directors
For **P. I. DRUGS & PHARMACEUTICALS LIMITED**

PLACE: THANE.
DATE : 18.08.2004

(ADITYA DESAI)
CHAIRMAN

P.I. DRUGS & PHARMACEUTICALS LIMITED**ANNEXURE****FORM A**

(See Rule 2)

Form for Disclosure of particulars with respect to conservation of Energy:

A. POWER AND FUEL CONSUMPTION:

	Current Year	Previous Year
1. ELECTRICITY:		
(a) Consumed Unit	930214	N.A.
Total amount (Rs.in lacs)	36.07	N.A.
Rate/Unit (Rs.)	3.88	N.A.
(b) Own generation through Diesel Generator Set:		
Unit	31760	N.A.
Unit per-litre of diesel oil	3.19	N.A.
Cost/Units	8.18	N.A.
2. COAL:		
Quantity (tones)	NIL	NIL
Total Cost	NIL	NIL
Average rate	NIL	NIL
3. FURNACE OIL/L.D.O.:		
Quantity (litres)	297889	N.A.
Total amount (Rs. in lacs)	50.33	N.A.
Rate/Litre	16.90	N.A.
4. OTHER/INTERNAL GENERATION:		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate/Unit	NIL	NIL