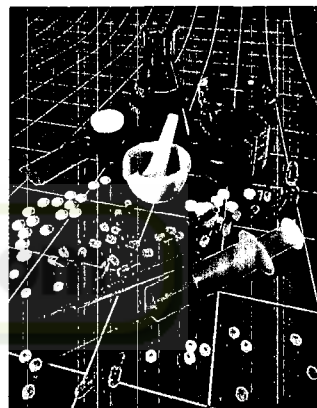
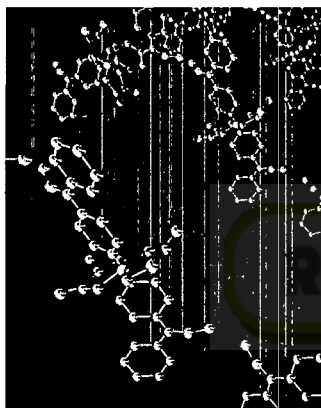


# P I Drugs & Pharmaceuticals Ltd



23rd ANNUAL REPORT  
2007-2008

**P I DRUGS & PHARMACEUTICALS LIMITED****BOARD OF DIRECTORS**

MR. DEEPAK VAIDYA  
Chairman

MR. P M THAMPI

MR. K R RAVISHANKAR

DR. GOPAKUMAR G NAIR

MR. M BALASUBRAMANIAN

MR. L N BHAT

MR. S N JAGANANATH

**COMPANY SECRETARY**  
MRS. LATA VARSHNEY

**AUDITORS**  
M/S B. K. KHARE AND CO.  
Chartered Accountants

**SUBSIDIARY COMPANY**

M/s Elixir Chemicals Private Limited  
1, Chintamani Apartments, Mithagar Road  
Mulund (E), Mumbai - 400 081

**BANKERS:**

HDFC Bank  
State Bank of Hyderabad  
Union Bank of India

**REGISTERED OFFICE:**

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

**PLANTS:**

- Plot No. 7, MIDC Engineering Zone, Kalyan Badlapur Road, Ambarnath - 421 501.
- W-152, MIDC, Tarapur, Boisar, Dist. Thane
- B-32, G-2, G-3, MIDC, Mahad, Dist. Raigad.
- A-68, Additional Ambarnath, MIDC Indl. Area, Ambarnath (E), Dist. Thane.
- Research & Development Center,  
Plot No. SPL9 Industrial Area, Kumta-581343,  
Karnataka.
- Pilot Plant  
11 KIADB Industrial Area, YIGANI ANEKAN Taluka,  
Bangalore (South) - 562106.
- Plot No. W-150/151, W-136-141, MIDC, Tarapur, Boisar,  
Thane.
- A-14, MIDC (Phase - I), Dombivli (E), Thane.

**REGISTRAR & SHARE TRANSFER AGENT:**

M/s. Adroit Corporate Services Pvt. Ltd.  
19, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor,  
Makwana Road, Marol Naka, Andheri (E),  
MUMBAI - 400 059.

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

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of the members of **P.I. DRUGS & PHARMACEUTICALS LIMITED** will be held on Monday the 15th day of September, 2008 at Hotel Tunga Regency, Plot No 37, Sector 30-A, Next To Centre 1 Mall, Vashi, Dist. Thane - 400 703 at 11.30 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 2008 and Profit & Loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To declare dividend for the financial year 2007-2008 on equity shares.
3. To appoint a director in place of Mr. S. N. Jagannath, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. M Balasubramanian, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s B K Khare & Co., Chartered Accountant as Statutory Auditors for the financial year 2008-09 and to fix their remuneration.

**SPECIAL BUSINESS:**

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

**6. AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Deepak Vaidya, who was appointed Additional Director by the Board of Directors of the Company and in respect of whom a Notice has been received from a shareholder proposing his candidature for the office of Director, be and is hereby appointed Director of the Company.

**7. AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. P M Thampi, who was appointed Additional Director by the Board of Directors of the Company and in respect of whom a Notice has been received from a shareholder proposing his candidature for the office of Director, be and is hereby appointed Director of the Company.

**P I DRUGS & PHARMACEUTICALS LIMITED****8. AS A SPECIAL RESOLUTION:**

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII Part I & Part II, or any statutory modifications or reenactment thereof, if any, Mr. L.N. Bhat, Managing Director, be and is hereby re-appointed for a further period of three year effective 1<sup>st</sup> September 2008 on a remuneration as per Schedule XIII Part II Section II (B) or 5% of the profit of the Company in a financial year whichever is higher.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do the needful to give effect to the resolution.

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

PLACE: THANE  
DATE : 08.08.2008.

(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 15.09.2008 to 20.09.2008 (both days inclusive) and for the purpose of payment of dividend 15th September 2008 be the Record Date.
3. The dividend, if declared by the shareholders for the year ended March 31, 2008 will be payable on or after 25th September 2008.
4. The Memorandum and Articles of Association shall remain open for inspection by shareholders during business hours at the Registered Office of the Company
5. The explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business to be transacted in the meeting are annexed hereto.

**P I DRUGS & PHARMACEUTICALS LIMITED****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. 6 & 7:**

Mr. Deepak Vaidya & Mr. P. M Thampi being independent directors were co-opted by the Board in its meeting held on 25<sup>th</sup> October 2007 as additional directors.

Pursuant to Section 260 of the Companies Act they are vacating the office at the conclusion of ensuing Annual General Meeting. However pursuant to Section 257 Company has received notices from shareholders proposing their candidature for the office of Directors. The details of their qualification & experience are given as Annexure to this notice and forming part of it.

Except the respective Directors no other Director is interested in the resolutions. Your Directors recommend the resolution for your approval.

**ITEM NO. 8:**

The tenure of appointment of Mr. L N Bhat, Managing Director is going to conclude on 31<sup>st</sup> August 2008. However considering contribution made by Mr. L N Bhat, the Board of Directors of your Company has re appointed him for a further period of three years on the terms and conditions relating to remuneration and perquisites as specified below:

Basic salary not to exceed 5% of profit or the limit as specified in Schedule III Part II Section II (B) whichever is higher.

Perquisites: In addition to his basic salary following perquisites shall also be admissible to Mr. L N Bhat.

- (a) Stock Option as may be granted by the Remuneration Committee pursuant to the ESOP as applicable to other employees of the Company.
- (b) Use of office car with Chauffeur for official purpose. Director shall be entitled for reimbursement of petrol and other costs incurred for maintenance of car on actual basis.
- (c) Company's Contribution towards Provident Fund for an amount not exceeding the limits as specified in Income Tax Act, 1960.
- (d) Gratuity at the rate of one half month's salary for each completed year of services.
- (e) Leave on full remuneration as per the rules of the Company. In case leave not availed of by the Director, he shall be entitled to en-cash the same at the end of his tenure.

**P I DRUGS & PHARMACEUTICALS LIMITED**

Mr. L N Bhat was appointed Managing Director for three years effective 1<sup>st</sup> September 2005 and his remuneration was revised to 5% of profit or the limit as specified in Schedule III Part II Section II (B), whichever is higher, effective 1<sup>st</sup> September 2007 with the consent of shareholders obtained through Postal Ballot.

Your Company is in the Pharmaceutical business and is self sufficient in terms of technical knowledge and innovation. There is no foreign collaboration Agreement Company has entered into. During the financial year ended on 31<sup>st</sup> March 2008 your Company has achieved a turn over of Rs.67.79 Crores that includes Rs. 28.46 Crores towards the export sale, and earned a profit before tax of Rs. 2.74 Crores.

The remuneration proposed to be paid to Mr. Bhat is well comparable with the prevailing remuneration paid to the Directors of the Companies of comparable size in the industry. Except the remuneration Mr. L N Bhat has no other pecuniary relationship with the Company.

The major part of the Company's turnover is from the export sales and due to depreciation in the value of dollar in terms of rupee the same has suffered adversely. Company is taking steps to increase volume to generate more profit.

**NATURE OF DUTIES:** The Managing Director shall, subject to the supervision and control of the Board of Director, be perform such duties as shall, from time to time, be entrusted to him.

Except Mr. L N Bhat none of the Director is concerned or interested in the resolution. This may also be considered as Notice pursuant to Section 302 of the Companies Act.

Yours Directors recommend the resolutions for your approval.

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

PLACE: THANE  
DATE : 08.08.2008.

(LATA VARSHNEY)  
COMPANY SECRETARY

**P I DRUGS & PHARMACEUTICALS LIMITED****DIVIDEND:**

The Board of Directors of the company is pleased to recommend a Dividend of 10% (Rs. 1/- per equity share of Rs 10/- each) for the financial year 2007-08. This dividend if approved at the ensuing Annual General Meeting, would be payable for all equity shares existing on the record date.

**ACQUISITION OF PHARMA BUSINESS OF A COMPANY:**

During the year your Company has acquired Pharma Division of Transchem Limited under a business transfer agreement w.e.f. 1st September, 2007.

**AMALGAMATION OF SUBSIDIARY COMPANY:**

Your Company has acquired M/s. Elixir Chemicals Pvt. Ltd during last financial year. As part of ongoing strategy for consolidation and efficiency in operation your directors have decided to amalgamate the subsidiary with the Company. The petition for amalgamation is pending with High Court, Mumbai.

**DIRECTORS:**

To strengthen the Board Mr. Deepak Vaidya and Mr. P M Thampi were co-opted by the Board during the year as Additional Directors.

Mr. Bharat Merchant and Mrs. Bina Shah resigned from the office of Director during the year. The Board placed on record the valuable services rendered by them for growth of the Company.

Mr. S N Jagannath and Mr. M Balasubramanian, Directors retire by rotation, and being eligible have offered themselves for re-appointment.

The tenure of appointment of Mr. L N Bhat Managing Director is concluding on 31st August 2008. Your Directors propose to re-appoint him for a further period of three years effective 1st September 2008.

**CHANGE IN PAID-UP SHARE CAPITAL:**

During the year your company raised its share capital from Rs 750 lacs to Rs. 1108.52 lacs by:

- a) Allotment of 27,85,188 shares at Rs 65/- per share to promoters on preferential basis.
- b) Allotment of 8,00,000 equity shares at Rs 47/- per share to non promoters on conversion of 800000 warrants allotted to them on preferential basis.

**PERSONNEL:**

Yours Directors place on record their appreciation of the good work of all employee of the Company. Information pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 will be provided on request.

**EMPLOYEE STOCK OPTIONS:**

The Company is in the process of implementation of Employee Stock Option Scheme to the employees of the

**P I DRUGS & PHARMACEUTICALS LIMITED**

Company and its subsidiary pursuant to the Scheme as approved by shareholders by way of Postal Ballot on 25th March 2008.

**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.

**DEPOSITS:**

The Company has not invited or accepted any deposits from public during 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 where its securities are listed and has fully implemented all the requirements of Clause 49 of the Listing Agreement.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange Mumbai, Management Discussion and Analysis Report is attached herewith and forms part of this Report.

**AUDIT COMMITTEE:**

Pursuant to Section 292A of the Companies Act the Board of Directors has constituted Audit Committee consisting of four Directors as its members. The majority of members of the Audit Committee are Independent Directors. Mr. Deepak Vaidya, a Non-Executive Independent Director is the Chairman of the said Committee. The Company Secretary used to act as Secretary to the Audit Committee.

**SAFETY AND ENVIRONMENT**

The company continued to enjoy satisfactory environment, Health and Safety (EHS) performance during the year. The Company's facility at Tarapur (Elixir) is accredited with ISO 9001. Continual improvement has been made at plant sites to meet the growing stringency in the regulatory regime.

**INDUSTRIAL RELATIONS:**

The Directors wish to place on record the harmonious industrial relations existing at various units as well as their notable contribution at the work place.

**DIRECTORS REPLY TO AUDITORS QUALIFICATION:**

As regards qualification in Auditors Report (refer note 5(f)) your company is of the opinion that in respect of derivative contracts on prudent estimate, they do not anticipate any loss where the trigger for loss is determinable only on date of expiry of contract i.e. Nov 2009. Hence MTM losses has not been provided for.



**P I DRUGS & PHARMACEUTICALS LIMITED****DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to section 217(2AA) of the Companies Act, 1956, 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 the year.
- (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. B. K. Khare & Co., Chartered Accountants of Mumbai, will retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting. Your Directors propose to re-appoint them as Statutory Auditors for 2008-09. M/s. B. K. Khare & Co has certified that if appointed, their appointment will be in accordance with the limits as specified in Section 224(1B).

**ACKNOWLEDGEMENT:**

The Directors thank the Company's customers, vendors, investors, business associates and bankers for their support to the Company.

The Directors also thank the Government of India and the Governments of various countries, the concerned State Governments and other Government Departments and Governmental Agencies for their co-operation.

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

PLACE: THANE  
DATE: 08.08.2008.

(DEEPAK VAIDYA)  
CHAIRMAN

**P I DRUGS & PHARMACEUTICALS LIMITED**

**ANNEXURE  
FORM A  
(See Rule 2)**

**Form for Disclosure of Particulars with respect to conservation of Energy:**

<b>A. POWER AND FUEL CONSUMPTION :</b>	<b>2007-08</b>	<b>2006-07</b>
<b>1 ELECTRICITY :</b>		
<b>(a)</b> Consumed Unit	2752175	1624877
Total amount (Rs. in Lacs)	130.02	82.38
Rate / Unit (Rs.)	4.72	5.07
<b>(b)</b> Own generation through Diesel Generator Set:		
Unit	192511	142622
Unit per-litre of diesel oil	3.07	2.99
Cost / Unit (Rs.)	11.24	12.34
<b>2 COAL :</b>		
Quantity (tonnes)	NIL	NIL
Total Cost	NIL	NIL
Average rate (Rs.)	NIL	NIL
<b>3 FURNACE OIL / L.D.O. :</b>		
<b>(a) L.D.O. :</b>		
Quantity (litres)	92726	83014
Total amount (Rs. in Lacs)	25.86	22.77
Rate/Litre (Rs.)	27.88	27.43
<b>(b) FURNACE OIL :</b>		
Quantity (litres)	720660	420025
Total amount (Rs. in Lacs)	140.91	62.51
Rate / Litre (Rs.)	19.55	14.88
<b>4 OTHER / INTERNAL GENERATION :</b>		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit (Rs.)	NIL	NIL