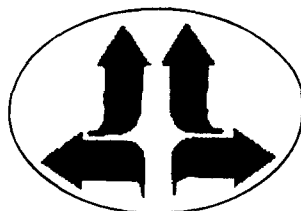




P I Drugs & Pharmaceuticals Ltd

Annual Report 2005-06

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P. I. DRUGS & PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS:

MR. BHARAT MERCHANT
MR. L. N. BHAT
MR. ADITYA R. DESAI
MR. S. N. JAGANNATH
MR. S. V. SHANBHAG
MRS. BINA SHAH

Chairman
Managing Director

Executive Director
Executive Director

COMPANY SECRETARY

MRS. LATA VARSHNEY

AUDITORS

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

BANKERS

STATE BANK OF INDIA
HDFC BANK
INDIAN OVERSEAS BANK
CALYON BANK
UTI BANK

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 Ambernath, MIDC Indl. Area,
Ambarnath (East), Dist. Thane.
Research & Development Center, Bangalore & Kumta.

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 Twenty First Annual General Meeting of the members of **P.I. DRUGS & PHARMACEUTICALS LIMITED** will be held on Saturday, the 30th day of September, 2006 at Hotel Royal Inn, Gokul Nagar, Thane(W) – 400 601 at 9.30 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and to adopt the Audited Balance Sheet of the Company as at 31st March 2006 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. Bharat Merchant, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Aditya Desai, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditor for the financial year 2006-07 and fix their remuneration. The retiring Auditors M/s. L. T. Jadav & Co. are eligible for re-appointment.

SPECIAL BUSINESS:

5. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT in super session of resolution passed at the Thirteenth Annual General Meeting of the Company held on 17th August 1998 and pursuant to Sub-section (1)(d) of Section 293 of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that money to be borrowed together with moneys already borrowed by the Company, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up-to which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 100 Crores at any one time.

6. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING AS A SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authority from time to time, to the extent applicable, and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized on behalf of the Company to create, issue, offer and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of the said issue and for such categories of persons including employees of the Company as may be permitted), in the course of one or more public or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, including pursuant to any rules, regulations, guidelines that may be prescribed by the SEBI in relation to placement of equity shares with institutional investors by way of a domestic offering, equity shares and/or equity shares through depository receipts and/or convertible bonds and/or other securities convertible into equity shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to equity shares and/or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant holder to subscribe for the equity shares and/or warrants with an option exercisable by the warrant-holder to subscribe for equity



shares and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares provided that the aggregate amount to be raised do not exceed US Dollars 20 million (or equivalent amount in any other currency), (including the issue and allotment of equity shares pursuant to a green shoe option, if any), (all of which are hereinafter collectively referred to as 'securities') to eligible investors (whether residents and/or non-residents and/or institutions/banks and/or incorporated bodies, and/or individuals and/or trustees and/or stabilizing agents or otherwise, and whether or not such investors are members of the Company) through prospectus and/or letter of offer or circular and/or on public and/or private /preferential placement basis, for, or which upon exercise or conversion of all securities so issued and allotted could give rise to, issue of an aggregate face value of equity shares not more than 100% of the paid-up capital at the relevant time(s) of issue of securities, such issue and allotment to be made at such time/times, in one or more tranches, at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of securities.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the securities may have all or any terms or conditions or combination of terms in accordance with prevalent market practice, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any securities or variation of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the securities shall be made to 'Qualified Institutional Buyers' as defined under the SEBI (Disclosure and Investor Protection) Guidelines, 2000 in the event that such issue is made in accordance with the rules, regulations, guidelines that may be prescribed by the SEBI in relation to placement of equity shares with institutional investors by way of a domestic offering.

RESOLVED FURTHER THAT the Company and/or any agency or body or person authorized by the Board, may issue depository receipts representing the underlying equity shares in the capital of the Company or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more Stock Exchange(s) in or outside India).

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking *pari passu* inter-se and with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of securities issued, such as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s), including but not limited to prospectus, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make listing application, as per their discretion, to other Stock Exchanges, whereat presently the shares of the Company are not listed, including National and International Stock Exchanges.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee(s) of Directors or any one or more Whole-time Directors of the Company, with the power to further delegate any such powers as they may deem fit."

P.I. DRUGS & PHARMACEUTICALS LIMITED**7. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING AS A SPECIAL RESOLUTION:**

RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorized Share Capital of the Company be and is hereby increased from Rs. 12,00,00,000/- to Rs. 15,00,00,000/- by creation of 3000000 Equity Shares of Rs. 10/- each ranking pari passu with the existing equity shares.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted by the following:

- V** "The Authorized Share Capital of the Company is Rs 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs.10/- each with power to increase and/or reduce the capital, to divide the shares in the capital for the time being into several classes and to attach there to respectively such qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or sub-divide the shares and issue shares of higher or lower denominations.

RESOLVED FURTHER THAT pursuant to provisions of Section 31(1) of the Companies Act, the existing article 5 of the Articles of Association of the Company be and is hereby deleted and substituted by the following Article:

- 5.** "The Authorized Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each.

The Company has power from time to time to increase or reduce its capital. Any of the said shares and any new shares thereafter to be created may from time to time be divided into shares of several classes in such manner as may be provided hereinafter and the company may allow and so that the shares of each class may have or confer such preferred or other special rights and privileges as may be issued under such restrictions and conditions whether in regard to dividend, voting, return of capital or otherwise as shall have been assigned thereto by or under provisions of the Articles of Association but so that the special rights or privileges belonging to holders of any shares issued with preferred or other rights shall not be varied or abrogated or affected except with sanction as is provided for hereafter."

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

PLACE: THANE
DATE: 07.09.2006.

(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 shall remain closed from 25th September 2006 to 30th September 2006 (both days inclusive).
3. The Memorandum and Articles of Association shall remain open for inspection by shareholders during business hour at Registered Office of the Company.
4. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business to be transacted in the meeting are annexed hereto.

**ANNEXURE TO THE NOTICE:**

Explanatory Statement in respect of the businesses specified as special in the notice pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 5:

For its expansion plans and working capital requirements company is in need of funds. To meet this requirement directors are considering borrowing of the funds from Banks and or financial institutions

The sanction of the shareholders is sought to permit the Board to borrow money in excess of its capital and free reserves. This is permissible under section 293(1)(d) of the Act, if shareholders approves. Considering the company's plans for expansion, your directors think it necessary to acquire this power and commends passing of this resolution.

None of the Director is concerned or interested in the resolution. The Board recommends the resolution for approval of the members.

ITEM NO. 6:

In order to finance the Company's expansion plans and for other corporate purposes, the Company at appropriate time proposes to raise capital in Indian and/or International Market in one or more tranches by issue of any one or more kinds of shares/securities as detailed in the resolution. This requirement of funds is sought to be met through the most efficient mechanism of issue of appropriate approved instruments

Consent of the members is sought for issuing securities as stated in the resolution which shall result in issuance of further shares of the Company in accordance with the terms and nature of securities to be issued by the Company. The Board, in consultation with its Managers, Merchant Bankers and other Advisors, will finalize detailed terms of the issue including in relation to the pricing of the issue which will be fixed keeping in view the capital market conditions/ practices and guidelines, if any, issued by the Securities and Exchange Board of India (SEBI). The proposed resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company.

Pursuant to the provisions of Section 81 of the Companies Act, 1956, any offer or issue of shares in the Company to persons other than the members of the Company requires prior approval of the members through a Special Resolution. In addition to this the Board seeks the authority of members to carry out various actions for the purpose of giving effect to this Resolution.

The Members are therefore requested to grant their approval and accordingly authorize the Board.

None of the Director is concerned or interested in the resolution. The Board recommends the resolution for approval of the members.

ITEM NO. 7:

Consequent upon the proposal to issue further shares or securities as mentioned in proposed Resolution 6 of the notice it has become necessary to appropriately increase the Authorized share capital of the Company. The present authorized Share Capital of the Company is Rs. 12 Crores and it is proposed to increase it to Rs. 15 Crores and consequent alteration in the Capital Clause of the Memorandum & Articles of Association of the Company.

None of the Director is concerned or interested in the resolution. The Board recommends the resolution for approval of the members.

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

PLACE THANE
DATE: 07.09.2006.

(LATA VARSHNEY)
COMPANY SECRETARY

P.I. DRUGS & PHARMACEUTICALS LIMITED**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are as follows:

1. Mr. Bharat Merchant:

Name	:	Mr. Bharat Merchant.
Age	:	58 years.
Qualification	:	B.A. (HONS), L.L.M. (Mumbai), L.L.M. (Cornell)
Expertise	:	Sole proprietor of Thakordas & Madgavkar, a well reputed firm of Advocate and Solicitors.
Other Directorship	:	One.

2. Mr. Aditya Desai:

Name	:	Mr. Aditya Desai.
Age	:	29 years.
Qualification	:	B. Com.
Expertise	:	Second generation entrepreneur.
Other Directorship	:	NIL.



DIRECTORS REPORT

Dear Members,

Your Directors are pleased to submit their Twenty First Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March 2006.

FINANCIAL RESULTS:

(Rs. In lacs)

Particulars	2005-06	2004-05
Income from operation	3234.79	2546.93
Other Income	64.97	52.63
Gross Profit before Depreciation & Taxation	595.15	520.79
Depreciation	53.50	46.53
Provision for Tax	166.43	167.22
Profit after Depreciation & Taxation	375.22	307.04

OPERATION:

Your Company has become the largest producer of Albendazole in the country. Company also commissioned the liquid line at Additional Ambernath.

Granules manufacture showed good progress during the year. The R & D facility at Kumta is being expanded to cater the need for larger workforce. Company also initiated Regulatory Validation Laboratory at Kumta to encash the business opportunities available in the industry.

DIVIDEND:

Your directors have decided to plough back the profit and not recommended any dividend.

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.

P.I. DRUGS & PHARMACEUTICALS LIMITED**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:

During the year there was no change in the Directors.

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 whereat its securities are 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. Mrs. Bina Shah, an Associate member of Institute of Company Secretary is an expert in the financial matter. Mr. Bharat Merchant an Advocate and Mr. Aditya Desai a commerce graduate are the members of the committee. Mr. Bharat Merchant a Non-Executive Independent Director is the Chairman of the 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 Director of the Company state as under that:

- (i) in the preparation of annual accounts, applicable Accounting Standards have been followed.



- (ii) the Directors had selected such accounting policies and consistently applied them and made 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 at the end of the financial year and of the profit for that period.
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions 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 ongoing 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. Yours 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: 07.09.2006.

(BHARAT MERCHANT)
CHAIRMAN