



MISSION

In Support of Life

VISION

A Leading Health
Management Company

GOAL

To establish Leadership in
all Therapeutic areas
through Novel Therapies
and Education

OBJECTIVE

To be Globally present
as a Health Management Company

ANNUAL REPORT
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The Chairman's Expression on Work Environment



*A*t Panacea Biotec we are committed to create the best environment where people can be creative, innovative and enjoy working to achieve organisation's set objectives.

Soshil Kumar Jain
Chairman

Managing Director's Focus on Customer Communication



Highly professional communication to our customers, interactive, electronic and integrated marketing with customer needs, wants and aspirations, as our main focus, leading to higher growth and profitability in line with Organisation's objectives.

Ravinder Jain
Managing Director

BOARD OF DIRECTORS (As on 31st July, 2003)

Promoter Directors

Mr. Soshil Kumar Jain	Chairman
Mr. Ravinder Jain	Managing Director
Mr. Rajesh Jain	Joint Managing Director
Mr. Sandeep Jain	Joint Managing Director

Professional Directors

Mr. Ashwani Jain	Director - Operations & Projects
Mr. Sunil Anand	Director - Finance (w.e.f. 24.04.03)

Non-Executive Directors

Mr. R.L. Narasimhan	Director
Mr. N.N. Khamitkar	Director
Mr. Sunil Kapoor	Director
Mr. M.L. Kalra	Director
Mr. C.C. Bhagat	Director
Dr. G.K. Vishwakarma	Director
Mr. Gurmeet Singh	Director

REGISTERED OFFICE

- Ambala-Chandigarh Highway, Lalru - 140 501, Punjab.

CORPORATE, ADMINISTRATIVE & SECRETARIAL OFFICE

- B-1 Extn./G-3, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044.

WORKS

- Ambala-Chandigarh Highway, Lalru - 140 501, Punjab.
- B-1/E-12, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044.
- A-241/242, Okhla Indl. Area, Phase - I, New Delhi - 110 020.

R&D UNITS

- Ambala-Chandigarh Highway, Lalru - 140 501, Punjab.
- A-224, Okhla Indl. Area, Phase - I, New Delhi - 110 020.
- C-147, Industrial Area Phase VII, Mohali - 160 051, Punjab.

AUDITORS

- M/s S.R. Batliboi & Co., Chartered Accountants, New Delhi.

REGISTRAR & TRANSFER AGENTS

- M/s Skyline Financial Services Pvt. Ltd., New Delhi.

FINANCIAL INSTITUTIONS/ BANKERS

Bank of Bahrain & Kuwait B.S.C.
Bank of Baroda
Canara Bank
Export-Import Bank of India
IDBI Bank Ltd.
Industrial Development Bank of India
Life Insurance Corporation of India
Mizuho Corporate Bank Ltd.
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Indore
State Bank of Travancore
UTI Bank Ltd.
Vijaya Bank
Vysya Bank Ltd.

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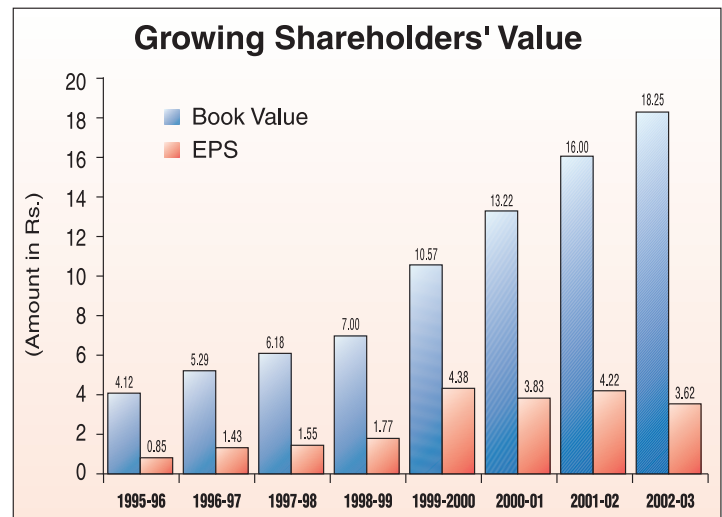
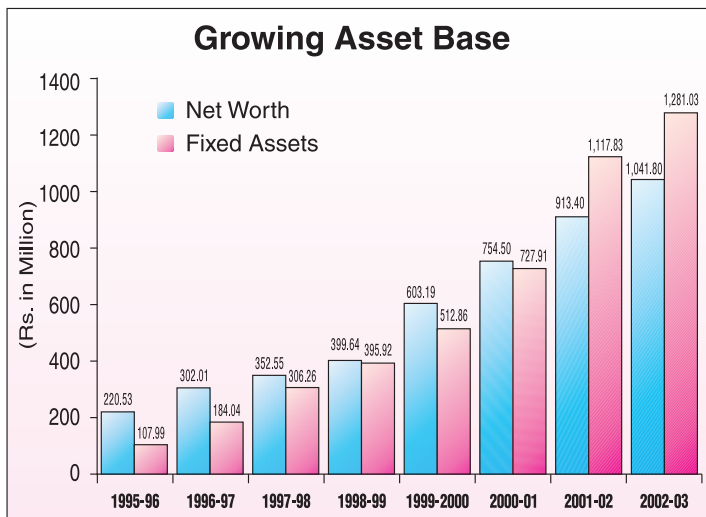


Financial Highlights

(Rs. in Million)

Particulars	2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96
Paid-up Share Capital - Equity	57.17	57.17	57.17	57.17	57.11	57.08	57.04	53.56
- Preference	53.47	62.97	67.97	100.00	50.00	-	-	-
Reserves and Surplus	1,008.73	879.28	701.64	546.02	435.55	361.94	291.11	199.10
Net Worth	1,041.80	913.40	754.50	603.19	399.64	352.55	302.01	220.53
Gross Fixed Assets	1,281.03	1,117.83	727.91	512.86	395.92	306.26	184.04	107.99
Loan Funds	1,318.73	1,086.03	745.40	703.51	372.95	343.45	111.18	94.80
Current Assets	1,906.89	1,592.26	1,281.30	1,210.83	673.68	583.22	357.41	295.14
Current Liabilities	508.58	475.96	325.83	230.59	152.88	119.68	95.41	70.00
Sales	2,838.58	2,833.17	2,271.11	1,943.80	1,135.40	925.36	916.61	604.18
Total Income	2,867.98	2,857.33	2,346.12	1,946.51	1,139.26	926.77	918.30	605.08
Profit Before Interest, Depreciation & Tax	551.37	588.76	604.89	431.95	177.43	142.41	128.96	62.87
As % of Sales	19.42%	20.78%	26.63%	22.22%	15.63%	15.39%	14.07%	10.41%
Profit Before Tax	336.31	406.39	426.09	329.34	115.09	95.43	91.61	45.27
Profit After Tax	214.22	249.30	228.78	259.34	106.59	87.93	81.41	45.27
As % of Sales	7.55%	8.80%	10.07%	13.34%	9.39%	9.51%	8.88%	7.49%
Cash Accruals	330.18	321.62	292.66	303.42	137.41	108.92	100.99	56.68
Dividend (%) - Equity	100%	100%	100%	100%	30%	30%	20%	15%
Book Value (Rs.)*	18.25	16.00	13.22	10.57	7.00	6.18	5.29	4.12
Earning Per Share (EPS)*	3.62	4.22	3.83	4.38	1.77	1.54	1.43	0.85
Cash EPS*	5.40	5.42	4.88	5.15	2.31	1.91	1.77	1.06
Current Ratio	1.26	1.26	1.26	1.44	1.85	1.58	1.91	1.95
Debt Equity Ratio	0.31	0.36	0.11	0.21	0.40	0.27	0.06	0.06

* Per Equity Share of Re.1/- each





DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Nineteenth Annual Report together with the Audited Annual Accounts of the Company for the year ended 31st March, 2003 and Auditors' Report thereon.

Performance Review

Your Directors are pleased to inform that your Company has continued its trend of steady and consistent growth over the years. The Company's performance during the year under review, is summarized below:

(Rs. in Million)

Particulars	For the year ended 31st March, 2003	For the year ended 31st March, 2002
Gross Sales	2,839	2,833
Other Income	29	24
Total Income	2,868	2,857
Profit before Interest, Depreciation & Tax	551	589
Financial Expenses	119	117
Profit before Depreciation & Tax	433	472
Depreciation	96	65
Profit before Tax	336	406
Provision for Taxation	122	157
Profit after Tax	214	249
Appropriation:		
Dividend Paid/Proposed		
- On Equity Shares	57	57
- On Preference Shares	7	8
Tax on Dividend	8	1
Transfer to Capital		
Redemption Reserve	10	5
Transfer to/(from) Debenture Redemption Reserve	(13)	-
Transfer to General Reserve	100	100
Earnings per Share (EPS) (Rs.)*	3.62	4.22
Book Value per Share (Rs.)*	18.25	16.00
Dividend on Equity Shares (%)	100	100

*Per Equity Share of Re.1/-

Share Capital

During the year under review, 7,50,000 - 12% Redeemable Preference Shares (RCPS) of Rs.10/- each aggregating Rs.7.5 Million (issued to Industrial Development Bank of India during 1998) and 2,00,000 - 12% RCPS aggregating Rs. 2 million (issued to directors & their relatives) were redeemed during the year.

Further, as approved by the shareholders of the Company in their Extra-ordinary General Meeting held on 28th December, 2002, Equity Share of Rs.10/- each in the Company has been sub-divided into 10 Equity Shares of Re.1/- each and 11th February, 2003 was fixed as the Record Date for the exchange of existing Equity Shares into sub-divided Equity Shares of Re.1/- each. In respect of Shares held in electronic form, the new Shares had been credited to the Shareholders' respective Accounts through depository system and in respect of shares held in physical form, new Share Certificates had been sent to all those shareholders who had surrendered their old Share Certificates to the Company.

Dividend

In respect of 12% Redeemable Cumulative Preference Shares issued to IDBI and redeemed on 20th April, 2002, the Dividend for the financial year ended 31st March, 2003, has been paid by way of Interim Dividend (pro-rata) at the rate of 12%, as declared by the Board in its meetings held on 27th June,



2002 and as such no further Dividend has been recommended on such Shares as final Dividend. Further, your Directors have recommended a Dividend of 12% on the 12% Redeemable Cumulative Preference Shares (Series II), for the financial year ended 31st March, 2003.

Your Directors are also pleased to recommend a Dividend of 100% (Re.1/- per Equity Share of Re.1/- each) on the Equity Share Capital of the Company for the financial year ended 31st March, 2003.

The Dividend as above on the Equity and Preference Shares, is placed before you for your approval at the ensuing Annual General Meeting and, if approved, will absorb an amount of Rs.57.08 Million and Rs.6.62 Million, respectively.



Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the relevant information is given below:

a) Pharmaceutical Market

The Indian Pharmaceutical industry has been a highly competitive yet fast growing industry. The growth in the last few years has been between 6% and 10% which is similar to the global pharma situation.

In 2002-03, the domestic pharmaceutical market registered a growth of 6% in value and 7% in volume (Source: ORG). There has been a minimal effect of prices in driving growth and most of the growth has come from increase in sales of existing products and the launch of new products.

Global Market - The global Pharmaceutical industry is projected to grow at a **compounded annual growth rate (CAGR) of 5-6 percent** per annum in the next three years. The growth rates differ across nations, with the developing nations, mainly in Asia, showing a high annual growth in the range of **10-15 percent**. This higher growth rate is due to the two reasons:

- Cost-containment pressure in developed countries have kept prices low, and
- General lower levels of health, coupled with export opportunities and low domestic per capita consumption, provides higher growth potential in developing nations.

Domestic Market - Formulations account for around 81 percent of the gross domestic output of the pharmaceutical industry, with bulk drugs accounting for the remaining 19 percent. The total production (bulk drugs and formulations) over the last 7 financial years has grown at a CAGR of around 16 percent. Looking at the components, bulk drugs witnessed a CAGR of 19 percent while formulations had a CAGR of 15 percent over the same period. The high level of performance by the Indian pharmaceutical sector is largely attributed to the sale of generics and a lot of optimism in the Research & Development areas. Increased growth in exports of bulk drugs, formulations and generics are the primary reasons cited for the good performance, and despite the general gloom in the economy, the global opportunities that opened up for this sector offered a tremendous boost.

b) Goals, Objectives and Strategies

The Company's long-term goals and objectives include:

- Becoming a leading Health Management Company, establishing therapeutic leadership through novel therapies, innovative drug delivery systems and approaches towards medical and patient education.
- To be globally present as a Health Management Company.
- Investing on Research and Development, manufacturing facilities with latest international norms such as WHO, US FDA, MCA, etc. and aggressive marketing.



Marketing Strategy

Under a dynamic leadership, your Company has strengthened its Marketing Management and team structure, initiated new training and development activities and provided its employees with the enrichment necessary to best manage and service customers.

The company has more than 900 sales personnel who promote the products of its 5 Strategic Business Units (SBUs) - **Primary Care, Critical Care, Gem Care, Pain Care & Diacar**, to the medical profession. Besides Pain Management, diabetic Management and Vaccines, the company has significant presence in other therapeutic areas, namely, Renal Transplantation, Osteoporosis, Anti-infectives, Tuberculosis, Peptic Ulcer, Cardiac Emergencies, Migraine and Dietary Supplements. The Company also has worldwide patents for many of its products.

Domestic Marketing Strategy – The Company has developed a domestic Network of skilled and trained pharmacy graduates and post-graduates drawn from the premier management schools of the country and covering practically each of the 450 odd districts of the country reaching the doctor population of about 110,000. The brands are being promoted and distributed on all India basis through the company's own efficient logistic network of 25 branches/ C&F Agents and over 1,100 stockists/ dealers spread over the country.



DIRECTORS' REPORT (contd.)

The branch offices/depots and C&F Agents are well connected with the Corporate office/Central Warehouse with the help of the latest communication facilities. The Company has been able to manage the right balance between demand and supply by analysing the stock and sales statements made available through the internet based daily data transfer. The Company regularly arranges business meets with its stockists in different states in order to bring our business partners close to the Company creating a long lasting business relationship.

The Company's Marketing and Logistic teams work in close tandem thereby ensuring quick market reach with product availability and a much improved debtors cycle (better than the industry average).

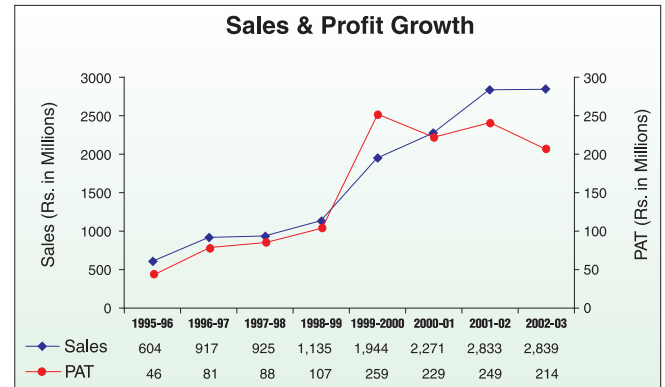
Export Marketing Strategy – The Company has identified exports as the major thrust area of operation and its efforts on the export front have shown positive results. With a view to facilitate exports, your company is taking steps for increasing its global brand portfolio and marketing in the international markets.

To add value to its global image, your Company has been regularly participating in major international conferences and world congresses. Your Company has also got Brand Registration for more than 60 different brands in different countries and marching ahead to explore the opportunities for licensing some of its patented products for manufacture / marketing in developed countries in Europe, North America, Latin America, etc.



c) Sales & Profitability

Despite the cut throat competition in the pharmaceutical market and adverse impact on sale during last two months due to uncertainties of VAT, the year under review has been satisfactory for your Company with Sales turnover of Rs.2,839 Million as against Rs.2,833 Million in the previous year. The Company has achieved export turnover of Rs.1,505 Million (including deemed export of Rs.1,381 Million) as against Rs.1,830 Million (including deemed export of Rs.1,760 Million).



The total sales of branded formulations had increased to Rs.1,140 Million during 2002-03 as against Rs.891 Million during the previous year thus recording a growth of more than 27 per cent over the previous year, matching with stipulated objectives.

The sales turnover of the Company's vaccines division during the year has been Rs.1,699 Million as against Rs.1,942 Million during the previous year. The sales has been lower in view of decline in Exchange Rate of \$/INR and marginal reduction in Sale Price and Volume of OPVs.

Moreover, the Company's initiatives towards carrying out value added Research & Development activities for other companies has started yielding results. In fact, during the year under review, your Company had, for the first time, earned an income of Rs.11.50 Million from providing such value added services to a European Company and that too in precious foreign exchange.

Brand review - The Company's brands are being well accepted by the medical fraternity and enjoy excellent market share in their therapeutic segments. There has been a substantial growth in the sales of well-accepted brands of the Company during the year under review as compared to the previous year.

As per retail store audit of ORG (MAT Mar'03), two brands of your company are featuring among Top 200 ranks. **Nimulid** stands at 78th rank and **Glizid-M** at 141st rank. Besides this, top 12 brands of your Company viz. **Nimulid, Nimulid MD, Nimulid Suspension, Alphadol, Alphadol-C, Glizid, Glizid-40, Glizid-M, Glizid MR, Livoluk, Panimum Bioral & Mycept** are among top three brands in their respective categories.



DIRECTORS' REPORT (contd.)

Nimulid
Closes NSAID Gaps

Dissolves Barriers... ...Resolves Pain

Nimulid[®] SP

In Obese & Uncontrolled Type 2 Diabetics

GLIZID-M
Gliclazide 50mg+Metformin HCl 500mg

THE SYMBOL OF MULTIPLE CONTROL

In Newly Diagnosed Type 2 Diabetes

GLIZID-MR 30/60
Modified Release

Modified Release For Desired Levels

Panimun Bioral
Cyclosporine Oral Solution/Capsules USP

Alphadol-C
Aflacalcidol + Calcium

SYNERGY FOR STRENGTH

Microencapsulated Bifedol

Mycept

Adapts to Adopt

Prochlorperazine Maleate - 3mg Buccal Tablets

Bukatel

Technology Driven Drug Delivery

EnivacHB SAFSY

Raloxifene SERM

OSRAL

Selective & Safe... in PMO

As Monotherapy and ADD-on Therapy

Metlong

Extended-Release Metformin HCl 1000/500 mg Tablets
GID Technology & Smart E-release Benefits

In Insulin Resistance with uncontrolled Type 2 diabetes
Once-a-day Glimpiride + Pioglitazone Tablets

PIORYL

Adequate Release...Efficient Utilization

MYGAT
Your ZAP POWER Antibacterial
Gatifloxacin 400/200mg Tablets

In Mixed Infections

OSRAL
Omeprazole 50 mg + Clarithromycin 500 mg Tablets

With a view to continue to have competitive edge in the pharmaceutical industry, your Company had been continuously launching value-added products in a sustained manner. The products launched during the previous year viz. **Nimulid SP & Nimulid MR** (brand-extension in NSAID), **Mygat** (Antibacterial) and **Dolib MD** (Cox 2 inhibitor) have been well accepted in the market and are performing well. Both **Nimulid SP** and **Mygat** enjoy the 2nd position in Nimesulide +

Serratiopeptidase combinations and Gatifloxacin market respectively (Source: ORG MAT Mar'03).

During the year under review, your Company had launched 10 new brands in pain management, anti-diabetics, anti-osteoporosis and anti-infectives. While **Metlong & Pioryl** (Anti-diabetic) are in the diabetic management segment, **Mycept** (immuno suppressant) has been a major success in renal transplantation segment. **Mirt & Madam** (Anti-depressant), **Osral & Calcom** (Anti-Osteoporotic), **Mygat IV** (Injectible brand-extension in Antibacterial) and **Ocimix** (Antibiotics+Amoebicides) are the other brands launched during the year. Further, **Bukatel** an effective treatment for nausea & vomiting associated with migraine in a novel drug delivery system through buccal route has been introduced by your Company for the first time in India.

Enivac-HB Safsy - WHO, UNICEF & UNFPA advocated that all countries should use only auto-disable syringes for immunization by end of 2003. Your Company is known for its pro-activeness and has already taken the lead by developing for the first time in India, Enivac-HB Safsy, a unique ready to use pre-filled auto-disable device for Hepatitis-B Vaccine.

As per the initial market reports, the brands launched during the year have been well accepted in the market and performing well and it is expected that these and other new vaccines proposed to be launched in the coming years will give a significant boost to the growth of the Company. There are also plans on the anvil to launch new brands in other important therapeutic areas, viz. Anti-asthmatics, Anti-arthritic, Anti-diabetics, Anti-tubercular segments, besides specialties in the field of Gynaecology and Gastroenterology.

The Company is also moving ahead for venturing into combination Vaccines, which is a huge and largely unexploited segment in India and abroad till date. A number of other 'value added' vaccines are proposed to be launched in the market over the next few years in order to enhance our market share significantly. **Ecovac-4**, a vaccine for diphtheria, pertusis, tetanus and hepatitis B, is in the pipeline and is expected to be launched soon.

The Company has also entered into an agreement with Biotechnology Consortium of India (BCI) to

**DIRECTORS' REPORT (contd.)**

manufacture and market the **Anti-anthrax Vaccine** developed by JNU. The vaccine is different from drugs such as Ciprofloxacin currently being used in the treatment of anthrax. While the Ciprofloxacin is administered after a person has contacted anthrax, the vaccine develops immunity in the human body to protect from the infection of anthrax bacillus. Pre-clinical acute & sub-acute toxicity studies in animals are in progress and likely to be completed in October, 2003, after which human clinical trials would be initiated.

Profitability

The profit before tax for the year has been Rs.336 Million as against Rs. 406 Million in the previous year. The net profit after tax has been Rs.214 Million as against Rs.249 Million in the previous year. The downfall in the profits has been mainly due to decline in Exchange Rate of \$/INR, marginal reduction in Sale Price and Volume of OPVs besides increase in the marketing and other staff, which has started yielding results by way of increased sales of formulations and would be fully reflected in the current year's sales of formulation products.



The Net worth of the Company has improved to Rs.1,042 Million from Rs. 913 Million as at the end of previous year, thus giving a book value per share of Rs.18.25 as against Rs. 16.00 last year.

The liquidity position has remained comfortable throughout the year. With most of the fixed assets creation financed out of cash accruals, the debt-equity ratio of the Company improved further and is currently at negligible level of 0.31, thus leaving sufficient leverage in the hands of the Company to raise long-term debt for any future expansions.

Medium Term Trends - Aggressive marketing strategy of positioning our products to fill specific therapeutic gaps has led to an improved financial performance of the Company. Over the medium term of five years, sales have recorded a compounded annual growth rate of more than 25 per cent being higher than the industry average. The net profits have also recorded a compounded average growth rate of more than 19 per cent in the last five years. Thus in spite of being a relatively young company, the Company's profitability has been consistently above industry average and favourably matches the profitability of the best-known pharmaceutical companies in the industry.

d) Challenges & Threats

One of the major threats emerging in the pharmaceutical market is the increasing shift towards substitution by rapid proliferation of a new category, "generic generics", which is changing the dynamics of the market in terms of pricing and product promotion. Your Company's brands are continuously evaluated for their clinical safety and efficacy in the Indian sub set of the population as well as outside India. The clinical data of your Company's brands is continuously published in Indian and foreign indexed Journals of repute. Such data is continuously provided to the medical fraternity by our clinical research department and marketing team. This builds lot of credibility to our brands & research efforts in the minds of the medical professionals as a result of which low quality generic products have no locus standi in front of our clinically well researched and used brands.

Recognitions - To remain competitive in such a scenario, your Company is continuously following the strategy to introduce brands of international quality. As a result your Company today enjoys a commanding position amongst the pharmaceutical Companies in India. Your Company is currently **ranked** as the **6th** fastest growing Pharmaceutical Company as per **BS 1000 Report** published in December 2002. The Company is overall ranked at **112th** position among India's 500 most valuable Companies (Source: Business Today, 10th November, 2002). Your Company has also achieved the **46th** rank among pharmaceutical companies of India in **Retail Sales Audit** (as per ORG - March.'03) and **36th** in **Prescription Audit** (as per CMARC Nov'02-Feb'03). Both ORG and CMARC are



leading independent market research companies in India.

e) **Internal Audit and Control**

Your Company's internal control systems and procedures are adequate and commensurate with the size of operations. Standard Operating Manuals have been prepared and modified suitably to match the needs with the change. The internal control system lays down policies, authorisation and approval procedures.

M/s. Dass Gupta & Associates, Chartered Accountants and M/s. S. K. Badjatya & Co., Chartered Accountants are acting as the Internal Auditors of the Company. Post audit reviews are carried out to ensure that audit recommendations have been implemented.

The Audit Committee of the Board of Directors comprising of three non-executive independent Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor, reviews Internal Audit Reports and the adequacy of the Internal Controls. The Auditors & Director (Finance)/Head of Accounts are invited to attend the Audit Committee Meetings.

f) **Safety, Health and Environmental Protection**

Your Company continues to fulfill its responsibilities towards safety, health and environment protection at the manufacturing sites and other offices. All the plants at the manufacturing sites are operated by fulfilling all safety norms.

An Effluent Treatment Plant has been set up and a "Green Belt" has been developed and maintained at the manufacturing site at Lalru to prevent possible adverse environmental impact on the community. The Company also provides suitable training to the Company's employees about the importance of safety in day-to-day life in general and work in particular.



g) **Personnel**

Your Company had 1,936 employees as on 31st March, 2003 as against 1,622 employees as on 31st March, 2002.

The number of employees has increased in view of the Company's increased activities and the strategy of marketing in a more focused manner.

Employee Relations – Good employee relations is the hallmark of Panacea Biotec culture. To ensure a highly motivated and efficient staff and provide for an all round development of its employees, your Company follows the policy of building Employee Relations and ensures a good and harmonious working culture. The company endeavors to employ and maintain competent employees at all positions in the Company and in order to achieve the said objective, the employees are trained and developed on a continuous basis for improvement in their skills and performance.



To achieve these objectives, various measures have been taken by the Company, e.g. provision of **Staff Buses** at Lalru & New Delhi for their commuting to and from the office, **Canteen** facilities at subsidised rates with a view to provide hygienic, sumptuous, nutritious and balanced diet to them and arranging risk insurance by way of **Group Mediclaim & Personal Accident Policies**. The Company has also recently set-up an Employees' **Group Gratuity Trust** for their benefits with LIC's Group Gratuity Scheme. One special feature of the scheme is the provision of substantial life cover payable on untimely death of the employee which will be larger than what would have been payable as per the conventional Gratuity Scheme. Moreover, as a gesture of goodwill, the Company is also providing additional financial support from time to time to the family members of its deceased employees.

h) **Future Outlook**

Your Company visualizes its long-term strategies, venturing into new opportunities available in the horizon, namely, health and disease management. With a special focus on biotechnology, your company has been making concerted efforts to improve the repertoire of its pharmaceuticals and vaccines. A host of new vaccines and pharmaceuticals employing



DIRECTORS' REPORT (contd.)

genetic engineering and recombinant DNA technology are being developed.

The Company's path-breaking innovations have kept it in the vanguard of the Indian pharmaceutical industry. Making substantial headways in the international market as well, Panacea Biotec is poised to become a reckoning global entity.



Growth Prospects - In the next three years, there is bound to be a spate of patent expiries in blockbuster drugs. This is expected to give Indian companies an opportunity to supply bulk drugs and formulations to advanced markets. According to a study conducted by the Confederation of Indian Industry (CII), the Indian pharma industry's objective is to achieve a 20 percent annual growth in exports over the next three years. This will take total exports to US \$ 4 billion by 2005. But there are some caveats here:

- While off-patents drugs can be exported to both developing and developed markets, margins are very low and are expected to go down further.
- Companies keen on exports will have to invest heavily in R&D to develop their exclusive patented molecules so that the products will not face WTO patent hurdles.

As a matter of fact, drug prices in India were never high, primarily because of the absence of product patents, government intervention in the form of DPCO, the availability of a large pool of technically skilled cost competitive resources and the availability of research infrastructure in government laboratories. According to studies, the cost of manufacturing drugs in India is 45 percent lower than generic drug manufacturers in the West. The upshot is the availability of cost effective drugs for the Indian population. Presently, latest drugs are available in India at a much lower price, when compared to most developed countries and many other developing ones.

Generic formulations not included in the patent protection umbrella are expected to become the main drivers of growth for the pharmaceutical sector in India. The generic formulations market is expected to

increase at a Compounded Annual Growth Rate of 25%, mainly due to rise in exports to the developed markets. Profit margins of pharmaceutical companies with 1 percent or more market share in domestic formulations are expected to improve due to the increase in the share of generic exports. Their increased focus will be in the fast growing life style segment rather than the low margin anti-infective segment.

According to current estimates, by 2003, the US generics market is expected to be worth a massive US \$ 30 billion and will account for over 40 percent of the world generic market. What's important here is that more than 50 percent of the generics sold in the US are imported – a phenomenal opportunity for India, as it is a low-cost supplier. Today, the street prices of generic drugs in the US are six times that in India; in Europe, it is four times higher. Even making allowances for factors such as higher marketing and distribution (including advertisement) costs abroad, Indian manufacturers still stand to gain by venturing abroad. However, a major hurdle in the form of the complicated US registration process could face Indian companies seeking drug approvals from the US FDA.

Innovator products worth US \$ 60 billion are likely to go off patent in the next 8-10 years in the regulated markets and Indian companies are rushing to take advantage of the numerous blockbuster drugs that are going off patent. The various options available to Indian companies with respect to off-patent drugs are marketing abroad, out-licensing to other multinational companies and sale of molecule. Some other options are collaborative research and strategic alliances.

Your Company is taking necessary steps in line with the emerging opportunities in the pharmaceutical and biotechnology sector and realigning its future focus continuously as per the needs keeping in view the prime objectives of consistent growth and increase in shareholders' value through value added research efforts.





DIRECTORS' REPORT (contd.)

i) Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors/Management envisage in terms of the future performance and outlook.

Manufacturing Operations

The investment made by your Company in its existing facilities for Vaccines and Pharmaceutical production in New Delhi has reaped huge benefits. The modernisation/upgradation and investment in plant and machinery has enabled your company to obtain cGMP Certification as per WHO guidelines and accreditation by WHO, Geneva for Vaccine plant for procurement by UNICEF.

Your Directors are pleased to inform that during the year under review, a group of world renowned auditors along with the representative of WHO Geneva had visited our formulations manufacturing facility at New Delhi and found infrastructure and operations perfect and much more than the required standards and certified that our pharmaceutical dosage forms facility at New Delhi complies the European Union Standards for Good Manufacturing Practices and Good Laboratory Practices. With this, your Company has been included in the list of preferred suppliers for the Global Program to Eliminate Lymphatic Filariasis and will allow the Company to enter into various development projects of WHO Health Programmes.

The Lymphatic Filariasis Elimination Programme (FIL) is one of the various health programmes being catered by WHO. For this Health Programme WHO purchases Diethylcarbamazine Citrate (DEC) Tablets from its pre-qualified suppliers from the world over.

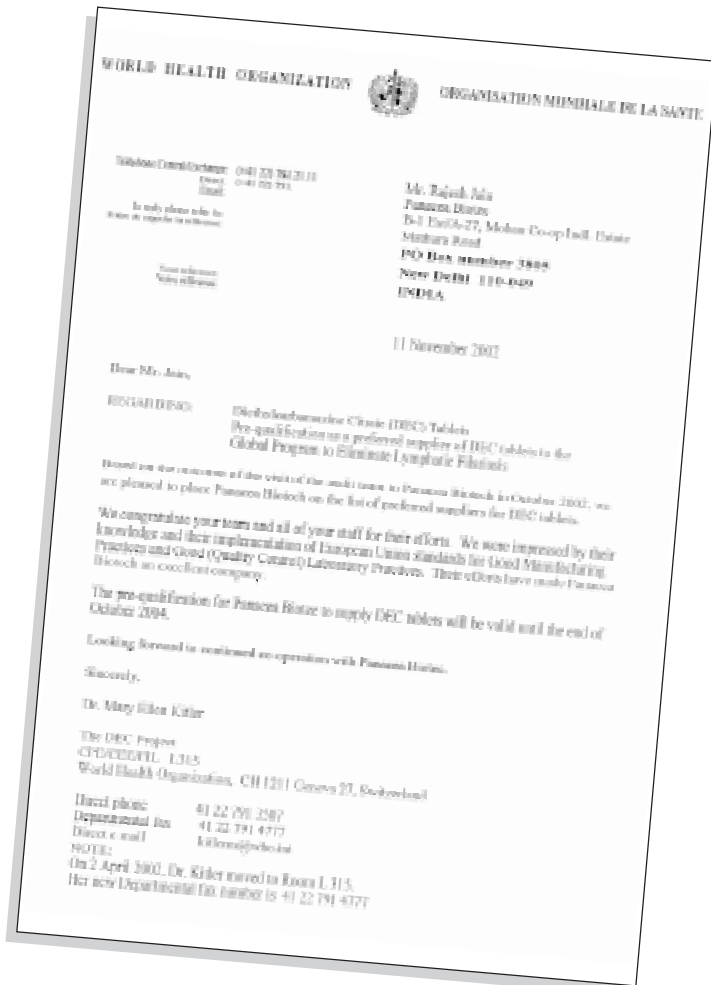
Your Directors feel proud of this achievement which could be achieved only because of the sincere efforts of the R&D, Production, Quality Control, Material Management, Business Development and Quality Assurance Departments of the Company.

Formulations Production Facility at Lalru is under commissioning as per the international standards with a view to commercially exploit the new products being made available by the Company's R & D facilities for developed markets as well as domestic markets. Our focus will be



towards adding high value products to existing brands range for manufacture at Lalru and to equip the facility with high level of automation as per latest international standards acceptable worldwide.

Manufacturing Facility at Baddi: Your Directors are pleased to inform that in response to the Central Government's initiatives for encouraging industrial development in hilly areas, Company has decided to set up a manufacturing facility for various dosage forms, viz. Tablets, Capsules, Ointments, Soft Gelatine Capsules, etc. at Baddi, Distt. Solan, Himachal Pradesh (around 60 km. from Chandigarh) with an estimated Project Cost of Rs. 280 Million and the effective steps are being taken in this regard.



Hepatitis B (rDNA) Production Facility: The Company's backward integration of setting-up Hepatitis B (rDNA) bulk virus production facility with the Cuban technology at Lalru has started production. This project has been located, designed, constructed, adapted and maintained to suit production of Hepatitis B Recombinant Vaccine following current Good Manufacturing Practices (cGMPs) prescribed by WHO and the US FDA. The trial production has already started and the product samples had been sent for the necessary regulatory approvals / clinical trials and the commercial production would start immediately after the receipt of such approvals/completion of clinical trials.

Research and Development

Panacea Biotec is one of the few health management companies of Indian origin, which is strategically poised to take up new challenges in the post WTO era. A major initiative in this direction was the setting up of its own Research & Development Center at Lalru near Chandigarh in North India way back in 1995 and continuous upgradation of facilities since then. It is built on a vast 20,000 sq. feet area, equipped with state of art infrastructure and modern facilities.

Pursuing its mission- **In Support of Life**- Panacea Biotec has been progressing towards development of brands and technologies to improve quality of life. The research conducted at the labs has led to successful filing and grant of product patents world wide, in various categories. The results of such focused and intensive research programs are apparent in many outstanding medicines developed by the company for humans to eradicate deadly and debilitating diseases.

The research activities currently being carried out are in the following areas:

- **Formulation R&D** - activities related to the development of conventional and novel formulations including tablets, capsules, syrups, suspensions, injectibles and drug powder for injections. The areas of interest include Biological, Pain management, Anti-diabetics, Anti-osteoporosis, Tuberculosis and Organ Transplant.
- **Analytical Research** - Focus is on development of analytical procedures for finished products and raw materials using modern analytical techniques like LCMS/MS, HPLC, GC, UV and Potentiometry. Special emphasis is placed on impurity profiling and degradation products.
- **Chemical Research** - Synthesis of drug molecules and synthesis of impurities and degradation products. Areas of interest include novel NSAIDs, hypoglycemics and anti-infectives.
- **Pharmacology & Toxicology Research** - Testing the efficacy, acute and sub-acute toxicity studies of formulation developed in-house, using various Animal models. Studies are performed on modern equipments like Gemini Recorder, Isometric Transducer (in-vitro testing), Plethysmograph, Analgesiometer, Cell Counter and Auto Analyser etc.



- **Natural Product Research** - Isolation and standardization of raw materials and identification of active ingredients. Areas of interest include anti-hemorrhoids, anti-asthmatic, anti-migraine, anti-tubercular and natural products.
- **Research in Biotechnology** - The area of interest being developing technology for number of vaccines in isolation and combination to improve immunization and delivery systems. The company is also working on various vaccines, including cocktail vaccines.

Apart from the above, the company is also carrying out research in the following areas:

- **Molecular Biology Research** – for genomics and proteomics research program primarily focused on the above mentioned disease areas with emphasis on discovery of genetic influence in the drug response and development of deep insight in genome discoveries to identify new drug targets and drug interventions.
- **Drug Delivery Research** – for development of Novel Drug Delivery Systems including mucoadhesive dosage forms, osmotically controlled delivery systems, sustained release matrix dosage forms, aerosols, transdermals, self-emulsifying microemulsion delivery systems and niosomes and liposomes.

Some of the ongoing research Projects of Panacea includes:-

- Development of combination products of a novel NSAID and anti-allergic medication.
- Standardization of natural product bioavailability enhancer.
- Taste masking of bitter products such as anti-malarial, anti-biotic for oral use.
- Scale up of mucoadhesive buccal dosage form.
- Topical gel formulation for natural anti-infective drug.
- Injectable formulation of nimesulide.
- Topical ointment and cream of natural product for haemorrhoids.
- Cocktail vaccines.
- Oral dosage of vaccines, which are presently injectible.
- Novel Drug Delivery system for anti-TB drugs enhancing bioavailability through prevention of drug delivery interaction.
- Delivery system for antibiotics to improve patient convenience or compliance.
- Special dosage forms for anti-infectives preventing associated side effects.
- Clinically proven herbal products standardized using modern analytical techniques.
- Isolation of lead compounds from herbs.

Clinical Research

In this modern era of cutting edge research, changing patent laws and evolving technologies in pharmaceuticals, Clinical Research has a vital role to play.

To meet the world standards and to be pioneers in pharma sector and biotechnology, clinical research became an integral part of Panacea Biotec since last 7 years.

The backup provided by these clinical trials for vaccines, anti-diabetics and pain management products has further strengthened the position of the company within the medical fraternity.

Clinical Research has helped in development of new products. It has provided other departments of the company with authenticated and accurate scientific information and has helped in answering medical queries from the field. Clinical Research department has collaborated with the best medical institutions like **AIIMS, PGIMER, State Medical Colleges** and other institutions of repute to





generate authentic and creditable clinical data for various new products of the Company. It has been instrumental in generating world class scientific monographs, package inserts, art materials and scientific information. The clinical research has more than 80 publications on different brands to their credit both in national and international Journals.

Panacea Biotec has also collaborated with **National Research Development Corporation, New Delhi** for the commercial development of know how for improved formulation for Ocular Delivery using nanotechnology developed by the University of Delhi and plans to commercialise the technology and launch advanced products based on such technology.

Research Patents granted

The research conducted in the Lalru plant has led to the successful filing and grant of product patents world wide in nine different categories. It has been granted US Patents on novel research/methodology and has published findings in national as well as international journals. The patents granted in US include the following:

- **Reversible Fertility Control for Prevention of Pregnancy** in females.
- **Therapeutic Injectable analgesic composition** containing nimesulide and process for manufacture thereof.
- **Therapeutic anti Inflammatory and analgesic composition** containing nimesulide for use transdermally and a process of the manufacture thereof
- Pharmaceutical composition for the control and treatment of anorectal and colonic diseases
- **Antispasmodic and anti inflammatory composition** and process of manufacture thereof.
- **Pharmaceutical compositions containing cyclosporin.**
- Pharmaceutical compositions containing at least one **NSAID having increased bioavailability.**

Your Company has also been successful in bringing global research & development activities in India. It is participating in project of the renowned international pharma Company for carrying out research in India for development of Novel Drug Delivery Systems. After successful completion of the research, the Company would be receiving royalty on sales throughout the world.

Scientific and Regulatory Information Centre

With a view to meet the need of having updated information so as to plan the research in line with the fast developing pharmaceutical world demands and get into pace with global pharmaceutical developments to keep the Company ahead of its time, your Company has set up a SRIC at Mohali, Punjab. The basic objective of SRIC is acquisition and development of scientific and regulatory knowledge for R&D, so that the R&D innovations and products meet with the international standards. The process of information procurement and knowledge management at SRIC will further help in reducing the time and cost incurred in Research & Development.

To further its efforts in R&D, Panacea is also entering into collaboration with national and international laboratories to fund research in the areas of genomics research, to identify new drug targets and for developing new molecules and drugs primarily in the area of diabetes and asthma. The Research & Development being the core of a successful pharmaceutical Company, more emphasis is laid on these activities and efforts are being made to take the investment in R&D to the tune of 7-8% of the turnover by 2006, up from 3-4 per cent at present.

National/International Conferences - The Company regularly participates in the national/ International conferences in order to share information, technology and knowledge and to expose its product range to the medical fraternity all over the country/ world. This will have a direct impact on improved sales & profitability. The company, inter-alia, participated in the following conferences during the year:

- 9th Asian Pacific Congress of Nephrology at Thailand during February 2003.
- 55th Annual National Conference of the Indian Psychiatric Society at Hyderabad during January 2003.
- Annual Conference of Indian Rheumatology Association (IRACON) - 2002 at Bangalore during November 2002.





- Annual Conference of Indian Society of Nephrology 2002 at Jaipur during November 2002.
- Annual Conference of Indian Orthopaedic Association (IOACON) 2002 during November 2002.
- National Conference on Pulmonary Diseases 2002 at Jaipur during November 2002.
- Convention of Pharmaceutical Ingredients 2002 at Paris, France during October 2002.
- Cardiology Conference 2002 at New Delhi during October 2002.
- 13th Yugoslav Rheumatology Congress at Yugoslavia during September 2002.
- 13th Annual Conference of Indian Society of Organ Transplantation at Lucknow during September 2002.

New Products Development

Your Company's therapeutic focus has been in developing new brands in the therapies including analgesics/ anti-inflammatory, anti-diabetics, immuno-suppressants, antibiotics, anti-tuberculosis drugs, anti-obesity drugs, anti-asthmatics and G.I. prokinetics. The new product research is focused towards the highly regulated markets of US, Europe, Australia, Japan, South Africa besides the domestic markets in India.

The Company has filed for eight product license applications, besides various herbal products as dietary supplements. The Company is looking at the market of OTC products with specific focus on anti-piles, immunomodulators, cholesterol lowering and anti-allergic.

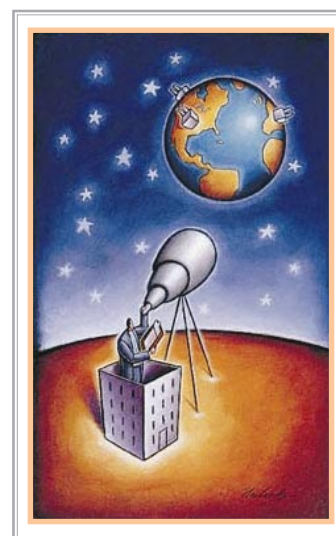
Quality Assurance

Your Directors believe that the Quality can only be achieved by having a highly qualified, techno-innovative & dedicated team, quality material, best machinery and equipments. Quality can never be an after thought or an accident. It is an outcome of a conscious and deliberate effort. Your Company's philosophy has been to adhere to strict standards equivalent to or excelling prescribed international standards. In order to build quality brands, your Company has scouted for and studied the state of art manufacturing processes world-wide and has installed the globally best available equipments and machinery in our plants.

Information Technology

The utilisation of information technology and latest means of communications has now become the utmost necessity for every business entity. Organisations which have been able to share knowledge efficiently and effectively can only create sustainable competitive advantage and growth. Hence, your Company is continuously spending heavily in the information technology as well as communication facilities so as to enhance the knowledge base available to each Panacean, enable faster scanning and monitoring of the external environment, and improve both the employees' and the organization's knowledge of best practices and relevant leading-edge technologies.

With a view to have closer interaction and co-ordination in its activities, the Company's corporate office and plants have been linked together, with V-SAT connections. The intranet connectivity has been established within its offices/plants at different locations and the Internet facilities are being used extensively to ensure speedy communication with the C&F Agents/ Depots, major Stockists and various



operational locations throughout the country. Panacea Biotec has already implemented ERP (Enterprise Resource Planning), the modules covered being Production, Accounts & Finance, Marketing, Payroll and Distribution. ERP has integrated company's different branches to enable them to share information among themselves and maintain good communication channels.

Your Company visualises that in few years from now knowledge will be created, stored, disseminated and accessed without any apparent complex interfaces and accordingly, your Company had launched a portal "www.bestonhealth.com", with a concept of total health management, addressing to all needs of medical fraternity and patients. The Portal has been well appreciated by the medical fraternity as well as the general public during its test launch phase and had been an excellent source of patient education and furthering the ultimate objective of a healthy world.



DIRECTORS' REPORT (contd.)

Corporate Communication

Your Directors appreciate that everyone in the organization needs to have a 'sense of belonging' to the Company and is a big motivational force for them and can be developed by timely appraisal, appreciation, challenging tasks, good leadership, constant communication with Corporate Office and regular flow of information. More a sales person is motivated, better is his work in the field; he can interact and convince the customer of the company's brands and services in a much effective manner. This in turn translates into better relationships with the customer and higher revenues for the company.

Learning Perspective - Company's in-house bi-monthly newsletter which was started in January, 2002, ensures



constant two-way communication with the field personnel. The newsletter has been able to instill this vital 'Sense of Belonging' among sales force, R&D centres, plant personnel and bring them closer to each other and to the Corporate Office. It consists of information regarding achievements of the field Panaceans, conferences, symposia, seminars, corporate news and other events being held all over India. Besides, 'Learning Perspective' has been successful in instilling a competitive spirit among the Panaceans through job related contests, which are published in the newsletter. The newsletter is also available online and can be viewed on the corporate web-site www.panacea-biotec.com.

Social Responsibility

Your Company has always accepted its responsibility to the community in which it operates. The company conducts various free Health Camps throughout the year in the disease areas of Diabetes (free sugar tests and consultation), Osteoporosis (free Bone Mineral Density tests and

consultation) and Hepatitis B (Immunization Camps). The Company participated Various Patient Education Programmes on Renal Support/Renal Transplantation organised by premier Medical Institute from time to time. Further, as a gesture of compassion towards the social cause, Panacea also arranges medical facilities for the Company's poor employees and their family members in case of acute diseases.

Joint Ventures & Subsidiaries

As you are aware, your Company had set-up Joint Venture Company viz. **Panheber Biotec Pvt. Ltd.**, in joint venture with M/s. Heber Biotec S.A., Cuba, an arm of the world renowned bio-technology research facility, Center for Genetic Engineering and Biotechnology (CIGB), for bulk (raw material) production of Recombinant Hepatitis B Vaccine. The trial production of bulk raw material of Recombinant Hepatitis B Vaccine has already been made and the product samples had been sent for necessary regulatory approvals/clinical trials and the commercial production would commence immediately after the receipt of such approval(s)/completion of clinical trials.



The Company's subsidiaries namely **Radicura & Co. Ltd.**, an existing profit-making Company engaged in the trading and distribution of pharmaceutical products and **Best On Health Ltd.** (Formerly Jiva Life Sciences Ltd.) which owns a prime immovable property in close proximity to the erstwhile Corporate Office of the Company, had been converted into as Company's Wholly-owned subsidiary companies during the year under review.

The Company's existing overseas wholly owned subsidiary Company, viz. Tayonics Ltd., Isle of Man, U.K., did not carry on any business activity during the year under review and hence the same has been decided to be wound-up.

Consolidated Financial Statements

As required pursuant to Accounting Standard 21 on 'Consolidated Financial Statements' and Accounting



Standard 27 on 'Financial Reporting of Interest in Joint Ventures', the Consolidated Financial Statements of the Company (including therein Audited Annual Accounts as at 31st March, 2003 of its subsidiaries, viz. Radicura & Co. Ltd. and Best On Health Ltd. and Joint Venture Company, viz. Panheber Biotec Pvt. Ltd. and the Audited Financial Statements as at 31st December, 2002 of the overseas subsidiary, viz. Tayonics Ltd.) are attached with the Annual Accounts of the Company.

The Auditors of the Company had also given their report on the Consolidated Financial Statements.

Energy Conservation, Technology Absorption & Foreign Exchange

Information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings & outgo, is given in Annexure A, forming part of this Report.

Public Deposits

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58A of the Companies Act, 1956 and no amount of principal or interest was outstanding in respect of deposits from the public as of the date of balance sheet. However, during the year under review, the Company had accepted deposits from the Company's Directors, their relatives, associates and the Company's employees without inviting deposits from them.

Information pursuant to Section 217(2A)

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees covered under these Rules are set out in Annexure B, forming part of this Report.

Report on Corporate Governance

As required pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate

Governance is annexed herewith as Annexure 'C', forming part of this Report.

Directors

Mr. Sunil Anand had been appointed as additional Director and Whole-time Director designated as Director (Finance) w.e.f. 24th April, 2003. As per the provisions of the Companies Act, 1956, he holds office till the date of the ensuing Annual General Meeting and is proposed to be appointed as Director liable to retire by rotation with the approval of the members in the forthcoming Annual General Meeting. The approval of members is also sought for his appointment as Whole-time Director designated as Director (Finance) of the Company.

Mr. S.N. Hassija, Director of the Company demised on 4th June, 2002. Further, in view of his other occupations, Mr. Gurmeet Singh had resigned from his office as Whole-time Director designated as Director (Logistics) of the Company w.e.f. 26th October, 2002, however, he continues to act as Director of the Company. Further, Dr. Amarjit Singh, Director (R&D and QA) had also resigned from the Directorship on the Board w.e.f. 30th April, 2003. The Board wishes to record its sincere appreciation of the valuable services and support rendered by Mr. S.N. Hassija during their tenure as Director and also by Mr. Gurmeet Singh and Dr. Amarjit Singh during their tenure as Whole-time Directors of the Company.

In accordance with the provisions of the Companies Act, 1956, Mr. Rajesh Jain, Mr. Ravinder Jain, Mr. Sandeep Jain and Mr. Ashwani Jain, Directors, are liable to retire by rotation and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

The Directors hereby confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently 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 or loss of the Company for that period;

- iii) that 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; and
- iv) that the directors had prepared the annual accounts on a going concern basis.

Auditors

As per the provisions of the Companies Act, 1956, M/s. S. R. Batliboi & Co., Chartered Accountants, hold office as Statutory Auditors of your Company till the conclusion of the ensuing Annual General Meeting and had shown their willingness to be re-appointed as the Auditors of the Company. Your Company has received the Certificate from M/s. S. R. Batliboi & Co., Chartered Accountants, as required under Section 224(1B) of the Companies Act, 1956, to the effect that their re-appointment, if made, will be within the limits as prescribed under the provisions thereof. Your Directors recommend their re-appointment as the Auditors of the Company for the financial year 2003-04.

The notes to the accounts and the observations in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

Cost Auditors

In terms of the provisions of Section 233B of the Companies Act, 1956, M/s J.P. Gupta & Associates, Cost Accountants, have been appointed as the Cost Auditors to conduct the audit of the Company's Cost Records in respect of formulations for the year ended 31st March, 2003 with the approval of the Central Government. They have also been appointed as the Cost Auditors for the financial year 2003-2004 and the approval of Central Government for such appointment had been obtained.

Dematerialisation of Shares

The Company's Equity Shares are covered under compulsory demat w.e.f. October 30, 2000 and the same is

included in the Depository System with ISIN No. INE922B01023. Your Company has been among the few top most companies in which the maximum number of Shares have been dematerialised. In fact more than 97% of the Company's total Equity Shares have already been dematerialised till date.

The members who have not yet get their Equity Shares dematerialised, are requested to contact any of the Depository Participants in their vicinity for getting their Equity shares dematerialised. In case any clarification is needed in that regard, the Company Secretary may be contacted in person or by communication addressed at the Corporate Office of the Company.

Acknowledgments

Your Directors acknowledge with gratitude the commitment and dedication of the employees at all levels, that has contributed to the growth and success of the Company. Your Directors owe special thanks to all the shareholders of the Company, for their continued support during the year under review. The Directors would also like to thank the other stakeholders viz. Banks, Financial Institutions, Government Agencies and business associates, for their continued assistance, support and co-operation extended to the Company and also to the members of the medical profession, for their efforts to provide high quality ethical therapeutic products within India and abroad. Your Directors also take this opportunity to record their appreciation for all those who contributed to the success of your Company and look forward to their continued support in the years to come.

For and on behalf of the Board

New Delhi
31st day of July, 2003

SOSHIL KUMAR JAIN
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE A

Statement of particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM A

ENERGY CONSERVATION

The Company accords highest priority to energy conservation and has devised its production lines keeping in view the objective of minimum energy losses. The Company also maximises the use of CFL lamps in the offices and other premises in order to reduce the consumption of electricity. The employees of the Company have also been oriented to accord priority to energy conservation, at all times and places.

The particulars of consumption of energy, are given below:

	Current Year	Previous Year
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Units (Nos.)	24,12,377	7,15,096
Total Amount (Rs.)	1,06,38,542	35,82,632
Rate/Unit (Rs.)	4.41	5.01
b) Own generation		
i) Through Diesel Generator		
Units (Nos.)	51,51,302	45,14,517
Unit per litre of Diesel Oil	2.57	2.48
Cost/Unit (Rs.)	6.63	6.76
ii) Through Steam/Turbine Generator	Nil	Nil
Units (Nos.)		
Unit per litre of Diesel Oil		
Cost/Unit		
2. Coal	Nil	Nil
Quantity (tonnes)		
Total Cost		
Average Rate		
3. Furnace Oil	Nil	Nil
Quantity (Litres)		
Total Amount		
Average Rate/litre		
4. Others/ Internal generation	Nil	Nil
Quantity		
Total Cost		
Rate/Unit		

B. Consumption per unit of production (000's omitted)

TABLETS

Production	3,35,550	2,60,468
Electricity	1.70	1.42

SYRUPS

Production	2,33,671	2,98,710
Electricity	0.68	0.84

CAPSULES

Production	24,011	7,027
Electricity	2.12	1.82

GELS

Production	32,169	27,951
Electricity	1.03	1.00

VACCINES

Production	22,723	24,261
Electricity	36.12	38.23

FORM B

Form for disclosure of particulars with respect to Technology Absorption

Research & Development (R&D)

1. Specific areas in which R & D carried out by the Company:

The Research is being pursued by the Company, inter-alia, in the following areas :

- Pharmaceutical Formulations
- Natural Products
- Vaccines
- Bio-technological Products
- Advanced Drug Delivery System
- Bulk Drug and Drug Intermediates.

2. Benefits derived as a result of above R & D :

- Novel drug delivery products
- Competitively advanced products
- Improved product quality
- Waste minimisation
- Safe and environmental friendly processes
- Grant of Product/process patents
- Import substitution
- Enhanced global presence
- Export Quality products
- Taste masking of bitter products.



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

3. Future plan of Action :

The Company's R & D division will focus on achieving the results in the following areas :

- Analytical Research
- Formulations Research & Development
- Chemicals Research
- Natural Products Research
- Viral Vaccine Research
- Pharmacology Research
- Isolation of lead compounds from herbs

4. Expenditure on R & D during 2002-03

	(Rs. in Million)	
	2002-2003	2001-2002
Capital	28.67	20.00
Revenue	76.14	68.27
Total	1,04.81	88.27
Total R&D expenditure as a percentage of total turnover	3.69%	3.12%

Technology absorption, adaptation and Innovation

- | | |
|--|---|
| 1. Efforts, in brief, made towards technology adaptation and innovation | Technical collaboration for manufacture of vaccines |
| 2. Benefits derived as a result of the above efforts | <ul style="list-style-type: none"> - Competitive products - Product Improvement - Product Development - Import Substitution |
| 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished. | |
| a. Technology imported | Technical collaboration for manufacture, maintenance and marketing of vaccines |
| b. Year of import | 1995-96, 1996-97 & 1997-98 |
| c. Has technology been fully absorbed | Fully absorbed |
| d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action | N.A. |

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports

The Company is a registered Trading House and has identified Exports as the major thrust area of its operations. It has acquired the status of a major drug export unit for both branded and generic products, carving a niche in the CIS, African, Latin American, Middle East and Asian sub-continent countries and the emphasis has been on entrenching the presence in the markets where product registrations have been completed.

The company has achieved an export turnover of Rs.1,505 million during 2002-03 as against Rs.1,830 million during previous year.

The Company has got the Product Registration for more than 60 different products in different countries and is exploring the opportunities for licensing some of its patented products for marketing/manufacture abroad.

2. Total foreign exchange earned and used

	(Rs. in Million)	
	2002-2003	2001-2002
Earnings	1,504.88	1,830.40
Outgo	1,705.45	1,629.42

For and on behalf of the Board

New Delhi
31st July, 2003

SOSHIL KUMAR JAIN
Chairman



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

ANNEXURE B

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2003

S. No.	Name	Designation & Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Particulars of Last Employment
A. Persons employed throughout the Financial Year ended 31st March, 2003, who were in receipt of remuneration for the year in which the aggregate was not less than Rs. 24,00,000/-.								
1.	Mr. Soshil Kumar Jain	Chairman	64,75,902	Pharmacist	48	02.02.84	71	Business
2.	Mr. Ravinder Jain	Managing Director	35,17,225	Matriculate	23	15.11.84	46	Business
3.	Mr. Rajesh Jain	Joint Managing Director	37,20,921	B.Sc., MBA	19	15.11.84	39	Business
4.	Mr. Sandeep Jain	Joint Managing Director	32,83,323	B.Com.	18	15.11.84	37	Business
5.	Dr. Amarjit Singh	Director (R & D and Quality Assurance)	25,43,578	M.Pharm., Ph.D.	23	31.12.93	45	Sr. Manager, Max India Ltd.
B. Persons employed for a part of the Financial Year ended 31st March, 2003, who were in receipt of remuneration for any part of the year, at the rate which in the aggregate was not less than Rs. 2,00,000/- per month.								
1.	Mr. Gurmeet Singh	Director (Logistics)	22,00,993	B.Com.	23	29.06.96	41	Director, Radicura & Co. Ltd.

Notes:

1. Remuneration includes salary, house rent allowance, bonus, Company's contribution to Provident Fund, Leave Travel Allowance, Medical Assistance, Royalty, Gratuity and all allowances paid in cash and taxable value of perquisites wherever applicable.
2. All the above said appointments are contractual.
3. None of the above employees is related to any of the Directors except that Mr. Soshil Kumar Jain, Mr. Ravinder Jain, Mr. Rajesh Jain and Mr. Sandeep Jain are related to each other.
4. Perquisites of Rs.3,21,978 paid to Dr. Amarjit Singh, Director (R&D and QA) are subject to the approval of shareholders in the ensuing Annual General Meeting.

For and on behalf of the Board

New Delhi
31st July, 2003

SOSHIL KUMAR JAIN
Chairman



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

ANNEXURE C

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

1. Company's Philosophy on Corporate Governance

The Company's philosophy on corporate governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to its stakeholders, including the shareholders, employees, government, lenders and society at large. The Company is committed to achieve the highest standards of Corporate Governance and believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders' value, over a sustained period of time.

The Company believes that the transparency, better corporate governance and technological improvements are the buzz words to be transformed into realistic working of the public companies and these developments would pave the way for sound footing not only for their continued existence but for their steady growth and overall improvement in their functioning.

2. Board of Directors

Composition & size of the Board

The present strength of the Board of Directors is thirteen Directors comprising of 6 Executive and 7 Non-Executive Directors. The Executive Directors consists of four Promoter-Directors (one Executive Chairman, One Managing Director and two Joint Managing Directors) and two Whole-time Directors. All the Non-Executive Directors are Independent Directors. The non-executive Directors bring external and wider perspective in the Board's deliberations and decisions.

The independent directors are Directors who apart from receiving the Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board may affect independence of judgment of the Board.

Number of Board Meetings held

During the financial year 2002-03, 4 (Four) Board Meetings were held on 27th June, 2002, 31st July, 2002, 26th October, 2002 and 25th January, 2003.

Attendance of Directors at the Board Meetings & last Annual General Meeting and number of other Directorships & Committee membership as on 31st March, 2003

Sl. No.	Name of Director	Category of Directorship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	No. of committee Memberships in other Companies
1.	Mr. Soshil Kumar Jain	Promoter - Whole-time Director	4	4	No	4	-
2.	Mr. Ravinder Jain	Promoter - Managing Director	4	4	No	3	-
3.	Mr. Rajesh Jain	Promoter - Joint Managing Director	4	4	Yes	3	-
4.	Mr. Sandeep Jain	Promoter - Joint Managing Director	4	2	Yes	3	-
5.	Mr. Ashwani Jain	Executive - Whole-time Director	4	1	Yes	1	-
6.	Mr. Gurmeet Singh *	Non-Executive - Independent Director	4	2	No	3	-
7.	Dr. Amarjit Singh #	Executive - Whole-time Director	4	-	Yes	-	-
8.	Mr. Sunil Kapoor	Non-Executive - Independent Director	4	4	Yes	6	-
9.	Mr. R.L. Narasimhan	- do -	4	4	Yes	-	-
10.	Mr. N.N. Khamitkar	- do -	4	4	Yes	-	-
11.	Mr. C.C. Bhagat	- do -	4	-	No	-	-
12.	Mr. M.L. Kalra	- do -	4	4	Yes	-	-
13.	Mr. G.K. Vishwakarma	- do -	4	-	No	-	-
14.	Mr. S. N. Hassija \$	- do -	-	-	N.A.	-	-

* Acted as Whole-time Director designated as Director (Logistics) upto 26th October, 2002.

Acted as Director till 30th April, 2003.

\$ Ceased to be Director due to sad demise on 4th June, 2002.



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

Mr. Sunil Anand has been appointed as additional Director and Whole-time Director designated as Director (Finance) w.e.f. 24th April, 2003.

None of the Directors on the Board is a member in more than ten committees and/or act as chairman of more than five committees across all Companies in which he is Director.

3. Audit Committee

Composition & Terms of reference

The Audit Committee of the Company comprises of three non-executive independent Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar & Mr. Sunil Kapoor. Mr. R.L. Narasimhan is the Chairman of the Committee. The terms of reference of Audit Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement with Stock Exchanges as well as in Section 292A of the Companies Act, 1956, including the following:

- To review Half-Yearly and Annual Financial Accounts of the Company and discuss with Auditors before submission.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in Accounting Policies and Practices,
 - Major accounting entries based on exercise of judgement by management,
 - Qualification in draft Audit Report,
 - Significant adjustments arising out of audit,
 - The going concern assumption,
 - Compliance with Accounting Standards,
 - Compliance with Stock Exchange and legal requirements concerning financial statements, and
 - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.
- To meet and review with External and Internal Auditors, the Internal Control System and to ensure their compliance.
- To investigate matters referred to it by the Board of Directors or as specified.
- To review matters as required in terms of Clause 49 of the Listing Agreement.
- To assess information contained in the records of the Company.
- To refer to external professionals for advice, if necessary.
- To investigate into any matters in relation to item specified in Section 292A of the Companies Act, 1956.

Meetings and attendance of members during the year

During the year 6 (Six) Audit Committee meetings were held on 26th June, 2002, 27th-29th June, 2002, 30th July, 2002, 25th October, 2002, 28th-29th November, 2002 and 24th January, 2003.

The attendance of members of the Audit Committee at these meetings were as follows:

S.No.	Name of the Member	Status	No. of Meetings held	No. of Meetings attended
1.	Mr. R. L. Narasimhan	Chairman & Independent Director	6	6
2.	Mr. N. N. Khamitkar	Independent Director	6	6
3.	Mr. Sunil Kapoor	Independent Director	6	6

The Partner/representatives of Statutory Auditors and Internal Auditors, G.M. (Finance), DGM (Finance & Accounts) had been the permanent invitees of the meetings of Audit Committee and they attended almost all the meetings of the Audit Committee. Further, the Managing Director, Director (Operations & Projects), Manager (Logistics), Manager (HR & Finance), Manager (Administration), Asst. Manager (Accounts), etc. had also attended one or more of the Audit Committee Meetings.

The Company Secretary is acting as the Secretary of the Audit Committee Meetings.



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

4. Remuneration Committee

Composition & Terms of reference

A Remuneration Committee of the Board of Directors comprising of three non-executive independent Directors viz. Mr. R.L. Narasimhan, Mr. M.L. Kalra and Mr. Sunil Kapoor, had been constituted by the Board of Directors. Mr. R.L. Narasimhan is the Chairman of the Committee. The first meeting of the Committee was held on 24th April, 2003.

The powers & terms of reference of the Remuneration Committee include:

- to decide elements of remuneration package of all the directors.
- to decide the service contracts, notice period, severance fees of Executive Directors.

Remuneration Policy

Subject to the approval of the Company's shareholders in general meeting and such other approvals as may be necessary, the Managing/Joint Managing/Whole-time Directors are paid remuneration as per the terms of remuneration decided by the Board/ Remuneration Committee and approved by the shareholders. The remuneration payable to Directors is decided from time to time keeping in view the overall performance of the Company, the performance of the concerned Director(s) and the industry trends. The remuneration is also fixed in such a way that the aggregate remuneration paid to Managing/Joint Managing Directors and Whole-time Directors does not exceed the maximum permissible limits as per Schedule XIII to the Companies Act, 1956.

Details of Directors' remuneration for the financial year ended 31st March, 2003

(i) Executive Directors (Managing/Joint Managing/Whole-time Directors)

(Amount in Rs.)

Sl. No.	Name	Salary	Royalty	Perquisites
1.	Mr. Soshil Kumar Jain	60,00,000	-	4,75,902
2.	Mr. Ravinder Jain	30,00,000	-	5,17,225
3.	Mr. Rajesh Jain	30,00,000	-	7,20,921
4.	Mr. Sandeep Jain	30,00,000	-	2,83,323
5.	Mr. Ashwani Jain	15,00,000	-	1,60,648
6.	Mr. Gurmeet Singh	8,54,839	-	13,46,154
7.	Dr. Amarjit Singh	15,00,000	7,00,000	3,43,578

Notes:

1. The tenure of office of Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director and Mr. Ashwani Jain, Director (Operations & Projects) of the Company is for 5 years w.e.f. 1st April, 2001. The tenure of office of Mr. Rajesh Jain and Mr. Sandeep Jain, Joint Managing Directors of the Company is for 5 years w.e.f. 1st February, 2002.
2. The tenure of office as Whole-time Director of Mr. Gurmeet Singh, Director (Logistics) was for 5 years w.e.f. 1st April, 2001, however, he had resigned from the position of Whole-time Director w.e.f. 26th October, 2002 and he is now acting as non-executive Director w.e.f. 26th October, 2002.
3. The tenure of office of Dr. Amarjit Singh, Director (R&D and Quality Assurance) was for 5 years w.e.f. 1st January, 2000, however, he had ceased to be the Director of the Company on 30th April, 2003.
4. Notice period for termination of appointment of Managing/Joint Managing/ Whole time Directors is three months by either party or a shorter period decided mutually. No severance pay is payable on termination of contract.
5. The Company does not have any Stock Option Scheme.
6. No commission was paid to the Managing/Joint Managing/ Whole-time Directors during the above said financial year.
7. All elements of remuneration of the Managing/Joint Managing/ Whole-time Directors, i.e, Salary, Commission, Perquisites and other benefits, etc. are given in Schedule XVIII annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.
8. Provision for Leave Encashment and Gratuity amounting to Rs.4,60,934/- and Rs.14,53,582/- respectively made during the year, has not been included above.



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

(ii) Non-Executive Directors

Apart from the sitting fees for attending Meetings of Board or Committee thereof, the Remuneration is paid to the non-executive Directors (other than Mr. Gurmeet Singh) by way of monthly allowances for telephone, mobile, conveyance expenses, etc. @ Rs.15,500/- p.m. (with the confirmation from Central Government). The details of remuneration paid to the non-executive directors during financial year ended 31st March, 2003 are as under:

Sl. No.	Name	Allowances	(Amount in Rs.)	
			Sitting Fees	
1	Mr. R. L. Narasimhan	2,52,000	50,000	
2	Mr. N. N. Khamitkar	2,52,000	50,000	
3	Mr. Sunil Kapoor	2,52,000	50,000	
4	Mr. C. C. Bhagat	2,52,000	-	
5	Mr. M. L. Kalra	2,52,000	1,60,000	
6	Mr. S.N. Hassija	97,000	-	
7	Dr. G. K. Vishwakarma	2,52,000	-	
8	Mr. Gurmeet Singh	-	40,000	

Apart from the above said remuneration, professional charges of Rs.33,000/- p.m. are being paid to Mr. Sunil Kapoor (Advocate & Tax Consultant), for his professional services as income-tax consultant (being paid after obtaining confirmation from Central Government pursuant to the provisions of Proviso to Section 309(1) of the Companies Act, 1956).

5. Share Transfer cum Investors' Grievance Committee

The Share Transfer-cum-Investors Grievance Committee comprises of three Directors viz. Mr. M.L. Kalra, Mr. Ravinder Jain and Mr. Gurmeet Singh. Mr. M.L. Kalra, an independent Non-Executive Director acts as Chairman of the Committee. Mr. Vinod Goel, Company Secretary is acting as the Secretary to the Committee as well as the Compliance Officer pursuant to Clause 47(c) of the Listing Agreement with Stock Exchanges.

The Company promptly responds to the shareholders' correspondence. During the year ended 31st March, 2003, the Company received 944 letters including requests for transfers, dematerialisation of shares, incorporation of Bank details, exchange of share certificates and complaints, queries etc. from Shareholders and all were replied/resolved to the satisfaction of Shareholders. The Company put utmost priority to the satisfaction of its shareholders and only very few complaints were received by the Company and the same were resolved in a prompt manner to their satisfaction. In fact, considering the excellent record of the Company in handling the investors' complaints, the Stock Exchanges had time and again confirmed that there is no complaint pending against our Company as per their records and had appreciated the initiatives taken by the Company in resolving investors' complaints.

There were no share transfers lying pending as on 31st March, 2003, however, 4 requests for dematerialisation of shares received in the last week of March, 2003 were pending as on 31st March, 2003 and the same were confirmed/rejected in the first half of April, 2003.

6. Annual General Meeting

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Venue
2001-02	24 th August, 2002	12.30 PM	Registered Office at Ambala- Chandigarh Highway, Lalru 140501, Punjab.
2000-01	28 th August, 2001	12.30 PM	Registered Office at Ambala- Chandigarh Highway, Lalru 140501, Punjab.
1999-2000	29 th May, 2000	12.30 PM	Registered Office at Ambala-Chandigarh Highway, Lalru 140501, Punjab.

No postal ballots were used/invited for voting at these meetings in respect of special resolutions passed. However, one Ordinary Resolution for authorizing Board of Directors for sale/mortgage, etc. of the properties of the Company was passed by way of Postal Ballots on 28th December, 2002. Mr. Ashok Gupta of M/s. A. Gupta & Co., Company Secretaries acted as Scrutiniser and the voting pattern was as under:

Number of valid postal ballot forms received 260



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

Votes in favour of the resolution	44,51,151
Votes against the Resolution	2,463
Number of invalid postal ballot forms received	20

Procedure for Voting by Postal Ballots : The Postal Ballot Form and the draft Resolution(s) along with the Explanatory Statement pertaining the said Resolution(s) explaining in detail the material facts and the self-addressed, postage prepaid envelope, are sent to all the members, under Certificate of Posting.

The members are required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same as per the specimen signature available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed, postage prepaid envelope so as to reach the scrutiniser before the close of working hours of the last date fixed for the purpose. Postal Ballot Forms received after this date are strictly treated as if the reply from the member has not been received.

The scrutiniser appointed for the purpose scrutinises the postal ballots received and submit his report to the Company. Voting rights are reckoned on the basis of no. of shares and paid-up value of shares registered in the name of the shareholders as on the date of dispatch of the notice. A resolution is deemed to have been passed as special resolution if the votes cast in favour are at least three times than the votes cast against and in case of ordinary resolution, the resolution is deemed to have been passed, if the votes cast in favour are more than the votes cast against it.

7. Disclosure

- There was no such materially significant related party transaction with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The other related party transactions are given in Note No.10 of Schedule XVIII annexed to and forming part of Balance Sheet and Profit & Loss Account of the Company.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.

8. Means of communication

- The Quarterly and Half-Yearly results are published in the prominent daily newspapers, viz. Economics Times/ Financial Times, New Delhi, Navbharat Times/ Jansatta (Hindi), New Delhi and the Punjabi Tribune, Chandigarh, the local newspaper published in the language of the region in which Registered Office is situated.
- The Annual Results (Annual Report containing Balance Sheet etc.) are posted to every shareholder of the Company.
- The Company's web-site, viz. www.panaceabiotec.com, is regularly updated with the financial results and other important events.
- Pursuant to clause 51 of the Listing Agreement, financial information like annual and quarterly financial statements, shareholding pattern and segment-wise results are available on the SEBI's web-site www.sebiedifar.nic.in.
- Management's Discussion and Analysis Report shall be included in the Directors' Report, which forms part of Annual Report being sent to the shareholders of the Company.

9. General Shareholder Information

- The Annual General Meeting is proposed to be held on Saturday, the **20th day of September, 2003**, at 12.30 p.m. at the registered office of the Company at Ambala-Chandigarh Highway, Lalru 140501, Punjab.

ii) Financial Calendar 2003-04 (tentative)

	Date / Month
Board Meeting for consideration of Accounts for the year ended as on 31 st March, 2003 and recommendation of dividend	28 th June, 2003
Posting of Annual Report	On or before 27 th August, 2003
Last date of receipt of Proxy Form	18 th September, 2003 before 12.30 P.M.
Date of AGM	20th September, 2003
Dividend payment date	On or before 19 th October, 2003



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

Probable date of dispatch of dividend Warrants

On or before 19th October, 2003

Board meeting for consideration of Unaudited Results:

First Quarter Results (30th June)

End July, 2003

Half-yearly Results (30th September)

End October, 2003

Third Quarter Results (31st December)

End January, 2004

Fourth Quarter Results (31st March)

End April, 2004*

* As provided in clause 41 of Listing Agreement, Board may also consider to publish Audited Results for the year 2003-04 in lieu of Unaudited Results for fourth quarter, by 30th June, 2004 (or such other period as may be stipulated from time to time).

iii) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from 16th September, 2003 to 20th September, 2003 (both days inclusive).

iv) Dividend Payment Dates :

The Company will pay dividend, if declared by the members in the forthcoming Annual General Meeting, on or before 19th October, 2003:

- To those members whose names appear in the Register of Members of the Company as on 20th September, 2003 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 15th September, 2003 and registered before 20th September, 2003.
- In respect of Shares held in electronic form to those "deemed members" whose names appear on the statement of beneficial ownership furnished by the depositories, viz. NSDL and CDSL, at the end of business hours on 15th September, 2003 (i.e. before the date of commencement of closure of Register of Members and Share Transfer Books, i.e. 16th September, 2003).

v) Listing of Shares on Stock Exchange

The Company's Equity Shares are listed at National Stock Exchange and the Stock Exchanges at Ludhiana, Delhi, Kolkata, Mumbai and Chennai and the listing fee for the financial year 2003-04 has already been paid to these Stock Exchanges.

However, the Company intends to get its Equity Shares delisted from any one or more of the Stock Exchanges at Delhi, Ludhiana, Kolkata and Chennai, subject to the approval from Shareholders in the ensuing Annual General Meeting.

vi) Stock Code

Trade symbol at National Stock Exchange is PANACEABIO.

Bombay Stock Exchange Code is 531349.

ISIN No. for Dematerialisation : INE922B01023.

vii) Stock Market Price at National Stock Exchange and comparison with broad-based indices (NSE Nifty)

Month	Share Prices at NSE		NSE Nifty	
	High (Rs.)	Low (Rs.)	High	Low
April, 2002	42.30	35.60	1,153.30	1,073.30
May, 2002	39.30	32.30	1,136.55	1,020.10
June, 2002	37.40	33.00	1,102.05	1,029.25
July, 2002	40.00	32.21	1,087.40	943.60
August, 2002	36.40	31.50	1,012.75	935.55
September, 2002	35.20	30.00	1,024.65	960.20
October, 2002	33.50	28.90	983.60	920.10
November, 2002	30.00	27.01	1,057.45	946.4

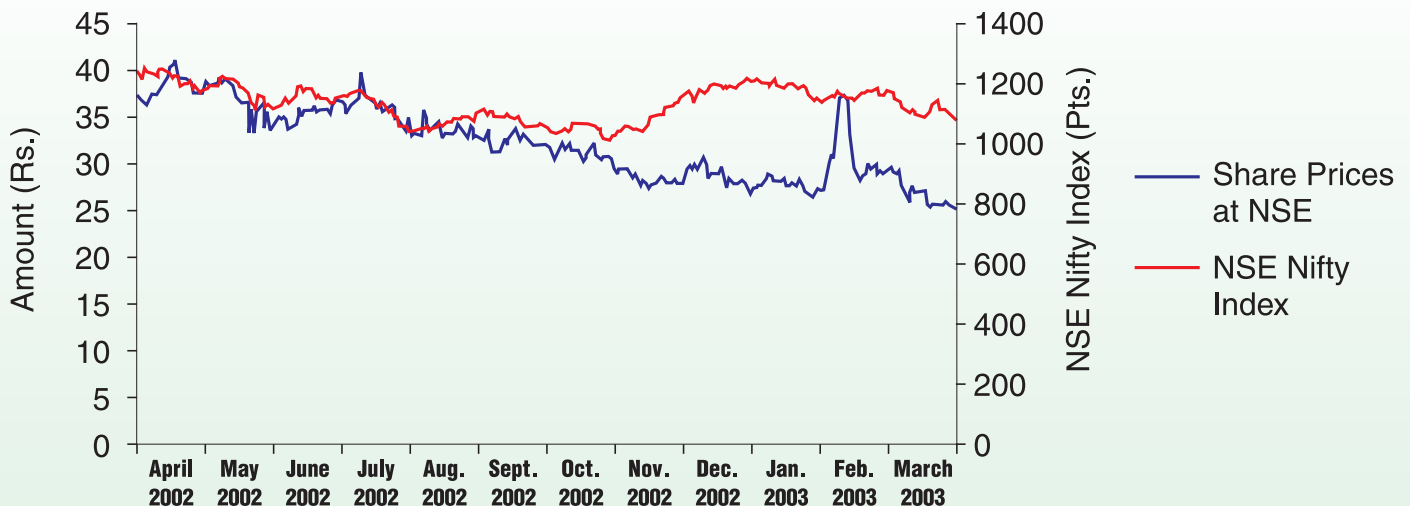


ANNEXURE TO THE DIRECTORS' REPORT (contd.)

December, 2002	30.79	26.60	1,103.95	1,034.10
January, 2003	29.50	26.20	1,105.60	1,026.20
February, 2003	40.40	28.00	1,075.50	1,034.10
March, 2003	30.35	25.10	1,070.85	947.10

As approved by the Shareholders in their Extra-ordinary General Meeting held on 28th December, 2002, the Company's Equity Share of Rs.10/- each has been sub-divided into 10 Equity Shares of Re.1/- each, w.e.f. 11th February, 2003 and the prices for the earlier period had been adjusted accordingly.

Share Prices at NSE



viii) Registrar and Transfer Agents

All work relating to shares held in physical mode was directly undertaken by the Company until 31st January, 2003. Work relating to shares in dematerialised mode was being however, done by M/s. Skyline Financial Services Pvt. Ltd., New Delhi.

The SEBI directive dated 27th December, 2002, required that all work relating to shares whether in dematerialised or physical mode shall be done by one agency and in compliance with this directive, the Company has appointed M/s. Skyline Financial Services Pvt. Ltd., as its Registrar & Transfer Agents (RTA) for handling the shares related matters both in physical as well as dematerialized mode.

The Shareholders are therefore, advised to send all their correspondence relating to shares to the Company's Registrar & Transfer Agents, viz.:

M/s. Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri, Lajpat Nagar II,
New Delhi – 110024, India.

Phone: +91-11-268 33777, 268 47136

Fax : +91-11-269 18352

E-mail : skyline_fspl@rediffmail.com, agarwalp7@hotmail.com



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

However, keeping in view of the convenience of shareholders, documents relating to shares will continue to be also received by the Company at its Corporate Office at B-1 Extn./G-3, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044. Tel. No.: +91-11-51679000, Fax No.: +91-11-51679075, 26974600. E-mail address: companysec@pblintranet.com

ix) Share Transfer System

The Company's shares transfer authority has been delegated to Share Transfer-cum-Investors' Grievance Committee. The Committee generally meets on fortnightly basis to expedite all matters relating to transfer, transmission, transposition & dematerialisation of shares and redressal of Investors' grievance, etc., if any. The shares received by the Company/ RTA for registration of transfers, are processed by RTA and transferred expeditiously and thereafter as per SEBI guidelines, an option letter is sent by RTA to the transferee(s) giving the option to him/her/them for dematerialisation of shares without movement of physical share certificate(s). If demat request is not received within 30 days thereof, the Share Certificate(s) are returned to the shareholder(s) by registered post.

x) Dematerialisation of Shares

The Company has been among the few top most companies in India in which maximum number of shares have been dematerialised. As on 31st March, 2003, 97.28% of the Company's total Equity Share Capital representing 5,55,26,570 Equity Shares were held in dematerialised form and balance 15,50,030 Equity Shares were in paper/ physical form.

The shareholders holding shares in physical form are requested to get their shares dematerialised at the earliest as the Company's shares are required to be compulsorily traded in dematerialised form.

xi) Share Dematerialisation System

The requests for dematerialisation of shares are processed by RTA expeditiously and the confirmation in respect of dematerialisation of shares is entered in the depository system of the respective depositories, by way of electronic entries for dematerialisation of shares. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

xii) Distribution of Shareholding as on 31st March, 2003

No. of Shares	No. of Shareholders	No. of Shares
0-2500	3,407	25,68,330
2501-5000	160	6,12,402
5001-10000	30	2,46,995
10001-100000	36	11,43,058
100001 and above	33	5,25,05,815

xiii) Pattern of Shareholding as on 31st March, 2003

S.No.	Category	No. of Shares	Percentage
1.	Promoters & Relatives	4,41,71,600	77.390
2.	Domestic Companies	10,99,622	1.927
3.	Non-resident Indians (NRIs)	20,430	0.036
4.	Overseas Corporate Bodies (OCBs)	57,41,000	10.058
5.	Foreign Institutional Investors (FIIs)	12,90,000	2.260
6.	Banks	1,000	0.002
7.	Indian Public	47,48,727	8.320
8.	Shares in Transit	4,221	0.007



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

xiv) No GDRs/ ADRs/ Warrant or any convertible instruments were outstanding as on 31st March, 2003.

xv) Plant Locations

- Village Samalheri, Ambala-Chandigarh Highway, Larlu-140 501, Punjab.
- B-1/E-12, Mohan Co-operative Indl. Estate, Mathura Road, New Delhi - 110 044.
- A-241/242, Okhla Indl. Area, Phase I, New Delhi - 110 020.

xvi) Address for correspondence

For share transfer/
dematerialisation of shares,
payment of dividend and any
other query relating to shares : **M/s. Skyline Financial Services Pvt. Ltd.**
123, Vinoba Puri, Lajpat Nagar II, New Delhi – 110024, India.
Phone: +91-11-268 33777, 268 47136
Fax : +91-11-269 18352
E-mail: skyline_fspl@rediffmail.com, agarwalp7@hotmail.com

For investors assistance : The Company Secretary,
Panacea Biotec Limited
B-1 Extn./G-3, Mohan Co-operative Indl. Estate,
Mathura Road, New Delhi - 110 044, India.
Phone : +91-11-51679000
Fax : +91-11-51679075, 26974600
E-mail : companysec@pblintranet.com
Contact Person: Mr. Vinod Goel, Company Secretary.

For and on behalf of the Board

New Delhi
28th June, 2003

SOSHIL KUMAR JAIN
Chairman

AUDITORS' CERTIFICATE

To

The Members of Panacea Biotec Limited

We have examined the compliance of conditions of Corporate Governance by Panacea Biotec Limited, for the year ended on 31st March 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor's grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S.R. BATLIBOI & CO.

Chartered Accountants

Per

Manoj Gupta

Partner

Place: New Delhi
Date: 28th June, 2003



AUDITORS' REPORT

To the members of Panacea Biotec Limited

We have audited the attached Balance Sheet of Panacea Biotec Limited, as at 31st March 2003 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:-
 - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes and Schedules annexed thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
Per

Place: New Delhi
Date: 28th June, 2003

Manoj Gupta
Partner

Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date on the Statement of Accounts of Panacea Biotec Limited as at and for the year ended 31st March, 2003)

1. *The Company is maintaining fixed assets records in quantitative terms. However, for other details/particulars, the Company is in the process of updating the records.* The management has physically verified the Fixed Assets at reasonable intervals and discrepancies observed on such verification as compared to book records, which were not material have been properly dealt with in the books of accounts.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management, of stocks of finished goods, trading goods, stores and spare parts, raw materials and packing materials at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies between the physical stocks and the book records, which were not material, have been properly dealt with in the books of accounts.



ANNEXURE TO THE AUDITORS' REPORT (contd.)

6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has taken unsecured loans from a company, directors, relatives and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and the rates of interest and other terms and conditions of such loans are prima facie not prejudicial to the interests of the Company. Further, the Company has not taken any loans, secured or unsecured, from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Sections 301 of the Companies Act, 1956 or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
9. The parties (including staff) to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts as stipulated and are also regular in the payment of interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, and having regard to the explanations that some of the items are of a specialised nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw & packing materials, trading goods, plant and machinery, equipment and other assets, and for the sale of goods.
11. According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements required to be entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 (Rupees fifty thousand) or more in respect of each party.
12. According to the information and explanations given to us, the Company has reasonable system of determination of unservicable, expired or damaged stores, raw materials, packing materials and finished goods and adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has accepted deposits from the public and has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956, and the rules framed there under.
14. In our opinion, the Company is maintaining reasonable records for the sale and disposal of realisable scrap. The Company's manufacturing process does not produce any by-product.
15. In our opinion, the Company has an Internal Audit system, which is adequate in relation to the size of the Company and the nature of its business.
16. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Order made by the Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 and are of opinion that prima facie the prescribed Accounts and Records are being maintained. However, we have not carried out any detailed examination of such accounts and records.
17. The Company has been regular in depositing of Provident Fund and Employees' State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty and Sales Tax which have remained outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and on the basis of the records examined by us, no personal expenses have been charged to the Profit and Loss Account, other than those payable under any contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As informed to us, the Company does not have any damaged goods in respect of its trading activity.

S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
Per
Manoj Gupta
Partner

Place: New Delhi
Date: 28th June, 2003



BALANCE SHEET

As at 31st March, 2003

(Amount in Rs.)

Schedule		As at 31st March, 2003	As at 31st March, 2002
SOURCES OF FUNDS			
1. Shareholders' Funds			
	I	11,06,34,166	12,01,34,166
	II	94,81,33,998	80,57,68,316
		105,87,68,164	92,59,02,482
2. Loan Funds			
	III	118,18,25,101	72,53,57,908
	IV	13,69,03,551	36,06,74,372
		131,87,28,652	108,60,32,280
3. Deferred Tax Liability (Net)			
		6,05,99,399	7,35,14,285
		243,80,96,215	208,54,49,047
APPLICATION OF FUNDS			
1. Fixed Assets			
	V	82,65,35,698	64,39,56,146
		31,80,04,640	22,43,74,848
		50,85,31,058	41,95,81,298
		45,44,97,772	47,38,73,171
		96,30,28,830	89,34,54,469
			(Refer Note No.B 3 of Schedule XVIII)
2. Investments			
	VI	5,26,47,360	5,26,39,020
3. Current Assets, Loans & Advances			
Current Assets			
		154,48,57,625	82,92,97,343
		17,46,80,552	29,58,84,289
		6,41,13,669	36,59,54,630
		1,21,73,030	1,88,49,615
		11,10,64,476	8,22,74,458
		190,68,89,352	159,22,60,335
Less : Current Liabilities & Provisions			
	VIII	38,99,90,068	39,53,33,426
		11,85,85,503	8,06,24,822
		50,85,75,571	47,59,58,248
		139,83,13,781	111,63,02,087
4. Miscellaneous Expenditure			
	IX	2,41,06,244	2,30,53,471
		243,80,96,215	208,54,49,047
Significant Accounting Policies and Notes to Accounts XVIII			

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our attached report of even date

S.R. Batliboi & Co.

Chartered Accountants

Per

SOSHIL KUMAR JAIN
Chairman

For and on behalf of the Board

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

Manoj Gupta

Partner

Place : New Delhi

Date : 28th June, 2003

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary



PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2003

(Amount in Rs.)

Schedule	For the year ended 31st March, 2003	For the year ended 31st March, 2002
INCOME		
Sales (Net of discounts)	283,85,75,040	283,31,69,013
Less : Excise Duty	14,70,54,133	9,39,14,749
Other Income	X 2,94,01,611	2,41,62,191
Increase/(Decrease) in Stocks	XI 7,97,21,525	(3,19,35,658)
Total Income	280,06,44,043	273,14,80,797
EXPENDITURE		
Cost of Production	XII 148,78,60,869	153,46,41,973
Purchases of Finished Goods	11,75,01,913	8,86,54,022
Personnel Expenses	XIII 23,56,68,848	16,03,53,464
Administrative Expenses	XIV 20,98,26,172	16,87,46,961
Interest & Finance Charges	XV 11,87,42,076	11,71,68,738
Selling Expenses	XVI 11,73,35,785	11,82,07,702
Research & Development Expenses	XVII 9,48,29,178	8,76,85,594
Miscellaneous Expenditure written off during the year	49,40,439	31,51,348
Depreciation	7,76,32,888	4,64,81,323
Total Expenditure	246,43,38,168	232,50,91,125
Profit Before Tax	33,63,05,875	40,63,89,672
Provision for Income Tax	13,50,00,000	15,10,00,000
Provision for Income Tax for earlier years	-	1,22,16,524
Deferred Income Tax	(1,29,14,886)	(61,28,862)
Profit After Tax	21,42,20,761	24,93,02,010
Add: Balance brought forward from previous year	14,86,61,947	6,98,85,308
Debt Redemption Reserve written back	1,33,33,333	-
Profit available for Appropriations	37,62,16,041	31,91,87,318
APPROPRIATIONS		
Dividend - Equity Shares (subject to deduction of tax at source in previous year)	5,70,76,600	5,70,76,600
- Preference Shares	66,23,253	76,66,761
Dividend Distribution Tax	81,55,226	7,82,010
Transfer to Capital Redemption Reserve	95,00,000	50,00,000
Transfer to General Reserve	10,00,00,000	10,00,00,000
Balance carried to Balance Sheet	19,48,60,962	14,86,61,947
Earning per Share - Basic	3.62	4.22
Earning per Share - Diluted	3.62	4.22

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account.

As per our attached report of even date

S.R. Batliboi & Co.

Chartered Accountants

Per

SOSHIL KUMAR JAIN
Chairman

For and on behalf of the Board

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

Manoj Gupta

Partner

Place : New Delhi

Date : 28th June, 2003

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary



SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE I - SHARE CAPITAL		
AUTHORISED		
Comprising of		
i) 12,50,00,000 Equity Shares of Re.1/- each * (Previous Year 1,25,00,000 Equity Shares of Rs.10/- each)	12,50,00,000	12,50,00,000
ii) 1,00,00,000 Preference Shares of Rs.10/- each	10,00,00,000	10,00,00,000
	22,50,00,000	22,50,00,000
ISSUED, SUBSCRIBED & PAID UP		
5,70,76,600 Equity Shares of Re.1/- each * (Previous Year 57,07,660 Equity Shares of Rs.10/- each)	5,70,76,600	5,70,76,600
Add: Forfeited Shares (Out of the above shares, 18,14,240 Equity Shares of Rs.10 each were issued as fully paid up bonus shares by capitalisation of General Reserves in earlier years. During the year the same has been converted into 1,81,42,400 Equity Shares of Re.1 each)	92,566	92,566
	5,71,69,166	5,71,69,166
12% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each		
Series - I		
Nil (Previous Year 7,50,000) Preference Shares	-	75,00,000
Series - II		
53,46,500 (Previous Year 55,46,500) Preference Shares	5,34,65,000	5,54,65,000
	11,06,34,166	12,01,34,166

* Equity Share of Rs.10/- each was sub-divided into 10 Equity Shares of Re.1 each, as approved by the Shareholders in their Extra-Ordinary General Meeting held on 28th December, 2002.

Note:

RCPS Series - II

Redeemable at par at the end of five years from the date of allotment, with put option with the Company after the expiry of one year from the date of allotment. As per the terms of issue, the redemption dates are as under :

Redemption Date	Amount in Rs.
15th July, 2004	2,55,56,200
30th July, 2004	46,01,600
19th Feb., 2005	2,33,07,200



SCHEDULES (contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE II - RESERVES AND SURPLUS		
1) CAPITAL REDEMPTION RESERVE		
Amount as per last Balance Sheet	4,95,35,000	4,45,35,000
Add : Transfer from Profit & Loss Account	<u>95,00,000</u>	<u>50,00,000</u>
	5,90,35,000	4,95,35,000
2) DEBENTURE REDEMPTION RESERVE		
Amount as per last Balance Sheet	4,00,00,000	4,00,00,000
Less : Transferred to Profit & Loss Account	<u>1,33,33,333</u>	<u>-</u>
	2,66,66,667	4,00,00,000
3) SHARE PREMIUM		
Amount as per last Balance Sheet	16,13,67,364	16,13,67,364
4) GENERAL RESERVE		
Amount as per last Balance Sheet	40,62,04,005	38,58,47,152
Add : Transfer from Profit & Loss Account	10,00,00,000	10,00,00,000
Less: Deferred Tax Liability as at April 1, 2001 adjusted	<u>-</u>	<u>(7,96,43,147)</u>
	50,62,04,005	40,62,04,005
5) BALANCE IN PROFIT & LOSS ACCOUNT	19,48,60,962	14,86,61,947
	<u>94,81,33,998</u>	<u>80,57,68,316</u>
SCHEDULE III - SECURED LOANS		
1) DEBENTURES		
4,00,000 16% Non-Convertible Debentures of face value of Rs.100/- each redeemable at par in three equal annual instalments starting from 15th Feb. 2003 (First instalment of Rs.1,33,33,333 redeemed on 15.02.03)	2,66,66,667	4,00,00,000
2) RUPEE TERM LOANS		
i) Industrial Development Bank of India (IDBI) (Repayable within one year Rs.49,95,000 (Previous Year Rs.1,49,95,000))	49,95,000	1,99,90,000
ii) Export-Import Bank of India (EXIM Bank) Long Term Working Capital Loan (Repayable within one year Rs.2,81,25,000 (Previous Year Rs. Nil))	11,25,00,000	11,25,00,000
Production Equipment Finance Loan (Repayable within one year Rs.1,87,50,000 (Previous Year Rs. Nil))	7,50,00,000	7,50,00,000
iii) State Bank of Bikaner & Jaipur (Repayable within one year Rs.1,25,00,000 (Previous Year Rs. Nil))	5,00,00,000	-
iv) Short Term Loan from IDBI Bank Limited (Repayable within one year Rs.10,00,00,000 (Previous Year Rs. Nil))	10,00,00,000	-
3) FOREIGN CURRENCY LOAN		
Bank of Baroda - FCNR (Repayable within one year Rs.2,00,18,550 (Previous Year Rs. Nil))	6,00,58,808	-
4) WORKING CAPITAL LOANS FROM SCHEDULED BANKS		
	75,26,04,626	47,78,67,908
	<u>118,18,25,101</u>	<u>72,53,57,908</u>



SCHEDULES (contd.)

SCHEDULE III - SECURED LOANS (Contd...)

Notes :

1. Debentures are secured by way of first charge on land situated at Village Budasan, District Mehsana, Gujarat besides first charge on the Land admeasuring 96 bighas 19 biswas situated at Village Samalheri and other immovable properties of the Company pertaining to Lalru Unit on pari-passu basis with term lending institutions and charge on the whole of the movable properties, both present and future, subject to the prior charges created and/or to be created in favour of Company's Bankers for Working Capital Loans.
2. Term Loan from IDBI is secured by first pari-passu charge by way of hypothecation on all the movables, both present and future, save and except book debts and charges created and/or to be created in favour of Company's Bankers for Working Capital Loans, besides first pari-passu charge on Land admeasuring 96 bighas 19 biswas situated at Village Samalheri, and other immovable properties pertaining to Lalru Unit, both present and future.
3. Term Loans from Exim Bank are secured by way of first pari-passu charge by hypothecation of entire movable fixed assets of the Company, both present and future and the first pari-passu charge by way of mortgage on immovable properties except those specifically charged with other lenders, which is pending creation.
4. Term Loan from State Bank of Bikaner & Jaipur is secured by way of first pari-passu charge by way of hypothecation over Company's all present and future goods, book debts and all other movable assets, outstanding monies, receivables, claims, investment and rights and all the present and future machineries of the Company.
5. Short Term Loan from IDBI Bank Ltd. is secured by way of subsequent and subservient charge on current assets and movable assets of the Company.
6. Foreign Currency Loan from Bank of Baroda is secured by way of first pari-passu charge over the Company's all movable machineries including spare parts both present and future.
7. Working Capital Loans from Scheduled Banks are secured by way of first pari-passu charge by way of hypothecation of present & future stocks of raw materials, stocks-in-process, finished goods, consumable stores and spares, bills receivable, book debts, outstanding monies, receivable claims, trust receipts and all other movables of the Company besides second charge on the plant & machinery at all the divisions and immovable properties of the Company admeasuring 96 bighas 19 biswas situated at Village Samalheri, Lalru and equitable mortgage by deposit of title deeds in respect of Company's immovable property being land measuring 31 bighas 8 kilas situated at Mauza Jarot, Tehsil Rajpura together with all buildings, superstructures, plant & machinery constructed or to be constructed, installed or to be installed, present and future and accretions on the said land. However, creation of second charge on immovable properties at Lalru, is pending in case of State Bank of India, Vijaya Bank, Vysya Bank and State Bank of Travancore.
8. The above loans are also collaterally secured by personal guarantees of the Promoter-Directors of the Company.

	As at 31st March, 2003	(Amount in Rs.) As at 31st March, 2002
Fixed Deposits (including Rs.7,44,50,000 from Directors, their relatives & Associates) (Repayable within one year Rs.1,30,50,000 (Previous Year Rs.27,50,000))	7,53,70,000	8,58,00,000
Institution Loans :		
Foreign Currency Loan from Industrial Development Bank of India	-	14,64,30,000
Rupee Loan from IDBI Bank Ltd.	-	10,25,31,761
Short Term Rupee Loan from Mizuho Corporate Bank Ltd. (Repayable within one year Rs.3,50,00,000 (Previous Year Rs. Nil))	3,50,00,000	-
Trade Deposits	2,65,33,551	2,59,12,611
	<u>13,69,03,551</u>	<u>36,06,74,372</u>



SCHEDULES (contd.)

SCHEDULE V - FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 1st April, 2002	Additions during the year	Sale during the year	As at 31st March, 2003	As at 1st April, 2002	Provided during the year	Deductions & Adjustments during year	As at 31st March, 2003	As at 31st March, 2002
Tangible Assets :									
Land - Freehold	3,48,40,312	6,74,103	-	3,55,14,415	-	-	-	3,55,14,415	3,48,40,312
Land - Leasehold	63,70,863	-	-	63,70,863	46,275	74,080	-	62,50,508	63,24,588
Buildings	16,90,30,442	45,92,338	-	17,36,22,780	4,25,97,192	1,03,05,852	-	12,07,19,736	12,64,33,250
Leasehold Improvements	-	3,56,78,542	-	3,56,78,542	-	1,66,49,986	-	1,90,28,556	-
Plant & Machinery	25,39,61,820	5,41,62,745	77,000	30,80,47,565	9,53,52,316	2,90,31,258	26,857	18,36,90,848	15,86,09,504
Furniture & Fittings	2,69,22,174	2,16,13,215	2,64,365	4,82,71,024	1,03,74,743	49,09,355	73,455	3,30,60,381	1,65,47,431
Vehicles	5,65,54,762	94,99,260	33,64,619	6,26,89,403	2,88,57,345	87,75,962	25,53,032	2,76,09,128	2,76,97,417
Office Equipments	2,10,15,544	2,77,97,885	1,41,476	4,86,71,953	64,62,922	42,75,182	32,309	3,79,66,158	1,45,52,622
Computer Equipments	3,56,07,715	1,39,92,928	9,138	4,95,91,505	2,26,55,130	83,99,148	4,195	1,85,41,422	1,29,52,585
Intangible Assets :									
Patents, Trade Marks & Copyrights	3,46,36,891	38,50,689	-	3,84,87,580	1,70,25,800	72,19,994	-	1,42,41,786	1,76,11,091
Softwares	50,15,623	53,71,750	-	1,03,87,373	10,03,125	20,77,475	-	73,06,773	40,12,498
Website	-	92,02,695	-	92,02,695	-	46,01,348	-	46,01,347	-
Total	64,39,56,146	18,64,36,150	38,56,598	82,65,35,698	22,43,74,848	9,63,19,640	26,89,848	50,85,31,058	41,95,81,298
Previous Year	54,16,17,035	10,77,74,052	54,34,941	64,39,56,146	16,26,55,871	6,51,99,780	34,80,803	41,95,81,298	37,89,61,164
Capital Work in Progress								45,44,97,772	47,38,73,171

Notes

- Freehold Land includes Land on Perpetual lease amounting to Rs.50,65,000 (Previous Year Rs.50,65,000) pending registration in the name of the Company.
- Building amounting to Rs.1,29,14,568 (Previous Year Rs.53,15,568) is pending registration in the name of the Company.
- Plant & Machinery amounting to Rs.58,08,754 (Previous Year Rs.24,91,511) (Net Block) is lying with third parties.
- Depreciation for the year includes depreciation on Research & Development Assets amounting to Rs. 1,86,86,752 (Previous Year Rs.1,87,18,457).



SCHEDULES (contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE VI - INVESTMENTS		
LONG TERM (at cost)		
A. Quoted *		
46,900 Equity Shares (Previous year 46,900) of Rs.10/- each fully paid of IDBI Bank Ltd.	8,44,200	8,44,200
Market Value Rs.10,57,595 (Previous year Rs.12,80,370)		
B. Unquoted **		
1) Subsidiary Companies :		
a) 1,98,250 Equity Shares (Previous Year 1,98,230) of Rs.10/- each fully paid in Radicura & Co. Ltd.	1,13,66,440	1,13,65,300
b) 1,90,216 Equity Shares (Previous Year 1,90,156) of Rs.10/- each fully paid of Best On Health Limited (Formerly known as Jiva Life Sciences Limited)	2,28,83,050	2,28,75,850
c) 2,00,000 Equity Shares (Previous Year 2,00,000) of Great Britain Pound 1 each fully paid of Tayonics Ltd.	1,33,56,000	1,33,56,000
	4,76,05,490	4,75,97,150
2) Joint Venture Company :		
4,19,767 (Previous Year 4,19,767) Equity Shares of Rs.10/- each fully paid of Panheber Biotec Pvt. Ltd.	41,97,670	41,97,670
	5,26,47,360	5,26,39,020

* Non Trade Investments

** Trade Investments



SCHEDULES (contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE VII - CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
INVENTORIES		
i) Raw & Packing Materials (including lying with third party Rs.43,32,754 (Previous Year Rs.18,98,918))	123,84,51,936	60,31,53,409
ii) Finished Goods	26,44,58,267	20,12,35,974
iii) Stock in Process	2,43,99,561	79,00,329
iv) Stores & Spares	1,75,47,861	1,70,07,631
	154,48,57,625	82,92,97,343
SUNDRY DEBTORS (Unsecured, considered good, unless otherwise stated)		
Over six months (including Rs.2,00,81,544 considered doubtful of recovery (Previous Year Rs.60,81,544))	3,80,63,000	3,58,35,346
Less: Provisions for Bad & Doubtful Debts	2,00,81,544	60,81,544
	1,79,81,456	2,97,53,802
Other Debts	15,66,99,096	26,61,30,487
	17,46,80,552	29,58,84,289
CASH AND BANK BALANCES		
i) Cash in hand	12,60,310	11,73,436
ii) Balances with Scheduled Banks :		
a) In Cash Credit Accounts	3,60,701	78,66,508
b) In Current Accounts	3,02,59,024	4,17,45,159
c) In Fixed Deposits *	1,29,52,074	21,93,15,487
d) In Exchange Earner Foreign Currency Current Accounts	1,77,71,821	9,57,70,119
iii) Balances with Non-scheduled Banks		
a) Bank of Foreign Trade - Moscow (maximum amount outstanding at any time during the year Rs. 12,71,488 (Previous Year Rs.5,02,128))	6,84,360	5,036
b) Standard Chartered Bank Tanzania Ltd. (maximum amount outstanding at any time during the year Rs. 2,79,040 (Previous Year Rs.4,25,583))	-	78,885
c) Societe Generale Yugoslav Bank (maximum amount outstanding at any time during the year Rs. 9,84,515 (Previous Year Rs.5,79,180))	8,25,379	-
	6,41,13,669	36,59,54,630
OTHER CURRENT ASSETS		
DEPB & other Export Benefits receivable	1,21,73,030	1,88,49,615
B. LOANS & ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	9,18,68,032	5,92,89,936
Staff Loans & Advances (including Rs.11,55,468 considered doubtful of recovery (Previous Year Rs.4,55,468))	90,01,375	96,81,814
Less: Provision for Bad & Doubtful Advances	11,55,468	4,55,468
	78,45,907	92,26,346
Security Deposits	1,13,50,537	78,81,580
Advance Income Tax (net of tax provision)	-	58,76,596
	11,10,64,476	8,22,74,458
	190,68,89,352	159,22,60,335

* Receipts for Fixed Deposits amounting to Rs.1,24,68,618 (Previous Year Rs.1,91,51,266) are pledged with Banks and various Government Authorities.



SCHEDULES (contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE VIII - CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
i) Acceptances	1,03,78,333	1,58,81,246
ii) Creditors for Goods, Services & Expenses		
Small Scale Industries	35,560	8,24,402
Other Creditors	36,12,30,540	36,48,13,533
iii) Advances from Customers	10,93,707	-
iv) Unclaimed Dividend *		
Equity Shares	7,93,186	4,80,986
Preference Shares	21,00,305	13,62,360
v) Other Liabilities	79,86,990	70,23,333
vi) Book Overdraft	17,38,742	38,64,224
vii) Interest accrued but not due on loans	46,32,705	10,83,342
	38,99,90,068	39,53,33,426
B. PROVISIONS		
i) Wealth Tax	2,02,860	2,50,000
ii) Provision for Income Tax (Net of Advance Tax)	1,28,04,566	-
iii) Dividend on Equity Shares	5,70,76,600	5,70,76,600
iv) Dividend on Preference Shares	65,73,937	-
v) Dividend Distribution Tax	81,55,226	-
vi) Provision for Gratuity/Leave Encashment	3,37,72,314	8,06,24,822
	11,85,85,503	2,32,98,222
	50,85,75,571	47,59,58,248

* This amount does not include the amount due/ outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE IX - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

i) Product Registration Expenses			
As per last Balance Sheet	93,28,471	43,07,675	
Add : Additions during the year	44,93,212	76,22,144	
	1,38,21,683	1,19,29,819	
Less: Written off during the year	34,61,758	26,01,348	93,28,471
ii) License Fees			
As per last Balance Sheet	1,37,25,000	-	
Add : Additions during the year	15,00,000	1,42,75,000	
	1,52,25,000	1,42,75,000	
Less: Written off during the year	14,78,681	5,50,000	1,37,25,000
	1,37,46,319	5,50,000	1,37,25,000
	2,41,06,244	2,30,53,471	



SCHEDULES (contd.)

(Amount in Rs.)

	For the year ended 31st March, 2003	For the year ended 31st March, 2002
SCHEDULE X - OTHER INCOME		
Interest Received on Fixed Deposits & Others (Gross) (Tax deducted at source Rs. 9,55,755 (Previous Year Rs. 4,38,731))	46,51,443	28,74,605
Export Incentives	1,12,63,392 *	1,40,58,508
Dividened on Investments (Gross)	46,900	32,830
Miscellaneous Balances/Provisions written back	-	63,59,861
Income from R&D Services	1,15,11,254	-
Sale of Scrap	38,494	21,156
Miscellaneous Receipts	18,90,128	8,15,231
	<u>2,94,01,611</u>	<u>2,41,62,191</u>
* Net of Rs.65,34,410 on account of surrender of Licenses obtained in earlier years.		
SCHEDULE XI - INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	26,44,58,267	20,12,35,974
Stock in Process	2,43,99,561	28,88,57,828
	<u>28,88,57,828</u>	<u>79,00,329</u>
Less :Opening Stock		
Finished Goods	20,12,35,974	23,33,48,503
Stock in Process	79,00,329	20,91,36,303
	<u>79,00,329</u>	<u>77,23,458</u>
	<u>7,97,21,525</u>	<u>(3,19,35,658)</u>
SCHEDULE XII - COST OF PRODUCTION		
Raw Materials & Packing Materials consumed		
Opening Stock	60,31,53,409	33,01,93,457
Add: Materials purchased during the Year	200,89,99,730	176,61,89,902
	<u>261,21,53,139</u>	<u>209,63,83,359</u>
Less: Sale during the year	1,19,27,694	62,08,332
Less: Closing Stock	123,84,51,936	60,31,53,409
	<u>136,17,73,509</u>	<u>148,70,21,618</u>
Less: Materials consumed for Research & Development	22,51,088	66,68,944
Total Materials consumed	135,95,22,421	148,03,52,674
Processing Charges	7,04,976	11,10,222
Analytical Testing & Trial Charges	24,74,824	49,79,841
Stores & Spares consumed (indigenous only)	1,43,03,901	37,88,321
Power & Fuel	4,90,66,496	1,08,15,990
Wages	3,33,02,097	1,64,85,132
Repair & Maintenance		
Factory Building	58,76,453	41,51,567
Plant & Machinery	62,88,546	52,77,276
Rent Factory	1,63,21,155	76,80,950
	<u>148,78,60,869</u>	<u>153,46,41,973</u>



SCHEDULES (contd.)

(Amount in Rs.)

	For the year ended 31st March, 2003	For the year ended 31st March, 2002
SCHEDULE XIII - PERSONNEL EXPENSES		
Salary & Wages	20,40,29,338	13,49,52,961
Contribution to Provident and other Funds	1,10,89,355	86,71,316
Bonus & Ex-gratia	82,18,948	51,80,876
Staff Welfare Expenses	1,23,31,207	1,15,48,311
	<u>23,56,68,848</u>	<u>16,03,53,464</u>
SCHEDULE XIV - ADMINISTRATIVE EXPENSES		
Rent	58,47,140	67,96,293
Directors' Remuneration	2,02,07,762	1,90,26,764
Directors' Sitting Fees	3,65,000	2,90,000
Printing & Stationery	97,66,936	78,25,157
Postage & Communication Expenses	1,89,43,304	2,02,01,486
Insurance	1,33,59,039	87,48,803
Travelling & Conveyance Expenses	3,21,56,861	3,48,90,922
Books & Periodicals	4,08,708	16,96,836
Legal & Professional Charges	2,78,86,546	2,00,56,042
Vehicle Running & Maintenance	60,65,444	59,19,740
Repair & Maintenance :		
Non-factory Buildings	67,59,176	27,74,871
Others	<u>1,77,42,352</u>	<u>92,47,972</u>
Auditors' Remuneration:		
Statutory Audit Fees	15,00,000	12,00,000
Certification etc.	6,85,675	7,12,375
Out of Pocket Expenses	<u>85,925</u>	<u>56,100</u>
Rates, Fees & Taxes	66,56,143	38,27,515
Donation	6,20,100	21,69,957
Subscription	54,99,428	10,20,099
Electricity & Water Charges	56,99,576	70,63,223
Staff Training & Recruitment	42,64,545	56,62,620
Sundry Expenses	1,03,77,896	54,22,924
Provision for Doubtful Debts	1,40,00,000	35,11,372
Provision for Doubtful Advances	7,00,000	4,55,468
Loss on Sale of Fixed Assets	2,28,616	1,70,422
	<u>20,98,26,172</u>	<u>16,87,46,961</u>
SCHEDULE XV - FINANCIAL EXPENSES		
Interest on:		
a) Debentures/Other Fixed Loans	3,11,27,962	1,72,57,592
b) Others	<u>9,81,61,026</u>	<u>8,23,20,163</u>
Exchange Fluctuation Loss / (Gain) - net	(2,35,53,431)	50,03,209
Premium on Redemption of Preference Share Capital	-	2,50,000
Bank Charges	1,30,06,519	1,23,37,774
	<u>11,87,42,076</u>	<u>11,71,68,738</u>



SCHEDULES (contd.)

(Amount in Rs.)

	For the year ended 31st March, 2003	For the year ended 31st March, 2002
SCHEDULE XVI - SELLING EXPENSES		
Advertising	40,04,603	50,61,097
Meetings & Conferences	1,10,61,736	83,89,320
Sales Promotion	98,62,098	2,93,87,735
Freight & Cartage	1,88,99,146	1,70,53,712
Commission on Sales	85,28,379	86,65,589
Rent for Cold Storage & Depots	61,78,894	95,22,101
Marketing Expenses	5,88,00,929	4,01,28,148
	<u>11,73,35,785</u>	<u>11,82,07,702</u>
SCHEDULE XVII - RESEARCH AND DEVELOPMENT EXPENSES		
Raw Materials & Packing Materials consumed	22,51,088	66,68,944
Stores & Spares consumed (indigeneous only)	41,60,624	31,16,009
Processing Charges	3,68,450	-
Salary, Wages & Bonus	2,90,02,126	1,93,68,154
Contribution to Provident & other Funds	12,04,084	7,43,296
Staff Welfare Expenses	24,94,834	20,89,441
Analytical Testing & Trial Charges	1,33,40,391	1,64,31,220
Rent	1,20,680	3,63,760
Directors' Remuneration	22,00,000	22,00,000
Printing & Stationary	4,43,152	3,89,025
Postage & Communication	5,50,410	6,79,760
Insurance	5,88,888	89,654
Travelling Expenses	42,64,805	46,24,948
Books & Periodicals	3,20,817	2,80,731
Legal & Professional Expenses	76,71,928	39,86,381
Vehicle Running & Maintenance	13,42,736	12,02,342
Repair & Maintenance:		
Buildings	14,01,774	3,35,431
Plant & Machinery	2,50,758	13,83,034
Others	9,73,521	5,17,069
	<u>26,26,053</u>	<u>22,35,534</u>
Rates, Fees & Taxes	64,871	22,135
Donation	10,28,200	10,10,000
Subscription	3,49,469	4,55,107
Electricity & Water Charges	3,48,011	16,72,581
Meetings & Conferences	5,78,749	7,47,556
Staff Training & Recruitment	3,04,412	2,15,661
Bank Charges	1,03,229	1,57,357
Depreciation	1,86,86,752	1,87,18,457
Sundry Expenses	4,14,419	2,17,541
	<u>9,48,29,178</u>	<u>8,76,85,594</u>

**SCHEDULES (contd.)****SCHEDULE XVIII - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1) Method of Accounting**

The accompanying financial statements have been prepared in accordance with the historical cost conventions following accrual basis of accounting and in accordance with Generally Accepted Accounting Practices in India and confirm to the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956, as amended upto date.

2) Uses of Estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

3) Revenue Recognition

Sales are recognised at the time of constructive delivery of goods and are stated net of trade discounts, returns and sales tax but include excise duty.

Income from Research & Development Services is accounted for as per the stage of completion.

4) Export Benefits

Export benefits under Duty Exemption Pass Book Schemes and Advance Licenses are accounted for in the year of export of goods.

5) Fixed Assets

Fixed Assets are stated at historical cost of acquisition or construction and include all other incidental expenses related to acquisition.

6) Expenditure during Construction Period

Expenditure incurred during construction period (net of income, if any) on new Projects is capitalised on the commissioning of the projects.

7) Intangibles

Acquired Intangibles are stated at the cost of acquisition. In case of internally generated intangibles, they are stated at directly attributable cost.

8) Depreciation

a) Depreciation on fixed assets (except in case of Software & Website, Patents, Trade Marks, Copyrights & Leasehold Improvements) is provided on written down value method as per the rates and the manner prescribed in Schedule XIV to the Companies Act, 1956.

b) Depreciation on intangibles is provided as follows:-

Software	-	Depreciated on Straight Line basis over a period of 5 years.
Websites	-	Depreciated on Straight Line basis over a period of 2 years.
Patents, Trade Marks & Copyrights	-	Depreciated on Straight Line basis over a period of 7 years.

c) Leasehold Improvements are amortized over the initial period of lease.

9) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of that asset. Borrowing costs, which are not relatable to fixed assets, are recognized as an expense in the period in which they are incurred.

**SCHEDULES (contd.)****10) Deferred Revenue Expenditure**

- a) Expenditure for registration and for obtaining regulatory approvals for products for overseas markets and product acquisition is charged off over a period of five years beginning from the year of product registration.
- b) Expenditure towards procuring license for new products is written off over the period of agreement.

11) Investments

Long-term investments are stated at cost. A provision for diminution (if any) is made to recognise a decline, other than temporary, in the value of long-term investments.

12) Inventories

Finished Goods, Stock in process, Goods held for resale, - At the lower of cost and net
Raw Materials, Packing Materials and Stores & Spares realisable value

Cost of Raw Materials, Packing materials and Stores & Spares is arrived at by using 'First-in-first out' method.

Cost of stock in process and finished goods is determined by considering direct material cost and appropriate portion of factory and administrative overheads. Cost of traded goods is arrived at by using 'First-in-first out' method.

13) Custom & Excise Duty

Custom duty on materials lying in bonded warehouses and Excise Duty on manufactured goods lying in the factory premises is accounted for on accrual basis.

14) Research and Development

Revenue expenditure incurred on Research & Development is charged to Profit & Loss Account of the year in which it is incurred.

Capital Expenditure on Research & Development is included in the gross block of fixed assets and depreciation thereon is provided on Written Down Value method as per the rates and the manner prescribed in Schedule XIV to the Companies Act, 1956.

15) Employee Terminal Benefits

- a) **Provident Fund** : Company's contribution to defined contribution schemes being Provident Fund is accrued as per the terms of contracts with the employees and provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to Profit and Loss Account.
- b) **Gratuity**: Provision for Gratuity is made on the basis of actuarial valuation made by an independent actuary as of the Balance Sheet date.
- c) **Leave Encashment**: Provision for leave encashment benefit to the employees as per Company's policy is made on the basis of actuarial valuation made by an independent actuary as of the Balance Sheet date.

16) Foreign Currency Transactions

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b) Investments in foreign companies are continued to be accounted for at the exchange rates prevailing on the dates of making the investments.
- c) Assets and liabilities (except non-monetary assets) related to foreign currency transactions, remaining unsettled at the year-end, are stated at year-end rates. In cases where the foreign currency assets and liabilities are covered by Forward Exchange Contract, the same are stated at forward contract rates and resultant exchange difference is spread over the life of the contract.
- d) Exchange gains/losses are recognised in the Profit and Loss Account except in respect of liabilities incurred to acquire fixed assets, in which case they are adjusted to the carrying value of such fixed assets.



SCHEDULES (contd.)

17) Income Taxes

- Provision is made for current income tax liability, which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of Income Tax Act, 1961.
- Deferred income tax is provided, using the liability method, on all timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
- Deferred tax assets are recognised only to the extent that there is reasonable certainty of their realisation.
- Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or subsequently enacted at the balance sheet date.

B. NOTES TO ACCOUNTS

1. Contingent Liabilities

(Amount in Rs.)

Particulars	Current Year	Previous Year
i. Disputed demands/ show-cause notices under sales tax, income tax, customs & excise	1,93,12,428	1,30,07,489
ii. Labour cases	17,02,692	11,29,408
iii. Other Claims against the company not acknowledged as debts	10,69,000	58,69,000
iv. Differential Custom Duty for imports under EPCG scheme	33,82,792	68,43,028

- Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for amount to Rs.1,07,43,216 (Previous Year Rs.68,90,116).
- Capital Work-in Progress includes Preoperative Expenses of Rs. 3,56,08,277 incurred on the Company's vaccine plant at Lalru (Punjab). The plant could not commence commercial production as the clinical trials are under progress. Detail of Preoperative Expenditure is as follows:

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
	Opening Balance	3,56,08,277	23,90,130
i.	Travelling & Conveyance Expenses	-	2,75,954
ii.	Rent	-	6,14,839
iii.	Legal & Professional Charges	-	56,721
iv.	Repairs & Maintenance – Machinery	-	3,76,309
v.	Repairs & Maintenance – Building	-	2,10,993
vi.	Repairs & Maintenance – Others	-	63,258
vii.	Electricity & Water Charges	-	1,42,70,643
viii.	Printing & Stationery	-	21,905
ix.	Postage & Communication	-	27,590
x.	Rates, Fees & Taxes	-	1,67,641
xi.	Repair & Maintenance – Others	-	84,839
xii.	Salary & wages	-	49,35,555
xiii.	Staff Welfare	-	11,70,114
xiv.	Materials consumed	-	20,82,909
xv.	Vehicle maintenance	-	30,608
xvi.	Technology Know-how	-	47,72,209
xvii.	Interest on Fixed Loan	-	6,81,268
xviii.	Interest - Others	-	32,49,882
xix.	Sundry Expenses	-	1,24,910
	Total	3,56,08,277	3,56,08,277



SCHEDULES (contd.)

4. (a) Directors' Remuneration:

(Amount in Rs.)

Particulars	Current Year	Previous Year
Managing / Joint Managing Directors / Whole-time Directors		
Salary	1,88,54,839	1,95,00,000
Royalty	7,00,000	7,00,000
Perquisites	38,47,751	16,68,222
Total	2,34,02,590	2,18,68,222
Non-Working Directors		
Allowances	16,09,000	8,44,233
Sitting Fees	3,65,000	2,90,000
Total	19,74,000	11,34,233
Grand Total	2,53,76,590 *	2,30,02,455 *

*** Notes:**

- Provision for Leave Encashment and Gratuity amounting to Rs.4,60,934 (Previous Year Rs.39,55,707) and Rs.14,53,582 (Previous Year Rs.55,37,152) respectively made during the year has not been included above.
- Perquisites of Rs.3,21,978 paid to a Whole-time Director is subject to the approval of the Shareholders in the ensuing Annual General Meeting.
- Perquisites amounting to Rs.29,07,398 (Previous Year Rs. 14,85,692) have been included under various heads of expenses in the Profit & Loss Account.

(b) Computation of net profit in accordance with section 349 of the Companies Act, 1956.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Profit as per Profit & Loss Account (before taxes & extraordinary items)	33,63,05,875	40,63,89,672
Add:		
Directors' Remuneration	2,53,76,590	2,30,02,455
Provision for Doubtful Debts and Advances	1,47,00,000	39,66,840
Net profit in accordance with section 349 of Companies Act,1956	37,63,82,465	43,33,58,967
Maximum amount permissible under section 309 of the Companies Act,1956 for payment to Managing/ Joint Managing Directors/ Whole-time Directors	3,76,38,246	4,33,35,896
Maximum amount permissible under section 309 of the Companies Act,1956 for payment to Non-working Directors	37,63,825	43,33,590

5. The names of Small Scale Industrial Undertakings to whom the Company owes a sum, which is outstanding for more than 30 days, are as under: -

(Amount in Rs.)

Supplier's Name	Current Year	Previous Year
Shiva Chemicals Co.	28,356	2,37,468
Canton Laboratories	-	57,066
Sukkan Industries	7,204	699
Total	35,560	2,95,233

6. Profit/Loss on sale of Raw Materials & Packing Materials has been adjusted in consumption thereof and has not been shown separately.
7. In the opinion of the management, all the current assets and loans & advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.



SCHEDULES (contd.)

8. Earnings Per Share

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
a.	Net profit available for Equity Shareholders :		
	Net profit after tax	21,42,20,761	24,93,02,010
	Less: Dividend (including dividend tax) on Preference Shares	74,65,539	84,48,771
	Net profit after tax available for Equity Shareholders	20,67,55,222	24,08,53,239
b.	Calculation of Weighted Average Number of Equity Shares of Re.1/- each*:		
	Number of Equity Shares at the beginning of the year	5,70,76,600	5,70,76,600*
	Total number of Equity Shares outstanding at the end of the year	5,70,76,600	5,70,76,600*
	Weighted Average Number of Equity Shares	5,70,76,600	5,70,76,600*
c.	Basic Earnings per Share (of Re.1/-)	3.62	4.22
d.	Diluted Earnings per Share (of Re.1/-)	3.62	4.22

* Equity Share of Rs.10/- each was sub-divided into 10 Equity Shares of Re.1/- each as approved by the Shareholders on 28th December, 2002 and accordingly, the number of Shares have been reworked / adjusted for the purpose of calculation of Weighted Average Number of Equity Shares.

9. Deferred Tax Liabilities (Net):

The break-up of deferred tax Liability is as follows:

(Amount in Rs.)

Nature of Timing Differences between Tax and Books	Deferred Tax Asset/(Liability) as at 01.04.2002	Current year (Charges)/Credit	Deferred Tax Asset/(Liability) as at 31.03.2003
Depreciation	(7,45,18,211)	64,78,227	(6,80,39,984)
Deferred Revenue Expenses	(82,30,089)	(4,18,026)	(86,48,115)
Disallowance under Section 43B of the Income Tax Act	88,95,676	40,04,583	1,29,00,259
Others	3,38,339	28,50,102	31,88,441
Total	(7,35,14,285)	1,29,14,886	(6,05,99,399)

10. Related Party Disclosures

A. List of Related Parties

(a) Joint Venture

Panheber Biotec Pvt. Ltd.

(b) Subsidiaries

Best On Health Limited (formerly known as Jiva Life Sciences Limited)

Radicura & Co. Limited

Tayonics Limited

(c) Key Management Personnel

Shri Soshil Kumar Jain	-	Chairman and Whole-time Director
Shri Ravinder Jain	-	Managing Director
Shri Rajesh Jain	-	Joint Managing Director
Shri Sandeep Jain	-	Joint Managing Director
Shri Ashwani Jain	-	Whole-time Director
Dr. Amarjit Singh	-	Whole-time Director
Shri Gurmeet Singh	-	Whole-time Director (Upto 26 th October, 2002)



SCHEDULES (contd.)

(d) List of Persons having controlling interest together with their relatives

Key Management Personnel	Father	Mother	Wife	Brother	Sister	Son	Daughter	Associates
Soshil Kumar Jain			Nirmala Jain	Surinder Kumar Jain	Bimla Devi Jain	Ravinder Jain Rajesh Jain Sandeep Jain	Rashmi Jain Renu Jain	Soshil Kumar Jain (HUF), Radhika Associates
Ravinder Jain	Soshil Kumar Jain	Nirmala Jain	Sunanda Jain	Rajesh Jain Sandeep Jain	Rashmi Jain Renu Jain	Sumit Jain Nipun Jain	Radhika Jain	Ravinder Jain (HUF), Sumit Nipun & Co.
Rajesh Jain	Soshil Kumar Jain	Nirmala Jain	Meena Jain	Ravinder Jain Sandeep Jain	Rashmi Jain Renu Jain	Ankesh Jain Harshit Jain Taric Jain		Rajesh Jain (HUF), Rattan Sons
Sandeep Jain	Soshil Kumar Jain	Nirmala Jain	Pamilla Jain	Ravinder Jain Rajesh Jain	Rashmi Jain Renu Jain Anita Jain	Tanish Jain	Priyanaka Jain	Sandeep Jain (HUF), Tahir & Co.
Ashwani Jain		Laxmi Jain	Rashmi Jain					

(e) Relatives of Key Management Personnel having transactions with the Company:

- (i) Ranjeet Kaur - wife of Shri Gurmeet Singh
- (ii) Jyoti Singh - wife of Dr. Amarjit Singh
- (iii) Tilak Chand Jain - Sister's Husband of Shri Soshil Kumar Jain

B. Details of Transactions with the Related Parties

(Amount in Rs.)

Particulars	Subsidiaries	Joint Venture	Key Management Personnel	Relatives and Associates of Key Management Personnel	Total
Purchase of Materials/Finished Goods (net)	88,012 (91,437)	- (-)	- (-)	- (-)	88,012 (91,437)
Sale of Finished Goods (Net of Credit Notes)	3,78,34,062 (2,84,63,500)	- (-)	- (-)	- (-)	3,78,34,062 (2,84,63,500)
Fresh Equity placed in Subsidiary Company	- (55,51,800)	- (-)	- (-)	- (-)	- (55,51,800)
Shares purchased in Subsidiary Companies	- (-)	- (-)	3,600 (-)	4,740 (-)	8,340 (-)
Consignment Sales Commission	- (4,80,503)	- (-)	- (-)	- (-)	- (4,80,503)
Rent Paid	28,80,000 (28,80,000)	- (-)	- (-)	- (-)	28,80,000 (28,80,000)
Rent Received	- (-)	84,000 (14,000)	- (-)	- (-)	84,000 (14,000)
Remuneration	- (-)	- (-)	2,34,02,590 (2,18,68,222)	3,05,268 (2,04,634)	2,37,07,858 (2,20,72,856)
Interest Expense on Fixed Deposits	29,589 (-)	- (-)	42,04,294 (14,70,822)	28,43,051 (16,79,667)	70,76,934 (31,50,489)
Sale of a subsidiary Company	- (-)	- (-)	- (50,000)	- (-)	- (50,000)
Dividend Paid - Preference Shares	- (-)	- (-)	- (30,98,973)	- (54,72,535)	- (85,71,508)
Dividend Paid - Equity Shares	- (-)	- (-)	2,02,02,930 (2,02,03,530)	2,45,49,860 (2,45,51,190)	4,47,52,790 (4,47,54,720)
Investments	4,76,05,490 (4,75,97,150)	41,97,670 (41,97,670)	- (-)	- (-)	5,18,03,160 (5,17,94,820)
Outstanding Receivables	30,91,716 (18,22,363)	- (1,70,056)	- (-)	- (-)	30,91,716 (19,92,419)
Outstanding Fixed Deposits	- (-)	- (-)	4,31,00,000 (2,41,00,000)	3,13,50,000 (1,15,50,000)	7,44,50,000 (3,56,50,000)

Note: Figures in brackets represent previous year figures.



SCHEDULES (contd.)

11. Segment Reporting Policies

(a) Identification of Segments:

Primary Segment

Business Segment: The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Vaccines, Formulations and Research & Development activities.

Secondary Segment

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- Sales within India includes sales to customers located within India.
- Sales outside India includes sales to customers located outside India.

(b) Allocation of Common Costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

(c) Unallocated Items: Corporate income and expense are considered as a part of Unallocable income & expense, which are not identifiable to any business segment.

A. INFORMATION ABOUT PRIMARY SEGMENTS

(Amount in Rs.)

Particulars	Formulations		Research & Development		Vaccines		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Revenue								
External sales (net of excise duty)	99,26,73,071	79,74,67,931	-	-	169,88,47,836	194,17,86,333	269,15,20,907	273,92,54,264
Other Income	1,77,97,802	1,53,11,022	1,15,11,254	14,51,198	(65,34,410) *	65,34,485	2,27,74,646	2,32,96,705
Total	101,04,70,873	81,27,78,953	1,15,11,254	14,51,198	169,23,13,426	194,83,20,818	271,42,95,553	276,25,50,969
Segment Result	15,48,59,501	12,27,84,815	(8,33,17,922)	(8,62,34,394)	51,45,23,678	57,51,40,807	58,60,65,257	61,16,91,228
Unallocated Corporate Expenses							(13,76,44,271)	(8,89,98,304)
Operating Profit	15,48,59,501	12,27,84,808	(8,33,17,922)	(8,62,34,394)	51,45,23,678	57,51,40,807	44,84,20,986	52,26,92,924
Interest & Finance charges							(11,87,42,076)	(11,71,68,738)
Other Income							66,26,965	8,65,486
Income Taxes							(12,20,85,114)	(15,70,87,662)
Net Profit							21,42,20,761	24,93,02,010
Other Information								
Segment Assets	86,96,21,054	68,84,82,371	17,55,36,004	16,42,54,804	168,66,49,393	130,22,97,874	273,18,06,451	215,50,35,049
Unallocated Corporate Assets							21,48,65,335	40,63,72,246
Total Assets							294,66,71,786	253,83,53,823
Segment Liabilities	10,62,84,390	10,67,37,987	7,49,012	32,22,880	26,11,99,126	28,34,75,505	36,82,32,528	39,34,36,372
Unallocated Corporate Liabilities							151,96,71,094	124,20,68,442
Total Liabilities							188,79,03,622	163,55,04,814
Capital Expenditure – Additions	5,31,28,377	4,43,47,495	1,59,62,521	1,68,26,408	2,41,93,507	1,11,24,933		
Non-Cash Expenses	1,47,00,000	39,66,840						
Depreciation	3,02,06,696	2,44,94,660	1,86,86,752	1,87,18,457	1,23,23,239	1,11,53,638		

* On account of adjustments relating to previous year.



SCHEDULES (contd.)

B INFORMATION ABOUT SECONDARY SEGMENTS

	Current Year	(Amount in Rs.) Previous Year
a) Revenue as per Geographical Markets		
India (including deemed exports Rs.138,07,32,332 (Previous Year Rs.176,02,13,147)	254,88,15,893	265,41,58,692
Outside India	14,27,05,014	8,50,95,572
Total	<u>269,15,20,907</u>	<u>273,92,54,264</u>
b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished.		

12. LEASES

As Lessee

Operating Lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

The total of Minimum Future Lease Payments under non-cancelable operating leases for various periods are as follows:-

	Current Year	(Amount in Rs.) Previous Year
a) Within 1 Year	2,13,52,856	1,53,35,585
b) Later than 1 year but not later than 5 years	3,64,02,759	2,41,64,235
c) Later than 5 years	2,20,000	-
Total	<u>5,79,75,610</u>	<u>3,94,99,820</u>

Total lease payments recognized in the statement of Profit & Loss Account amounts to Rs.2,79,36,947 (Previous Year Rs.2,43,63,104).

As Lessor

Operating Lease receipts are recognized as an income in the Profit & Loss Account on a straight-line basis over the lease term.

The total of Minimum Future Lease Payments under non-cancelable operating leases for various periods are as follows:-

	Current Year	Previous Year
a) Receivable within 1 Year	56,000	63,000
b) Later than 1 year but not later than 5 years	-	-
c) Later than 5 years	-	-
Total	<u>56,000</u>	<u>63,000</u>

Total lease rent received recognized in the statement of Profit & Loss Account amounts to Rs.84,000 (Previous Year Rs.14,000).

13. Cost of production includes cost of production of samples during the year.

14. The Company's interest in 50% Joint Venture Company namely Panhaber Biotec Private Limited is as follows:
Assets – Rs.46,91,958 (Previous Year Rs.46,73,256), Current Liabilities – Rs.95,494 (Previous Year Rs.1,14,342), Total Income – Rs.3,87,010 (Previous Year Rs.4,29,037) and Expenses – Rs.2,02,111 (Previous Year Rs.62,858).

15. Additional information as required under Para 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.

A. Particulars of Licensed Capacity, Installed Capacity & Production

a) **Licensed capacity** – Not Applicable.



SCHEDULES (contd.)

b) Installed Capacity per annum *

Products	Units of Measure	Current year	Previous Year
Tablets	Nos./ Lac	5,500	5,500
Capsules	Nos. / Lac	900	900
Syrups/Liquids	Bottles / Lac	38	38
Gels	Tubes / Lac	42	42
Vaccines	Doses / Lac	7,200	7,200

* As certified by the management

c) Actual Production during the year

Products	Units of Measure	Current year*	Previous Year*
Tablets	Nos.	33,55,49,777	26,09,35,318
Capsules	Nos.	2,48,97,950	1,68,51,660
Syrups/Liquids	MI.	23,36,71,100	29,87,10,060
Gels	Gms.	3,21,69,460	2,79,50,560
Vaccines	Vials	2,27,23,854	2,42,60,912

* Actual Production includes production at Loan Licensee locations.

B. Particulars of Stocks & Sales

Units	Opening Stock		Closing Stock		Samples/Destroyed/ Expired/Shortages		Sales		
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
a) Own Manufacturing :									
Tablets	Nos.	9,23,15,840	11,22,61,599	11,59,90,047	9,23,15,840	1,53,47,043	59,02,706	29,65,28,527	27,49,78,371
	In Rs.	8,43,72,210	8,96,79,658	14,46,90,543	8,43,72,210	-	-	69,91,93,104	52,89,16,145
Capsules	Nos.	30,59,350	1,90,12,034	1,06,93,976	30,59,350	4,49,950	30,36,890	1,68,13,374	2,97,67,454
	In Rs.	1,19,61,490	2,92,28,183	2,13,25,339	1,19,61,490	-	-	6,25,37,372	4,90,89,493
Syrups /	MI.	8,92,34,240	8,55,99,850	7,47,61,540	8,92,34,240	2,12,01,170	1,25,62,020	22,69,42,630	28,25,13,650
Liquids	In Rs.	2,20,16,996	2,61,71,747	1,65,52,422	2,20,16,996	-	-	9,51,27,045	10,60,90,087
Gels	Gms.	1,15,06,110	79,32,795	97,48,580	1,15,06,110	52,48,490	21,24,145	2,86,78,500	2,22,53,100
	In Rs.	71,18,359	41,79,166	59,23,592	71,18,359	-	-	2,84,25,943	2,06,55,512
Vaccines	Nos.	3,61,746	2,74,367	4,59,248	3,61,746	12,477	72,997	2,26,13,875	2,41,00,536
(vials)	In Rs.	3,98,90,489	5,50,02,228	2,76,74,727	3,98,90,489	-	-	169,88,47,836	194,17,86,333
Total	In Rs.	16,53,59,544	20,42,60,982	21,61,66,619	16,53,59,544	-	-	258,41,31,300	264,65,37,570
b) Trading Activities :									
Tablets	Nos.	22,84,184	-	73,50,520	22,84,184	9,94,414	6,94,000	53,70,790	22,81,350
	In Rs.	17,13,668	-	50,83,679	17,13,668	-	-	1,83,96,567	84,89,971
Capsules	Nos.	99,51,984	77,57,395	81,92,863	99,51,984	20,60,071	13,60,231	1,94,09,510	1,70,89,368
	In Rs.	3,17,36,517	2,50,36,573	3,21,04,925	3,17,36,517	-	-	22,16,37,138	16,67,78,701
Syrups /	MI.	-	-	98,34,800	-	6,32,400	-	63,78,400	-
Liquids	In Rs.	-	-	20,62,593	-	-	-	21,09,617	-
Injections	Nos.	61,671	67,161	2,88,954	61,671	31,142	89,290	1,55,515	1,09,842
	In Rs.	24,26,244	40,50,648	90,40,451	24,26,244	-	-	94,33,893	1,13,62,771
Others	In Rs.	-	-	-	-	-	-	28,66,525	-
Total	In Rs.	3,58,76,430	2,90,87,221	4,82,91,648	3,58,76,430	-	-	25,44,43,740	18,66,31,443
Grand Total	In Rs.	20,12,35,974	23,33,48,503	26,44,58,267	20,12,35,974	-	-	283,85,75,040	283,31,69,013



SCHEDULES (contd.)

C. Purchase of Finished goods

(Amount in Rs.)

		Current Year	Previous Year
Tablets	Nos.	1,14,31,540	52,59,534
	In Rs.	80,10,878	39,03,600
Capsules	Nos.	1,97,10,460	2,06,44,188
	In Rs.	9,28,30,578	7,78,13,777
Syrups / Liquids	MI.	1,68,45,600	-
	In Rs.	35,17,361	-
Injections	Nos.	4,13,940	1,93,642
	In Rs.	1,31,43,096	69,36,645
Total	In Rs.	11,75,01,913	8,86,54,022

D. Consumption of Raw Materials & Packing Materials

(Amount in Rs.)

Products	Qty. (In doses)	Current Year		Previous Year	
		Value	Qty. (In doses)	Value	Qty. (In doses)
Polio Virus	35,23,83,410	91,09,15,057	47,91,72,943	108,69,08,263	
Others		45,08,58,452		40,01,13,355	
Total		136,17,73,509		148,70,21,618	

E. Value of Imports on CIF basis

Particulars	Current Year	Previous Year
Raw Materials & Packing Materials	163,71,52,950	151,23,21,611
Capital Goods Machinery & Spares	1,26,86,093	6,15,82,474
Finished Goods	78,72,512	19,26,674

F. Expenditure in Foreign Currency

Particulars	Current Year	Previous Year
Patents, Trade Marks & Product registration	1,63,44,953	1,09,79,233
Interest	98,43,052	80,95,208
Professional & Consultation fees (net of tax)	45,40,017	39,96,174
Other Expenses	1,70,14,212	3,05,17,109

G. Earnings in Foreign Exchange

F.O.B. value of Exports (including deemed exports of Rs.138,07,32,333 (Previous Year Rs.176,02,13,147))	150,48,76,781	183,03,95,586
R & D Technology Services	1,15,11,254	-

H. Value of Imported/Indigenous Raw Materials & Packing Materials consumed

Particulars	Current Year		Previous Year	
	Amount in Rs.	% age	Amount in Rs.	% age
Indigenous	23,71,59,727	17.42	22,21,44,947	14.94
Imported	112,46,13,782	82.58	126,48,76,671	85.06
Total	136,17,73,509	100.00	148,70,21,618	100.00

I. Value of Imported/Indigenous Stores & Spares consumed

	Amount in Rs.	% age	Amount in Rs.	% age
Indigenous	1,84,64,525	100.00	69,04,330	100.00

16. Previous year's figures have been rearranged and reclassified wherever necessary to make them comparable with the current year's figures.

As per our report of even date attached

S.R. Batliboi & Co.

Chartered Accountants

Per

Manoj Gupta

Partner

Place : New Delhi

Date : 28th June, 2003

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary

**ADDITIONAL INFORMATION**

As required under Part IV of Schedule VI to the Companies Act, 1956

1) Registration Details

Registration No.	22350	State Code	16
Balance Sheet Date	31/03/2003		

2) Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3) Position of mobilization and deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	24,38,096	Total Assets	24,38,096
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Source of Funds

Paid up Capital	1,10,634	Reserves & Surplus	9,48,134
Secured Loans	11,81,825	Unsecured Loans	1,36,904

Application of Funds

Net Fixed Assets	9,63,029	Investments	52,647
Net Current Assets	13,98,314	Misc. Expenditure (to the extent not W/off)	24,106

Accumulated Losses Nil

4) Performance of Company (Amount in Rs. Thousand)

Turnover		26,91,521	Total Expenditure		24,64,338
Profit/Loss Before Tax	<input checked="" type="checkbox"/> <input type="checkbox"/>	3,36,306	Profit/Loss after Tax	<input checked="" type="checkbox"/> <input type="checkbox"/>	2,14,221
Earnings per share (Rs.)		3.62	Dividend @		100%

5) Generic Name of Three Principal Products/ Services of Company

Item Code No. (ITC Code)	3002 20 14
Product Description	VACCINE-POLIO
Item Code No. (ITC Code)	3004 90 67
Product Description	NIMESULIDE TAB
Item Code No. (ITC Code)	3004 20 99
Product Description	GLICLAZIDE TAB

For and on behalf of the Board
SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary
Place : New Delhi
Date : 28th June, 2003



CASH FLOW STATEMENT

Annexed to the Balance Sheet for the year ended
31st March, 2003

	(Amount in Rs.)	
	Current Year	Previous Year
A. Cash flow from operating activities		
Net operating profit before tax	33,63,05,875	40,63,89,672
Adjustments for:		
Depreciation	9,63,19,640	6,51,99,780
Interest Expenses	12,92,88,988	9,95,77,755
Provision for Doubtful Debts & Advances	1,47,00,000	39,66,840
Interest Income	(46,51,443)	(28,74,605)
Dividend Received	(46,900)	(32,830)
Loss on sale of Fixed Assets	2,28,616	1,70,422
Increase in Deferred Revenue expenditure	(59,93,212)	(2,18,97,144)
Deferred Revenue Expenditure written off during the year	49,40,439	31,51,348
Operating profit before working capital changes	23,47,86,128	14,72,61,566
Decrease in Trade and Other Receivables	7,85,13,708	17,48,05,429
Increase in Inventories	(71,55,60,282)	(25,51,10,528)
Increase in Trade Payables	5,31,226	17,76,94,081
Cash generated from operations	(6,54,23,345)	9,73,88,982
Net Direct Taxes paid	(11,63,65,978)	(18,57,63,192)
Net cash from operating activities	(18,17,89,323)	46,52,77,028
B. Cash flow from investing activities		
Purchase of Fixed Assets	(16,70,60,751)	(39,53,55,877)
Investments made in Subsidiary Company	(8,340)	(55,51,800)
Sale of investment in Subsidiary Company	-	50,000
Sale of Fixed Assets	9,38,134	17,83,716
Interest Received	46,51,443	28,74,605
Dividend Received	46,900	32,830
Net cash used in investing activities	(16,14,32,615)	(39,61,66,526)
Net cash from operating and investing activities	(34,32,21,937)	6,91,10,502
C. Cash flow from financing activities		
Repayment of Preference Share Capital	(95,00,000)	(50,00,000)
Net increase in Working Capital Borrowings	17,10,74,957	8,97,80,502
Net increase in Long Term Borrowings	6,10,00,475	25,05,50,000
Interest paid	(12,57,39,625)	(10,04,99,971)
Net increase in Deposits & Borrowings	6,20,940	3,00,000
Dividend & Tax on Dividend paid	(5,60,75,771)	(7,54,93,465)
Net Cash from financing activities	4,13,80,976	1,59,637,066
Net cash from operating, investing & financing activities	(30,18,40,961)	22,87,47,568
Net increase/ (decrease) in Cash & Cash equivalent	(30,18,40,961)	22,87,47,568
Opening balance of Cash & Cash equivalent	36,59,54,630	13,72,07,062
Closing balance of Cash & Cash equivalent	6,41,13,669	36,59,54,630

As per our report of even date attached

S.R. Batliboi & Co.

Chartered Accountants

Per

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

Manoj Gupta

Partner

Place : New Delhi

Date : 28th June, 2003

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary

For and on behalf of the Board



STATEMENT UNDER SECTION 212

of the Companies Act, 1956 relating to Subsidiary Companies

1) Name of the Company	Radicura & Company Ltd.	Best On Health Ltd.	Tayonics Ltd.
2) Date from which they became subsidiary companies	16-07-1999	15-03-2000	07-12-2000
3) Financial Year of the Subsidiary ended on	31 st March, 2003	31 st March, 2003	31 st December, 2002
4) Shares of the subsidiary held by Panacea Biotec Ltd. on the above dates			
i) Number & face value	1,98,250 face value Rs.10/-	1,90,216 face value Rs.10/-	2,00,000 face value Great Britain Pound 1
ii) Extent of holding	100%	100%	100%
5) Net aggregate Profit & Loss for the current year	2,80,011	2,03,550	97,326
6) Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the Holding company and is dealt with in the accounts of holding company :			
a) for the financial year of the subsidiary	Nil	Nil	Nil
b) for the previous financial years of the subsidiary since it became its subsidiary.	Nil	Nil	Nil
7) Net aggregate amounts of the profits or losses of the subsidiary so far as it concerns the members of the Holding company and is not dealt with in the accounts of holding company :			
a) for the financial year of the subsidiary	2,80,011	2,03,550	97,326
b) for the previous financial years of the subsidiary since it became its subsidiary.	18,18,397	(2,19,980)	(3,76,292)
8) Material changes between the end of the subsidiary's financial year and 31st March, 2003 :			
a) the subsidiary's fixed assets	N.A.	N.A.	Nil
b) the subsidiary's investments	N.A.	N.A.	Nil
c) money lent by the subsidiary company	N.A.	N.A.	Nil
d) money borrowed by the subsidiary company other than for meeting current liabilities.	N.A.	N.A.	Nil

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary

Place : New Delhi
Date : 28th June, 2003



AUDITORS' REPORT

On the Consolidated Financial Statements

Auditors' Report to the Board of Directors of Panacea Biotec Limited

On the consolidated financial statements of Panacea Biotec Limited, its Subsidiaries and Joint Venture

We have examined the attached Consolidated Balance Sheet of Panacea Biotec Limited, its Subsidiaries and Joint Venture as at 31st March 2003 and the Consolidated Profit and Loss Account for the year then ended and the Consolidated Cash Flow Statement for the year ended on that date.

These financial statements are the responsibility of the Panacea Biotec Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the Subsidiaries and Joint Venture, whose financial statements reflect:

- (a) In case of Subsidiaries and Joint Venture, net assets of Rs.4,33,33,308 as at 31st March, 2003 and revenues of Rs.6,71,76,826 for the year ended on 31st March, 2003.
- (b) Subsidiaries and Joint Venture have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of these Subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' and Accounting Standard 27 on 'Financial Reporting of Interest in Joint Ventures', issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of the Company and its Subsidiaries and Joint Venture included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid Subsidiaries and Joint Venture, we are of the opinion that:

- (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Panacea Biotec Limited, its Subsidiaries and Joint Venture as at 31st March, 2003, and
- (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Panacea Biotec Limited, its Subsidiaries and Joint Venture for the year then ended.
- (c) the Consolidated Cash Flow Statement, gives a true and fair view of the consolidated cash flow of Panacea Biotec Limited, its Subsidiaries and Joint Venture for the year ended on that date.

S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
Per

Place: New Delhi
Date: 28th June, 2003

Manoj Gupta
Partner



CONSOLIDATED BALANCE SHEET

In Support of Life

As at 31st March, 2003

(Amount in Rs.)

Schedule	As at 31st March, 2003	As at 31st March, 2002
SOURCES OF FUNDS		
1. Shareholders' Funds		
Share Capital	I 11,06,34,166	12,01,34,166
Reserves & Surplus	II 94,55,97,822	80,64,52,695
2. Minority Interest		
Equity	-	800
Reserves	-	4,206
3. Loan Funds		
Secured Loans	III 118,18,25,101	72,53,57,908
Unsecured Loans	IV 13,69,03,551	36,06,74,372
4. Deferred Tax Liability (Net)		
	6,08,92,186	7,38,69,168
Total	243,58,52,826	208,64,93,315
APPLICATION OF FUNDS		
1. Fixed Assets		
Gross Block	V 86,47,88,578	68,20,95,675
Less : Depreciation	33,52,28,665	23,68,98,203
Net Block	52,95,59,913	44,51,97,472
Capital Work-in-Progress (including Pre-operative expenditure) (Refer note No. B 3 of Schedule XVIII)	45,44,97,772	47,38,73,170
2. Investments		
	VI 9,44,200	9,44,200
3. Current Assets, Loans & Advances		
Current Assets		
Inventories	154,77,86,544	83,32,03,486
Sundry Debtors	17,42,22,966	29,71,13,908
Cash & Bank Balances	8,86,40,851	38,73,99,586
Other Current Assets	1,21,73,030	1,88,49,615
Loans and Advances	11,60,19,650	8,67,61,910
Sub-total (A)	193,88,43,041	162,33,28,505
Less : Current Liabilities & Provisions		
Current Liabilities	39,39,40,860	39,85,89,922
Provisions	11,81,83,252	8,13,46,273
Sub-total (B)	51,21,24,112	47,99,36,195
Net Current Assets (A) - (B)	142,67,18,929	114,33,92,310
4. Miscellaneous Expenditure (To the extent not written off or adjusted)	IX 2,41,32,012	2,30,86,163
Total	243,58,52,826	208,64,93,315

Significant Accounting Policies and Notes to Accounts XVIII

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our attached report of even date

S.R. Batliboi & Co.

Chartered Accountants
Per

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

Manoj Gupta

Partner
Place : New Delhi
Date : 28th June, 2003

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2003

(Amount in Rs.)

Schedule	For the year ended 31st March, 2003	For the year ended 31st March, 2002
INCOME		
Sales (Net of discounts)	286,35,82,384	286,68,34,295
Less : Excise Duty	14,70,54,133	9,39,14,749
Other Income	X 3,06,97,429	2,57,89,013
Increase/(Decrease) in Stocks	XI 7,85,02,985	(3,29,89,531)
Total Income	282,57,28,665	276,57,19,028
EXPENDITURE		
Cost of Production	XII 148,78,60,869	153,46,41,973
Purchases of Finished Goods	13,88,28,622	11,93,97,876
Personnel Expenses	XIII 23,73,69,502	16,18,96,348
Administrative Expenses	XIV 21,04,33,633	16,66,50,267
Interest & Finance Charges	XV 11,77,81,141	11,65,46,783
Selling Expenses	XVI 11,73,59,146	11,77,50,779
Research & Development Expenses	XVII 9,48,29,178	8,76,85,594
Miscellaneous Expenditure written off during the year (including share of Joint Venture Rs.2,980 (Previous Year Rs.2,980))	49,47,363	31,58,272
Depreciation	8,23,33,558	5,63,16,607
Total Expenditure	249,17,43,012	236,40,44,499
Profit Before Tax	33,39,85,653	40,16,74,529
Provision for Income Tax (including Share of Joint Venture Rs.1,49,000 (Previous Year Rs.156,150))	13,58,66,000	15,25,52,950
Provision for Income Tax for earlier years (including Share of Joint Venture Rs.928 (Previous Year Rs.14,111))	96,429	1,22,19,778
Deferred Income Tax	(1,29,76,982)	(61,44,587)
Profit After Tax	21,10,00,206	24,30,46,388
Less: Minority Interest	-	680
Add:Balance brought forward from previous year (including share of Joint Venture Rs.3,82,104 (Previous Year Rs.1,86,186))	14,20,22,608	6,95,02,271
Debenture Redemption Reserve written back	1,33,33,333	-
Profit available for Appropriations	36,63,56,147	31,25,47,979
APPROPRIATIONS		
Dividend - Equity Shares (subject to deduction of tax at source in previous year)	5,70,76,600	5,70,76,600
- Preference Shares	66,23,253	76,66,761
Dividend Distribution Tax	81,55,226	7,82,010
Transfer to Capital Redemption Reserve	95,00,000	50,00,000
Transfer to General Reserve	10,00,00,000	10,00,00,000
Balance carried to Balance Sheet	18,50,01,068	14,20,22,608
Earning per Share - Basic	3.57	4.11
Earning per Share - Diluted	3.57	4.11

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account.

As per our attached report of even date

S.R. Batliboi & Co.

Chartered Accountants
Per

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

Manoj Gupta

Partner
Place : New Delhi
Date : 28th June, 2003

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE I - SHARE CAPITAL		
AUTHORISED		
Comprising of		
i) 12,50,00,000 Equity Shares of Re.1/- each * (Previous Year 1,25,00,000 Equity Shares of Rs.10/- each)	12,50,00,000	12,50,00,000
ii) 10,00,00,000 Preference Shares of Rs.10/- each	10,00,00,000	10,00,00,000
	22,50,00,000	22,50,00,000
ISSUED, SUBSCRIBED & PAID UP		
5,70,76,600 Equity Shares of Re.1/- each * (Previous Year 57,07,660 Equity Shares of Rs.10/- each)	5,70,76,600	5,70,76,600
Add: Forfeited Shares (Out of the above shares, 18,14,240 Equity Shares of Rs.10 each were issued as fully paid up bonus shares by capitalisation of General Reserves in earlier years. During the year, the same have been converted into 1,81,42,400 Equity Shares of Re.1 each)	92,566	92,566
	5,71,69,166	5,71,69,166
12% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each		
Series - I		
Nil (Previous Year 7,50,000) Preference Shares	-	75,00,000
Series - II		
53,46,500 (Previous Year 55,46,500) Preference Shares	5,34,65,000	5,54,65,000
	11,06,34,166	12,01,34,166

* Equity Share of Rs.10/- each was sub-divided into 10 Equity Shares of Re.1 each, as approved by the shareholders in their Extra-Ordinary General Meeting held on 28th December, 2002.

Note:

RCPS Series - II

Redeemable at par at the end of five years from the date of allotment, with put option with the Company after the expiry of one year from the date of allotment. As per the terms of issue, the redemption dates are as under :

Redemption Date	Amount in Rs.
15th July, 2004	2,55,56,200
30th July, 2004	46,01,600
19th Feb., 2005	2,33,07,200



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE II - RESERVES AND SURPLUS		
1) CAPITAL REDEMPTION RESERVE		
Amount as per last Balance Sheet	4,95,35,000	4,45,35,000
Add : Transfer from Profit & Loss Account	95,00,000	50,00,000
	5,90,35,000	4,95,35,000
2) DEBENTURE REDEMPTION RESERVE		
Amount as per last Balance Sheet	4,00,00,000	4,00,00,000
Less : Transferred to Profit & Loss Account	1,33,33,333	-
	2,66,66,667	4,00,00,000
3) SHARE PREMIUM		
Amount as per last Balance Sheet	16,90,61,690	16,90,61,690
4) GENERAL RESERVE		
Amount as per last Balance Sheet	40,58,33,397	38,58,47,152
Add : Transfer from Profit & Loss Account	10,00,00,000	10,00,00,000
Less: Deferred Tax Liability as at April 1, 2001 adjusted	-	(8,00,13,755)
	50,58,33,397	40,58,33,397
5) BALANCE IN PROFIT & LOSS ACCOUNT	18,50,01,068	14,20,22,608
(including Share of Joint Venture Rs.4,16,672 (Previous Year Rs.3,82,104))		
	94,55,97,822	80,64,52,695
SCHEDULE III - SECURED LOANS		
1) DEBENTURES		
4,00,000 16% Non-Convertible Debentures of face value of Rs.100/- each redeemable at par in three equal annual instalments starting from 15th Feb. 2003. (First instalment of Rs.1,33,33,333 redeemed on 15.02.03)	2,66,66,667	4,00,00,000
2) RUPEE TERM LOANS		
i) Industrial Development Bank of India (IDBI) (Repayable within one year Rs.49,95,000 (Previous Year Rs.1,49,95,000))	49,95,000	1,99,90,000
ii) Export-Import Bank of India (EXIM Bank)		
Long Term Working Capital Loan (Repayable within one year Rs.2,81,25,000 (Previous Year Rs. Nil))	11,25,00,000	11,25,00,000
Production Equipment Finance Loan (Repayable within one year Rs.1,87,50,000 (Previous Year Rs. Nil))	7,50,00,000	7,50,00,000
iii) State Bank of Bikaner & Jaipur (Repayable within one year Rs.1,25,00,000 (Previous Year Rs. Nil))	5,00,00,000	-
iv) Short Term Loan from IDBI Bank Ltd. (Repayable within one year Rs.10,00,00,000 (Previous Year Rs. Nil))	10,00,00,000	-
3) FOREIGN CURRENCY LOAN		
Bank of Baroda - FCNR (Repayable within one year Rs.2,00,18,550 (Previous Year Rs. Nil))	6,00,58,808	-
4) WORKING CAPITAL LOANS FROM SCHEDULED BANKS		
	75,26,04,626	47,78,67,908
	118,18,25,101	72,53,57,908



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

SCHEDULE III - SECURED LOANS (Contd.....)

Notes :

1. Debentures are secured by way of first charge on land situated at Village Budasan, District Mehsana, Gujarat besides first charge on the land admeasuring 96 bighas 19 biswas situated at Village Samalheri and other immovable properties of the Company pertaining to Lalru Unit on pari-passu basis with term lending institutions and charge on the whole of the movable properties, both present and future, subject to the prior charges created and/or to be created in favour of Company's Bankers for Working Capital Loans.
2. Term Loan from IDBI is secured by first pari-passu charge by way of hypothecation on all the movables, both present and future, save and except book debts and charges created and/or to be created in favour of Company's Bankers for Working Capital Loans, besides first pari-passu charge on Land admeasuring 96 bighas 19 biswas situated at Village Samalheri and other immovable properties pertaining to Lalru Unit, both present and future.
3. Term Loans from Exim Bank are secured by way of first pari-passu charge by hypothecation of entire movable fixed assets of the Company, both present and future and the first pari-passu charge by way of mortgage on immovable properties except those specifically charged with other lenders, which is pending creation.
4. Term Loan from State Bank of Bikaner & Jaipur is secured by way of first pari-passu charge by way of hypothecation over Company's all present and future goods, book debts and all other movable assets, outstanding monies, receivables, claims, investment and rights and all the present and future machineries of the Company.
5. Short Term Loan from IDBI Bank Ltd. is secured by way of subsequent and subservient charge on current assets and movable assets of the Company.
6. Foreign Currency Loan from Bank of Baroda is secured by way of first pari-passu charge over the Company's all movable machineries including spare parts both present and future.
7. Working Capital Loans from Scheduled Banks are secured by way of first pari-passu charge by way of hypothecation of present & future stocks of raw materials, stocks-in-process, finished goods, consumable stores & spares, bills receivable, book debts, outstanding monies, receivable claims, trust receipts and all other movables of the Company besides second charge on the plant & machinery at all the divisions and immovable properties of the Company admeasuring 96 Bighas 19 biswas situated at Village Samalheri, Lalru and equitable mortgage by deposit of title deeds in respect of Company's immovable property being land measuring 31 Bighas 8 Kilas situated at Mauza Jarot, Tehsil Rajpura together with all buildings, superstructures, plant & machinery constructed or to be constructed, installed or to be installed, present and future and accretions on the said land. However, creation of second charge on immovable properties at Lalru, is pending in case of State Bank of India, Vijaya Bank, Vysya Bank and State Bank of Travancore.
8. The above loans are also collaterally secured by personal guarantees of the Promoter-Directors of the Company.

(Amount in Rs.)

SCHEDULE IV - UNSECURED LOANS

	As at 31st March, 2003	As at 31st March, 2002
Fixed Deposits (including Rs.7,44,50,000 from Directors, their relatives & Associates) (Repayable within one year Rs.1,30,50,000 (Previous Year Rs.27,50,000))	7,53,70,000	8,58,00,000
Institution Loans :		
Foreign Currency Loan from Industrial Development Bank of India	-	14,64,30,000
Rupee Loan from IDBI Bank Ltd.	-	10,25,31,761
Short Term Rupee Loan from Mizuho Corporate Bank Ltd. (Repayable within one year Rs.3,50,00,000 (Previous Year Rs. Nil))	3,50,00,000	-
Trade Deposits	2,65,33,551	2,59,12,611
	13,69,03,551	36,06,74,372



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

SCHEDULE V - FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1st April, 2002	Additions during the year	Sale during the year	As at 31st March, 2003	As at 1st April, 2002	Provided during the year	Deductions & Adjustments during the year	As at 31st March, 2003	As at 31st March, 2002
Tangible Assets :									
Land - Freehold	3,49,94,072	6,74,103	-	3,56,68,175	-	-	-	3,56,68,175	3,49,94,072
Land - Leasehold	63,70,863	-	-	63,70,863	46,275	74,080	-	62,50,508	63,24,588
Buildings	18,37,68,550	45,92,338	-	18,83,60,888	4,39,88,723	1,08,18,581	-	13,35,53,584	13,97,79,827
Leasehold Improvements	-	3,56,78,542	-	3,56,78,542	-	1,66,49,986	-	1,90,28,556	-
Plant & Machinery	25,39,61,820	5,41,62,745	77,000	30,80,47,565	9,53,52,316	2,90,31,258	26,857	18,36,90,848	15,86,09,504
Furniture & Fittings	2,72,39,216	2,16,13,215	2,64,365	4,85,88,066	1,05,46,863	49,35,586	73,455	3,31,79,072	1,66,92,353
Vehicles	5,73,59,957	95,47,560	33,64,619	6,35,42,898	2,93,95,422	88,55,158	25,53,032	2,78,45,350	2,79,64,535
Office Equipments	2,35,79,865	2,78,59,685	1,41,476	5,12,98,074	78,51,669	44,45,476	32,309	3,90,33,238	1,57,28,196
Computer Equipments	3,56,07,715	1,39,92,928	9,138	4,95,91,505	2,26,55,130	83,99,148	4,195	1,85,41,422	1,29,52,585
Intangible Assets :									
Goodwill	1,95,61,103	3,251	-	1,95,64,354	90,32,880	39,12,220	-	66,19,254	1,05,28,223
Patents, Trade Marks & Copyrights	3,46,36,891	38,50,689	-	3,84,87,580	1,70,25,800	72,19,994	-	1,42,41,786	1,76,11,091
Softwares	50,15,623	53,71,750	-	1,03,87,373	10,03,125	20,77,475	-	73,06,773	40,12,498
Website	-	92,02,695	-	92,02,695	-	46,01,348	-	46,01,347	-
Total	68,20,95,675	18,65,49,501	38,56,598	86,47,88,578	23,68,98,203	10,10,20,310	26,89,848	52,95,59,913	44,51,97,472
Previous Year	56,00,31,039	12,74,99,577	54,34,941	68,20,95,675	1,65,34,394	7,50,35,065	34,80,803	44,51,97,472	47,38,73,170
Capital Work in Progress									

Notes

1. Freehold Land includes land on Perpetual lease amounting to Rs.50,65,000 (Previous Year Rs. 50,65,000) pending registration in the name of the Company.
2. Building amounting to Rs.1,29,14,568 (Previous Year Rs.53,15,568) is pending registration in the name of the Company.
3. Plant & Machinery amounting to Rs.58,08,754 (Previous Year Rs.24,91,511) (Net Block) is lying with third parties.
4. Depreciation for the year includes depreciation on Research & Development Assets amounting to Rs. 1,86,86,752 (Previous Year Rs.1,87,18,457).



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE VI - INVESTMENTS		
LONG TERM (at cost)		
A. Quoted *		
a) 46,900 Equity Shares (Previous year 46,900) of Rs.10/- each fully paid of IDBI Bank Ltd. Market Value Rs.10,57,595 (Previous year Rs.12,80,370)	8,44,200	8,44,200
b) 10,000 Equity Shares of Rs.10/- each fully paid of Medicamen Biotec Ltd.** Market Value Rs.61,000 (Previous year Rs.45,000)	1,00,000	1,00,000
	9,44,200	9,44,200

* Non Trade Investments

** Trade Investments



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE VII - CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
Inventories		
i) Raw & Packing Materials (including lying with third party Rs.43,32,754 (Previous Year Rs.18,98,918))	123,84,51,935	60,31,53,409
ii) Finished Goods	26,71,45,870	20,51,42,117
iii) Stock in Process	2,43,99,561	79,00,329
iv) Stores & Spares (including share of Joint Venture Rs.2,41,317 (Previous Year Nil))	1,77,89,178	1,70,07,631
	154,77,86,544	83,32,03,486
Sundry Debtors (Unsecured, considered good, unless otherwise stated)		
Over six months (including Rs.2,00,81,544 considered doubtful of recovery (Previous Year Rs.60,81,544))	3,86,62,400	3,63,61,711
Less: Provisions for Bad & Doubtful Debts	2,00,81,544	60,81,544
	1,85,80,856	3,02,80,167
Other Debts	15,56,42,110	17,42,22,966
	17,42,22,966	26,68,33,741
		29,71,13,908
Cash and Bank Balances		
i) Cash in hand (including share of Joint Venture Rs.70 (Previous Year Rs.70))	13,24,342	14,49,344
ii) Balances with Scheduled Banks :		
a) In Cash Credit Accounts	3,60,701	78,66,508
b) In Current Accounts (including share of Joint Venture Rs.8,42,711 (Previous Year Rs.58,122))	3,74,53,536	4,46,92,083
c) In Fixed Deposits * (including share of Joint Venture Rs.32,06,233 (Previous Year Rs.46,15,064))	1,61,58,307	22,39,30,551
d) In Exchange Earner Foreign Currency Current Account	1,77,71,821	9,57,70,118
iii) Balances with Non-scheduled Banks		
a) Bank of Foreign Trade - Moscow (maximum amount outstanding at any time during the year Rs. 12,71,488 (Previous Year Rs.5,02,128))	6,84,360	5,036
b) Standard Chartered Bank Tanzania Ltd. (maximum amount outstanding at any time during the year Rs. 2,79,040 (Previous Year Rs.4,25,583))	-	78,885
c) Societe Generale Yugoslav Bank (maximum amount outstanding at any time during the year Rs. 9,84,515 (Previous Year Rs.5,79,180))	8,25,379	-
d) Lloyds TSB Bank, Isle of Man (maximum amount outstanding at any time during the year Rs. 1,40,62,405 (Previous Year Rs.1,36,07,061))	1,40,62,405	1,36,07,061
	8,86,40,851	38,73,99,586
Other Current Assets		
DEPB & other Export Benefits receivable	1,21,73,030	1,88,49,615
B. LOANS & ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received (including share of Joint Venture Rs.4,01,628 (Previous Year Nil))	9,27,64,406	5,92,04,908
Staff Loans & Advances (including Rs.11,55,468 considered doubtful for recovery (Previous Year Rs.4,55,468))	90,10,675	96,88,114
Less: Provision for Bad & Doubtful Advances	11,55,468	4,55,468
	78,55,207	92,32,646
Security Deposits	1,54,00,037	1,18,92,080
Advance Income Tax (net of tax provision)	-	64,32,276
	11,60,19,650	8,67,61,910
	193,88,43,041	162,33,28,505

* Receipts for Fixed Deposits amounting to Rs.1,24,68,618 (Previous Year Rs.1,91,51,266) are pledged with Banks and various Government Authorities.



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE VIII - CURRENT LIABILITIES & PROVISIONS		
1) CURRENT LIABILITIES		
i) Acceptances	1,03,78,333	1,58,81,246
ii) Creditors for Goods, Services & Expenses		
Small Scale Industries	35,560	8,24,402
Other Creditors (including share of Joint Venture Rs.8,289 (Previous Year Rs.14,788))	36,49,27,442	36,80,21,711
iii) Advances from Customers	10,93,707	-
iv) Unclaimed Dividend *		
Equity Shares	7,93,186	4,80,986
Preference Shares	21,00,305	13,62,360
v) Other Liabilities (including share of Joint Venture Rs.17,270 (Previous Year Rs.85,028))	82,40,880	70,71,651
vi) Book Overdraft	17,38,742	38,64,224
vii) Interest accrued but not due on loans	46,32,705	10,83,342
	39,39,40,860	39,85,89,922
2) PROVISIONS		
i) Wealth Tax	2,02,860	2,50,000
ii) Provision for Income Tax (Net of Advance Tax) (including share of Joint Venture Rs.69,955 (Previous Year Rs.14,526))	1,21,76,005	5,42,205
iii) Dividend on Equity Shares	5,70,76,600	5,70,76,600
iv) Dividend on Preference Shares	65,73,937	-
v) Dividend Distribution Tax	81,55,226	-
vi) Provision for Gratuity/Leave Encashment	3,39,98,624	8,13,46,273
	51,21,24,112	47,99,36,195
* This amount does not include the amount due/ outstanding to be credited to Investor Education and Protection Fund.		
SCHEDULE IX - MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
i) Product Registration Expenses		
As per last Balance Sheet	93,28,471	43,07,675
Add : Additions during the year	44,93,212	76,22,144
	1,38,21,683	1,19,29,819
Less: Written off during the year	34,61,758	26,01,348
	1,03,59,925	93,28,471
ii) License Fees		
As per last Balance Sheet	1,37,25,000	-
Add : Additions during the year	15,00,000	1,42,75,000
	1,52,25,000	1,42,75,000
Less: Written off during the year	14,78,681	5,50,000
	1,37,46,319	1,37,25,000
iii) Preliminary Expenses		
As per last Balance Sheet (including share of Joint Venture Rs.20,860 (Previous Year Rs.23,840))	32,692	39,616
Less : Written off during the year (including share of Joint Venture Rs.2,980 (Previous Year Rs.2,980))	6,924	6,924
	25,768	32,692
	2,41,32,012	2,30,86,163



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

(Amount in Rs.)

	For the year ended 31st March, 2003	For the year ended 31st March, 2002
SCHEDULE X - OTHER INCOME		
Interest Received on Fixed Deposits & Others (Gross) (including share of Joint Venture Rs.3,76,502 (Previous Year Rs.4,29,037)) (Tax deducted at source Rs. 17,90,662 (Previous Year Rs. 13,23,620))	55,07,945	41,66,286
Export Incentives	1,12,63,392 *	1,40,58,508
Dividend on Investments (Gross)	46,900	32,830
Miscellaneous Balances/ Provisions written back	-	63,59,861
Income from R&D Services	1,15,11,254	-
Sale of Scrap	38,494	21,156
Miscellaneous Receipts (including share of Joint Venture Rs.10,508 (Previous Year Rs. Nil))	23,29,444	11,50,372
	<u>3,06,97,429</u>	<u>2,57,89,013</u>
* Net of Rs.65,34,410 on account of surrender of Licenses obtained in earlier years.		
SCHEDULE XI - INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	26,71,45,870	20,51,42,117
Stock in Process	2,43,99,561	79,00,329
	<u>29,15,45,431</u>	<u>21,30,42,446</u>
Less :Opening Stock		
Finished Goods	20,51,42,117	23,83,08,519
Stock in Process	79,00,329	77,23,458
	<u>21,30,42,446</u>	<u>24,60,31,977</u>
	<u>7,85,02,985</u>	<u>(3,29,89,531)</u>
SCHEDULE XII - COST OF PRODUCTION		
Raw Materials & Packing Materials consumed		
Opening Stock	60,31,53,409	33,01,93,457
Add: Materials purchased during the Year	200,89,99,730	176,61,89,902
	<u>261,21,53,139</u>	<u>209,63,83,359</u>
Less: Sale during the year	1,19,27,694	62,08,332
Less: Closing Stock	123,84,51,936	60,31,53,409
	<u>136,17,73,509</u>	<u>148,70,21,618</u>
Less: Materials consumed for Research & Development	22,51,088	66,68,944
Total Materials consumed	135,95,22,421	148,03,52,674
Processing Charges	7,04,976	11,10,222
Analytical Testing & Trial Charges	24,74,824	49,79,841
Stores & Spares consumed (indigenous only)	1,43,03,901	37,88,321
Power & Fuel	4,90,66,496	1,08,15,990
Wages	3,33,02,097	1,64,85,133
Repair & Maintenance		
Factory Building	58,76,453	41,51,567
Plant & Machinery	62,88,546	52,77,276
	<u>1,21,64,999</u>	<u>94,28,843</u>
Rent Factory	1,63,21,155	76,80,950
	<u>148,78,60,869</u>	<u>153,46,41,973</u>



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

(Amount in Rs.)

	For the year ended 31st March, 2003	For the year ended 31st March, 2002
SCHEDULE XIII - PERSONNEL EXPENSES		
Salary & Wages (including share of Joint Venture Rs.82,638 (Previous year Rs.40,636))	20,54,00,548	13,62,05,866
Contribution to Provident and other Funds	1,12,18,111	87,77,753
Bonus & Ex-gratia	82,99,046	52,59,259
Staff Welfare Expenses (including share of Joint Venture Rs.4,500 (Previous Year Rs. Nil))	1,24,51,797	1,16,53,470
	<u>23,73,69,502</u>	<u>16,18,96,348</u>
SCHEDULE XIV - ADMINISTRATIVE EXPENSES		
Rent	29,67,140	39,16,293
Directors' Remuneration	2,02,97,762	1,91,16,764
Directors' Sitting Fees	3,65,000	2,90,000
Printing & Stationery (including share of Joint Venture Rs.10,209 (Previous Year Rs.55))	98,22,844	78,63,628
Postage & Communication Expenses	1,90,06,057	2,02,79,536
Insurance (including share of Joint Venture Rs.36,627 (Previous Year Rs.Nil))	1,34,64,303	88,07,063
Travelling & Conveyance Expenses (including share of Joint Venture Rs.4,668 (Previous Year Rs.Nil))	3,22,66,773	3,51,27,706
Books & Periodicals	4,08,799	16,97,404
Legal & Professional Charges (including share of Joint Venture Rs.2,500 (Previous Year Rs.2,500))	2,90,16,596	2,01,06,557
Vehicle Running & Maintenance	62,13,011	59,19,740
Repair & Maintenance :		
Non-factory Buildings	67,59,176	27,74,871
Others	1,79,61,714	92,66,598
Auditors' Remuneration:		
Statutory Audit Fees (including share of Joint Venture Rs.7,875 (Previous Year Rs.7,875))	15,27,875	12,34,625
Certification etc.	6,85,675	7,12,375
Out of Pocket expenses	1,01,675	56,100
Rates, Fees & Taxes (including share of Joint Venture Rs.2,125 (Previous Year Rs.1,813))	23,15,225	20,03,100
	<u>71,82,499</u>	<u>38,37,190</u>
Donation	6,20,100	21,69,957
Subscription	54,99,428	10,20,099
Electricity & Water Charges	57,71,674	71,76,712
Staff Training & Recruitment (including share of Joint Venture Rs.1,870 (Previous Year Rs.Nil))	42,68,764	56,62,620
Sundry Expenses (including share of Joint Venture Rs.1,674 (Previous Year Rs.Nil))	1,12,98,152	54,77,167
Provision for Doubtful Debts	1,40,00,000	35,11,372
Provision for Doubtful Advances	7,00,000	4,55,468
Loss on Sale of Fixed Assets	2,28,616	1,70,422
	<u>21,04,33,633</u>	<u>16,66,50,267</u>
SCHEDULE XV - FINANCIAL EXPENSES		
Interest on:		
a) Debentures/Other Fixed Loans	3,11,27,962	1,72,57,592
b) Others	9,81,31,437	8,23,20,163
Exchange Fluctuation Loss / (Gain) net	12,92,59,399	9,95,77,755
Premium on Redemption of Preference Share Capital	(2,44,89,285)	43,75,857
Bank Charges (including share of Joint Venture Rs.2,846 (Previous Year Rs.Nil))	-	2,50,000
	1,30,11,027	1,23,43,171
	<u>11,77,81,141</u>	<u>11,65,46,783</u>



**SCHEDULES TO CONSOLIDATED BALANCE
SHEET AND PROFIT & LOSS ACCOUNT**

(Contd.)

(Amount in Rs.)

	For the year ended 31st March, 2003	For the year ended 31st March, 2002
SCHEDULE XVI - SELLING EXPENSES		
Advertising	40,04,603	50,61,097
Meetings & Conferences	1,10,61,736	83,89,320
Sales Promotion	98,62,098	2,93,87,735
Freight & Cartage	1,89,22,508	1,70,77,292
Commission on Sales	85,28,379	81,85,086
Rent for Cold Storage & Depots	61,78,894	95,22,101
Marketing Expenses	<u>5,88,00,928</u>	<u>4,01,28,148</u>
	<u>11,73,59,146</u>	<u>11,77,50,779</u>
SCHEDULE XVII - RESEARCH AND DEVELOPMENT EXPENSES		
Raw Materials & Packing Materials consumed	22,51,088	66,68,944
Stores & Spares consumed (Indigenous only)	41,60,624	31,16,009
Processing Charges	3,68,450	-
Salary, Wages & Bonus	2,90,02,126	1,93,68,154
Contribution to Provident & other Funds	12,04,084	7,43,296
Staff Welfare Expenses	24,94,834	20,89,441
Analytical Testing & Trial Charges	1,33,40,391	1,64,31,220
Rent	1,20,680	3,63,760
Directors' Remuneration	22,00,000	22,00,000
Printing & Stationary	4,43,152	3,89,025
Postage & Communication	5,50,410	6,79,760
Insurance	5,88,888	89,654
Travelling Expenses	42,64,805	46,24,948
Books & Periodicals	3,20,817	2,80,731
Legal & Professional Expenses	76,71,928	39,86,381
Vehicle Running & Maintenance	13,42,736	12,02,342
Repair & Maintenance:		
Buildings	14,01,774	3,35,431
Plant & Machinery	2,50,758	13,83,034
Others	<u>9,73,521</u>	<u>5,17,069</u>
Rates, Fees & Taxes	64,871	22,135
Donation	10,28,200	10,10,000
Subscription	3,49,469	4,55,107
Electricity & Water Charges	3,48,011	16,72,581
Meetings & Conferences	5,78,749	7,47,556
Staff Training & Recruitment	3,04,412	2,15,661
Bank Charges	1,03,229	1,57,357
Depreciation	1,86,86,752	1,87,18,457
Sundry Expenses	<u>4,14,419</u>	<u>2,17,541</u>
	<u>9,48,29,178</u>	<u>8,76,85,594</u>



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

SCHEDULE XVIII - Significant Accounting Policies & Notes on Accounts (Consolidated Financial Statements)

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Consolidation

The consolidated financial statements of Panacea Biotec Limited and its wholly-owned domestic and foreign subsidiaries and Joint Venture are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956 as amended upto date.

2) Uses of Estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

3) Revenue Recognition

Sales are recognised at the time of constructive delivery of goods and are stated net of trade discounts, returns and sales tax but includes excise duty.

Income from Research & Development Services is accounted for as per the stage of completion.

4) Export Benefits

Export benefits under Duty Exemption Pass Book Schemes and Advance Licenses are accounted for in the year of export of goods.

5) Fixed Assets

Fixed Assets are stated at historical cost of acquisition or construction and include all other incidental expenses related to acquisition.

6) Goodwill/ Capital Reserve

Goodwill/ Capital Reserve represents the cost to the parent of its investment in a subsidiary over/ under the parent's portion of equity of the subsidiary, at the date on which the investment in the subsidiary is made.

Goodwill arising on consolidation in accordance with Accounting Standard 21 on "Consolidation of Financial Statement" is amortised over a period of five years from the date of acquisition of subsidiaries.

7) Expenditure during Construction Period

Expenditure incurred during construction period (net of income, if any) on new Projects is carried forward and is allocated to Fixed Assets on the commissioning of the projects.

8) Intangibles

Acquired Intangibles are stated at the cost of acquisition. In case of internally generated intangibles, they are stated at directly attributable cost.

9) Depreciation

a) Depreciation on fixed assets (except in case of Software & Websites, Patents, Trade Marks, Copyrights, Leasehold Improvements, Goodwill & Buildings of the cost of Rs.1,16,59,108) is provided on written down value method as per the rates and manner prescribed in Schedule XIV to the Companies Act, 1956.

b) Depreciation on intangibles is provided as follows:-

Software	-	Depreciated on Straight Line basis over a period of 5 years.
Websites	-	Depreciated on Straight Line basis over a period of 2 years.
Patents, Trade Marks & Copyrights	-	Depreciated on Straight Line basis over a period of 7 years.
Goodwill	-	Depreciated on Straight Line basis over a period of 5 years.

c) Leasehold Improvements are amortized over the initial period of lease.

d) In respect of one of the Subsidiary, building of the cost of Rs.1,16,59,108 is depreciated on straight line method against the policy of written down value method followed by the group. However, the resultant impact on profit of the group is insignificant.



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

10) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of that asset. Borrowing costs, which are not relatable to fixed assets, are recognized as an expense in the period in which they are incurred.

11) Deferred Revenue Expenditure

- a) Expenditure for registration and for obtaining regulatory approvals for products for overseas markets and product acquisition is charged off over a period of five years beginning from the year of product registration.
- b) Expenditure towards procuring license for new products is written off over the period of agreement.

12) Investments

Long-term investments are stated at cost. A provision for diminution (if any) is made to recognise a decline, other than temporary, in the value of long-term investments.

13) Inventories

Finished Goods, Stock in process, Goods held for Resale, - At the lower of cost and net
Raw Materials, Packing Materials and Stores & Spares realisable value

Cost of Raw Materials, Packing materials and Stores & Spares is arrived at by using 'First-in-first out' method.

Cost of stock in process and finished goods is determined by considering direct material cost and appropriate portion of factory and administrative overheads. Cost of traded goods is arrived at by using 'First-in-first out' method.

14) Custom & Excise Duty

Custom Duty on materials lying in bonded warehouses and Excise Duty on manufactured goods lying in the factory premises is accounted for on accrual basis.

15) Research and Development

Revenue expenditure incurred on Research & Development is charged to Profit & Loss Account of the year in which it is incurred.

Capital Expenditure on Research & Development is included in the gross block of fixed assets and depreciation thereon has been provided on Written Down Value method as per rates and manner prescribed in Schedule XIV to the Companies Act, 1956.

16) Employee Terminal Benefits

- a) **Provident Fund** : Contribution to defined contribution schemes being Provident Fund is accrued as per the terms of contracts with the employees and provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to Profit and Loss Account.
- b) **Gratuity**: Provision for Gratuity is made on the basis of actuarial valuation made by an independent actuary as of the Balance Sheet date.
- c) **Leave Encashment**: Provision for leave encashment benefit to the employees as per Company's policy is made on the basis of actuarial valuation made by an independent actuary as of the Balance Sheet date.

17) Foreign Currency Transactions

- a) Transactions denominated in foreign currencies are continued to be accounted for at the exchange rate prevailing on the date of the transaction.
- b) Investments in foreign companies are translated at the exchange rates prevailing on the dates of making the investments.
- c) Assets and liabilities (except non-monetary assets) related to foreign currency transactions, remaining unsettled at the year-end, are stated at year-end rates. In cases where Forward Exchange Contract covers the foreign currency assets and liabilities, the same are stated at Forward Contract rates and resultant exchange difference is spread over the life of the contract.
- d) Exchange gains/losses are recognised in the Profit and Loss Account except in respect of liabilities incurred to acquire fixed assets in which case they are adjusted to the carrying value of such fixed assets.



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

18) Income Taxes

- a) Provision is made for current income tax liability, which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of Income Tax Act, 1961.
- b) Deferred income tax is provided, using the liability method, on all timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
- c) Deferred tax assets are recognised only to the extent that there is reasonable certainty of their realisation.
- d) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the Balance Sheet date.

B. NOTES TO ACCOUNTS

1. List of Domestic and Foreign Subsidiaries & Joint Venture considered for consolidation

S. No.	Name of Company	Nature of Relationship	Country of Incorporation	Extent of Holding/ Voting Power (%) as on	
				March 31, 2003	March 31, 2002
1.	Tayonics Limited	Subsidiary	U.K.	100.00	100.00
2.	Best On Health Limited (Formerly known as Jiva Life Sciences Ltd.)	Subsidiary	India	100.00	99.97
3.	Radicura & Co. Ltd.	Subsidiary	India	100.00	99.99
4.	Panheber Biotec Private Limited	Joint Venture	India	50% (Joint Venture)	50% (Joint Venture)

The reporting date for all the above Companies is March 31, 2003 except for Tayonics Limited for which the reporting date is December 31, 2002.

2. Contingent Liabilities

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
i.	Disputed demands/ show-cause notices under sales tax, income tax, customs & excise	1,93,12,428	1,30,07,489
ii.	Labour cases	17,02,692	11,29,408
iii.	Other claims against the Companies not acknowledged as debt	10,69,000	58,69,000
iv.	Differential Custom Duty for imports under EPCG scheme	33,82,792	68,43,028

3. Capital Work in Progress includes Preoperative Expenses of Rs. 3,56,08,277 incurred on Company's vaccine plant at Lalru (Punjab). The plant could not commence commercial production as the clinical trials are under progress. Detail of Pre-operative Expenditure is as follows:

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
	Opening Balance	3,56,08,277	23,90,130
i.	Travelling & Conveyance Expenses	-	2,75,954
ii.	Rent	-	6,14,839
iii.	Legal & Professional Charges	-	56,721
iv.	Repairs & Maintenance – Machinery	-	3,76,309
v.	Repairs & Maintenance – Building	-	2,10,993
vi.	Repairs & Maintenance – Others	-	63,258
vii.	Electricity & Water Charges	-	1,42,70,643
viii.	Printing & Stationery	-	21,905
ix.	Postage & Communication	-	27,590
x.	Rates, Fees & Taxes	-	1,67,641
xi.	Repair & Maintenance – Others	-	84,839
xii.	Salary & wages	-	49,35,555
xiii.	Staff Welfare	-	11,70,114
xiv.	Materials consumed	-	20,82,909
xv.	Vehicle maintenance	-	30,608
xvi.	Technology Know-how	-	47,72,209
xvii.	Interest on Fixed Loan	-	6,81,268
xviii.	Interest - Others	-	32,49,882
xix.	Sundry Expenses	-	1,24,910
	TOTAL	3,56,08,277	3,56,08,277



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

4. Estimated amount of contracts remaining to be executed on Capital Account, net of advances, and not provided for amount to Rs.1,07,43,216 (Previous Year Rs.68,90,116).

5. (a) **Directors' Remuneration:**

(Amount in Rs.)

Particulars	Current Year	Previous Year
Managing / Joint Managing Directors / Whole-time Directors		
Salary	1,89,44,839	1,95,90,000
Royalty	7,00,000	7,00,000
Perquisites	38,47,751	16,68,222
Total	2,34,92,590	2,19,58,222
Non-Working Directors		
Allowances	16,09,000	8,44,233
Sitting Fees	3,65,000	2,90,000
Total	19,74,000	11,34,233
Grand Total	2,54,66,590 *	2,30,92,455 *

***Notes:**

- a) Provision for Leave Encashment and Gratuity amounting to Rs.4,60,934 (Previous Year Rs.39,55,707) and Rs.14,53,582 (Previous Year Rs.55,37,152) respectively made during the year has not been included above.
- b) Perquisites of Rs.3,21,978 paid to a Whole-time Director is subject to approval of the Shareholders in the ensuing Annual General Meeting.
- c) Perquisites amounting to Rs.29,07,398 have been included under various heads of expenses in the Profit & Loss Account.
6. Profit/Loss on sale of Raw Materials & Packing Materials has been adjusted in Raw Material consumption thereof and has not been shown separately.
7. In the opinion of the management, all the current assets and loans & advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

8. **Earnings Per Share**

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
a.	Net profit available for Equity Shareholders :		
	Net profit after tax	21,10,00,206	24,30,46,388
	Less: Dividend (including dividend tax) on Preference Shares	74,65,539	84,48,771
	Net profit after tax available for Equity Shareholders	20,35,34,667	23,45,19,617
b.	Calculation of Weighted Average Number of Equity Shares of Re.1/- each*:		
	Number of Equity Shares at the beginning of the year	5,70,76,600	5,70,76,600*
	Total number of Equity Shares outstanding at the end of the year	5,70,76,600	5,70,76,600*
	Weighted Average Number of Equity Shares	5,70,76,600	5,70,76,600*
c.	Basic Earnings per Share (of Re.1/-)	3.57	4.11
d.	Diluted Earnings per Share (of Re.1/-)	3.57	4.11

* Equity Share of Rs.10/- each was sub-divided into 10 Equity Shares of Re.1/- each as approved by the Shareholders on 28th December, 2002 and accordingly, the number of Shares have been reworked/ adjusted for the purpose of calculation of Weighted Average Number of Equity Shares.



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

9. Deferred Tax Assets (Net):

The break-up of deferred tax liability is as follows:

(Amount in Rs.)

Nature of Timing difference between Tax and Books	Deferred Tax Asset/(Liability) as at 01.04.2002	Current year (Charges)/Credit	Deferred Tax Asset/(Liability) as at 31.03.2003
Depreciation	(7,49,37,084)	64,57,154	(6,84,79,930)
Deferred Revenue Expenses	(82,30,089)	(4,18,026)	(86,48,115)
Disallowance under Section 43B	89,59,666	40,87,752	1,30,47,418
Others	3,38,339	28,50,102	31,88,441
Total	(7,38,69,168)	1,29,76,982	(6,08,92,186)

10. Related Party Disclosures

A. List of Related Parties

(a) Key Management Personnel

Shri Soshil Kumar Jain	-	Chairman & Whole-time Director
Shri Ravinder Jain	-	Managing Director
Shri Rajesh Jain	-	Joint Managing Director
Shri Sandeep Jain	-	Joint Managing Director
Shri Ashwani Jain	-	Whole Time Director
Dr. Amarjit Singh	-	Whole Time Director
Shri Gurmeet Singh	-	Whole Time Director (Upto 26 th October, 2002)

(b) List of Persons having controlling interest in Panacea Biotec Limited together with their relatives

Key Management Personnel	Father	Mother	Wife	Brother	Sister	Son	Daughter	Associates
Soshil Kumar Jain			Nirmala Jain	Surinder Kumar Jain	Bimla Devi Jain	Ravinder Jain Rajesh Jain Sandeep Jain	Rashmi Jain Renu Jain	Soshil Kumar Jain (HUF), Radhika Associates
Ravinder Jain	Soshil Kumar Jain	Nirmala Jain	Sunanda Jain	Rajesh Jain Sandeep Jain	Rashmi Jain Renu Jain	Sumit Jain Nipun Jain	Radhika Jain	Ravinder Jain (HUF), Sumit Nipun & Co.
Rajesh Jain	Soshil Kumar Jain	Nirmala Jain	Meena Jain	Ravinder Jain Sandeep Jain	Rashmi Jain Renu Jain	Ankesh Jain Harshit Jain Taric Jain		Rajesh Jain (HUF), Rattan Sons
Sandeep Jain	Soshil Kumar Jain	Nirmala Jain	Pamilla Jain	Ravinder Jain Rajesh Jain	Rashmi Jain Renu Jain	Tanish Jain	Priyanaka Jain	Sandeep Jain (HUF), Tahir & Co.
Ashwani Jain		Laxmi Jain	Rashmi Jain		Anita Jain			



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

(e) Relatives of Key Management Personnel having transaction with the Company:

- (i) Ranjeet Kaur - wife of Shri Gurmeet Singh
- (ii) Jyoti Singh - wife of Dr. Amarjit Singh
- (iii) Tilak Chand Jain - Brother in law of Shri Soshil Kumar Jain

B. Details of Transactions with the Related Parties

(Amount in Rs.)

Particulars	Key Management Personnel	Relatives and Associates of Key Management Personnel	Total
Shares purchased in Subsidiary Companies	3,600 (-)	4,740 (-)	8,340 (-)
Remuneration	2,34,92,590 (2,19,58,222)	3,05,268 (2,04,634)	2,37,97,858 (2,21,62,856)
Interest Expense on Fixed Deposits	42,04,294 (14,70,822)	28,43,051 (16,79,667)	70,47,345 (31,50,489)
Sale of a subsidiary company	- (50,000)	- (-)	- (50,000)
Dividend Paid - Preference Shares	- (30,98,973)	- (54,72,535)	- (85,71,508)
Dividend Paid - Equity Shares	2,02,02,930 (2,02,03,530)	2,45,49,860 (2,45,51,190)	4,47,52,790 (4,47,54,720)
Outstanding Fixed Deposits	4,31,00,000 (2,41,00,000)	3,13,50,000 (1,15,50,000)	7,44,50,000 (3,56,50,000)

Note: Figures in brackets represent previous year figures.

11. Segment Reporting Policies

(a) Identification of Segments:

Primary Segment

Business Segment: The Company's operating business are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Vaccines, Formulations and Research & Development activities.

Secondary Segment

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- Sales within India includes sales to customers located within India.
- Sales outside India include sales to customers located outside India.

(b) Allocation of Common Costs: Common allocable costs are allocated to each segment on a rational basis based on nature of each such common cost.

(c) Unallocated Items: Corporate income and expense are considered as a part of Unallocable Income & Expense, which are not identifiable to any business segment.



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

A. INFORMATION ABOUT PRIMARY SEGMENTS

(Amount in Rs.)

Particulars	Formulation		Research & Development		Vaccine		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Revenue								
External sales (net of excise duty)	101,76,80,415	83,11,33,213	-	-	169,88,47,836	194,17,86,333	271,65,28,251	277,29,19,546
Other Income	1,87,06,610	1,69,26,843	1,15,11,254	14,51,198	(61,47,400)*	65,34,485	2,40,70,464	2,49,12,526
Total	103,63,87,025	84,80,60,056	1,15,11,254	14,51,198	169,27,00,436	194,83,20,818	274,05,98,715	279,78,32,072
Segment Result	15,13,53,055	12,38,94,149	(8,33,17,922)	(8,62,34,394)	51,47,14,003	57,51,40,807	58,27,49,136	61,28,00,562
Unallocated Corporate Expenses							(13,76,09,307)	(9,54,55,737)
Operating Profit	15,13,34,189	12,38,94,149	(8,33,17,922)	(8,62,34,394)	51,47,14,003	57,51,40,807	44,51,39,829	51,73,44,825
Interest & Finance charges							(11,77,81,141)	(11,65,46,783)
Other Income							66,26,965	8,76,487
Income Taxes							(12,29,85,447)	(15,86,28,141)
Net Profit							21,10,00,206	24,30,46,388
Other Information								
Segment Assets	91,79,19,525	71,80,09,137	17,55,36,004	16,42,54,804	169,13,59,231	128,85,72,875	278,48,14,760	217,08,36,816
Unallocated Corporate Assets							16,31,62,178	37,25,06,531
Total Assets							294,79,76,938	254,33,43,347
Segment Liabilities	10,97,37,432	11,06,65,370	7,49,012	32,22,880	26,12,94,620	28,34,75,505	37,17,81,064	39,73,63,755
Unallocated Corporate Liabilities							151,99,63,886	116,86,04,720
Total Liabilities							189,17,44,950	156,59,68,475
Capital Expenditure – Additions	5,32,41,728	4,45,11,917	1,59,62,521	1,68,26,408	2,41,93,507	1,11,24,933		
Non-Cash Expenses Other than Depreciation	1,47,00,000	39,66,840						
Depreciation	3,49,07,366	2,30,31,908	1,86,86,752	1,87,18,457	1,23,23,239	1,00,76,194		

* On account of adjustments relating to previous year.

B INFORMATION ABOUT SECONDARY SEGMENTS

(Amount in Rs.)

	Current Year	Previous Year
a) Revenue as per Geographical Markets		
India (including deemed exports Rs.138,07,32,332 (Previous Year Rs.176,02,13,147)	257,38,23,237	268,17,52,002
Outside India	14,27,05,014	9,11,67,544
Total	271,65,28,251	277,29,19,546
b) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence, separate figures for fixed assets / additions to fixed assets can not be furnished.		



SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Contd.)

12. LEASES

Operating Lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

The total of Minimum Future Lease Payments under non-cancelable operating leases for various periods are as follows: -

	Current Year	(Amount in Rs.) Previous Year
a) Within 1 Year	1,84,72,856	1,24,55,585
b) Later than 1 year but not later than 5 years	3,16,02,759	1,64,84,235
c) Later than 5 years	2,20,000	-
Total	5,02,95,615	2,89,39,820

Total lease payments recognized in the statement of Profit & Loss Account amounts to Rs.2,50,56,947 (Previous Year Rs.2,14,83,104).

13. Cost of production includes cost of production of samples during the year.

14. Previous year's figures have been rearranged and reclassified wherever necessary to make them comparable with the current year's figure.

As per our report of even date attached

S.R. Batliboi & Co.
Chartered Accountants
Per

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SUNIL ANAND
Director (Finance)

Manoj Gupta
Partner
Place : New Delhi
Date : 28th June, 2003

I.K. SHARMA
D.G.M. (Accounts & Finance)

VINOD GOEL
Company Secretary



CASH FLOW STATEMENT

Annexed to the Consolidated Balance Sheet for the year
ended 31st March, 2003

(Amount in Rs.)

	Current Year	Previous Year
A. Cash flow from operating activities		
Net operating profit before tax	33,39,85,653	40,16,74,529
Adjustments for:		
Depreciation	10,10,20,310	7,50,35,065
Interest Expenses	12,92,59,399	9,95,77,755
Provision for Doubtful Debts & Advances	1,47,00,000	39,66,840
Interest Income	(55,07,945)	(41,66,286)
Dividend Received	(46,900)	(32,830)
Loss on sale of Fixed Assets	2,28,616	1,70,422
Increase in Deferred Revenue expenditure	(59,93,212)	(2,18,97,144)
Deferred Revenue Expenditure written off during the year	49,47,363	31,58,272
Operating profit before working capital changes	23,86,07,632	15,58,12,094
	57,25,93,285	55,74,86,623
Decrease in Trade and Other Receivables	7,91,77,512	16,72,32,123
Increase in Inventories	(71,45,83,058)	(25,40,56,653)
Increase in Trade Payables	12,72,586	17,76,90,166
Cash generated from operations	(63,41,32,961)	9,08,65,636
Net Direct Taxes paid	(11,79,43,494)	(18,73,97,998)
Net cash from operating activities	(17,94,83,169)	46,09,54,261
B. Cash flow from investing activities		
Purchase of Fixed Assets	(16,71,74,103)	(39,55,20,299)
Investments made in Subsidiary Companies	(5,006)	-
Sale of investment in Subsidiary Company	-	50,000
Sale of Fixed Assets	9,38,134	17,83,716
Interest Received	55,07,945	41,66,286
Dividend Received	46,900	32,830
Net cash used in investing activities	(16,06,86,130)	(38,94,87,467)
Net Cash from Operating and Investing activities	(34,01,69,299)	7,14,66,794
C. Cash flow from financing activities		
Repayment of Preference Share Capital	(95,00,000)	(50,00,000)
Net increase in Working Capital Borrowings	17,10,74,956	8,97,80,504
Net increase in Long Term Borrowings	6,10,00,475	25,05,50,000
Interest paid	(12,57,10,036)	(10,04,99,970)
Net increase in Deposits & Borrowings	6,20,940	3,00,000
Dividend & Tax on Dividend paid	(5,60,75,771)	(7,54,93,465)
Net Cash from financing activities	4,14,10,564	15,96,37,069
Net cash from operating, investing & financing activities	(29,87,58,736)	23,11,03,863
Net increase/ (decrease) in Cash & Cash equivalent	(29,87,58,736)	23,11,03,863
Opening balance of Cash & Cash equivalent	38,73,99,586	15,62,95,723
Closing balance of Cash & Cash equivalent	8,86,40,851	38,73,99,586

As per our report of even date attached

S.R. Batliboi & Co.

Chartered Accountants

Per

SOSHIL KUMAR JAIN

Chairman

For and on behalf of the Board

RAVINDER JAIN

Managing Director

SUNIL ANAND

Director (Finance)

Manoj Gupta

Partner

Place : New Delhi

Date : 28th June, 2003

I.K. SHARMA

D.G.M. (Accounts & Finance)

VINOD GOEL

Company Secretary



DIRECTORS' REPORT

Dear Members,

Your Directors feel pleasure in presenting their Tenth Annual Report of the affairs of the Company, for the year ended on 31st March, 2003.

OPERATIONS

Your Directors are pleased to inform you that in spite of depressed market conditions and increased competition particularly in the pharmaceuticals industry, the Company has performed well during the year under review. The total sales for the year has increased by more than 11% over last year, however in view of inter-alia, decrease in other income and margin on sales, the profit after tax has been lower as compared to last year. The financial results for the year under review, are as detailed under:

	(Amount in Rs.)	
	For the year ended 31 st March, 2003	For the year ended 31 st March, 2002
Sales	6,38,84,787	5,74,39,891
Purchases	5,93,29,045	5,23,84,384
Personnel Expenses	17,03,517	15,92,247
Administrative Expenses	7,65,358	6,34,533
Financial Expenses	1,612	5,337
Depreciation	3,99,036	4,12,991
Profit Before Tax	3,17,915	21,41,773
Profit After Tax	2,80,011	13,82,498

Further, in order to plough back the profits to strengthen the business of the company, your Directors do not recommend any dividend on shares.

INFORMATION UNDER SECTION 217(2A) AND 217(1)(d)

There are no employees of the category mentioned in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the Balance Sheet relates and the date of Report.

PUBLIC DEPOSITS

The Company, during the year under review, did not accept any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri Soshil Kumar Jain retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- ii) that the directors had selected such accounting policies and applied them consistently 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 or loss of the Company for that period;
- iii) that 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; and
- iv) that the directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s Dubey & Co., Chartered Accountants, New Delhi hold office as Statutory Auditors of your Company till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors seek your approval for their appointment.

AUDITORS' REPORT

The notes to accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

SECRETARIAL COMPLIANCE CERTIFICATE

As required pursuant to the proviso to Section 383A of the Companies Act, 1956, the Company had obtained Secretarial Compliance Certificate from M/s. Rajeev Goel & Associates, Company Secretaries in Practice and the same is annexed herewith as Annexure to the Directors' Report.

ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

Particulars required to be furnished under section 217(1)(e) of the Companies Act, 1956 are not applicable to the Company.

FOREIGN EXCHANGE EARNINGS & OUTGO

During the period under review, there was neither inflow nor outflow of foreign exchange to/from the Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their thanks to the Banks, Government departments and other agencies involved for granting their kind consents, continued support, co-operation and all time assistance. Your Directors also take this opportunity to place on record their appreciation for the devoted services, hard work and commitment of the employees towards the growth of the Company.

For and on behalf of the Board

Delhi
5th June, 2003

Soshil Kumar Jain
Chairman

ANNEXURE TO DIRECTORS' REPORT - COMPLIANCE CERTIFICATE

To the members, **RADICURA & CO. LIMITED**, New Delhi
We have examined the registers, records, books and papers of RADICURA & COMPANY LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder except as mentioned in Annexure B.
3. The Company is a Public Limited Company.
4. The Board of Directors duly met 5 (five) times on 28.05.2002, 26.09.2002, 17.12.2002, 01.02.2003 and 22.02.2003 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year. There are no Debenture holders in the Company.
6. The annual general meeting for the financial year ended on 31.03.2002 was held

on 26.09.2002 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

7. No Extra Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to in section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. There was no case falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificate during the financial year.
13. i. The Company has not made any allotment and transfer of shares during the year under review, so delivery of share certificates in this regard does not arise.
ii. The Company has not declared any dividend during the financial year.
iii. Since the Company has not declared any dividend during the financial year, postage of dividend warrants etc., is not applicable. There was no unclaimed/unpaid dividend in the Company.
iv. The Company was not required to transfer any amount to Investor Education and Protection Fund during the financial year under review.
v. The Company has duly complied with the requirements of Section 217 of the Act.



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

14. The Board of Directors of the Company is duly constituted. There was no appointment of any additional director, alternate director and director to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director, Registrar of Companies or other authorities prescribed under various provisions of the Act during the financial year under review.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures by the Company during the financial year as the Company has not issued any preference shares or debentures.
22. There was no dividend, rights shares and bonus shares declared during the financial year. Thus there were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. The Company has not invited/accepted any public deposits including unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year ended 31.03.2003.
25. The Company has not made any loans, investment or given guarantees or provided securities to other bodies corporate during the financial year under review except short-term loan of Rs.10 Lac given to its holding Company M/s. Panacea Biotec Ltd. for a period of 90 days.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny. The Company has increased its Authorised Share Capital from Rs.20 Lac to Rs.50 Lac by passing the resolution in the AGM dated 26.09.2002.
30. The Company has altered its Articles of Association during the financial year under scrutiny for increase in Authorised Share Capital of the Company by passing a Special Resolution in the AGM dated 26.09.2002.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any amount as security from its employees within the purview of Section 417(1) of the Act during the financial year under scrutiny.
33. Since the Company has not constituted any provident fund under Section 418 of the Act, provisions of Section 418 are not applicable.

**For RAJEEV GOEL & ASSOCIATES
COMPANY SECRETARIES**

RAJEEV K GOEL
FCS NO. : 2823
C P NO. : 2571

Place : Delhi
Date : 05.06.2003

ANNEXURE A - REGISTERS MAINTAINED BY THE COMPANY

1. Register of Members u/s 150
2. Minutes Book of the meetings of the Board of Directors u/s 193.
3. Minutes Book of General Body Meetings of the members (AGM and EGM) u/s 193.
4. Copies of Annual returns u/s 159.
5. Register of Share Transfer.
6. Books of Accounts u/s 209.
7. Register of particulars of Directors, Managing Director, Manager and Secretary u/s 303.
8. Register of Directors' Shareholding u/s 307.
9. Register of Fixed Assets.
10. Register of Contracts, Companies and Firms in which Directors etc are interested u/s 301 of the Act.
11. Register of Investments u/s 372A.
12. Register of Mortgage & Charges u/s 143.

ANNEXURE B - Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2003

Sl. No.	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fee paid Yes/No
1.	23	81(1A)	Issue of further Shares	25.06.2002	No	Yes
2.	2	75	Allotment of Shares	25.06.2002	No	Yes
3.	Annual Accounts	220	Financial Year ended 31.03.2002	10.10.2002	Yes	N.A.
4.	Compliance Certificate		Financial Year 2001-02	10.10.2002	Yes	N.A.
5.	Annual Return	159	Annual General Meeting held on 26.09.2002	10.10.2002	Yes	N.A.
6.	5	94	Increase in Authorised Share Capital	10.10.2002	Yes	N.A.
7.	23	31 & 81(1A)	Alteration in Articles of Association and Issue of further Shares	10.10.2002	Yes	N.A.
8.	I,II,III	187C	Disclosure of Beneficial Interest	13.03.2003	Yes	N.A.

**TO THE MEMBERS OF RADICURA & CO. LIMITED.**

We have audited the attached Balance Sheet of RADICURA & CO. LTD. as at 31st March, 2003 and the Profit & Loss Account of the Company for the year ended on that date annexed hereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure hereto a statement on the matters specified in paragraph 4 & 5 of the said Order to the extent applicable to the company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :-
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts as required by Law have been kept by the Company, so far as appears from our examination of such books.
 - c. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of Accounts of the Company.
 - d. In our opinion, the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - i. in so far as it relates to the Balance sheet, of the State of Affairs of the Company as at 31-03-2003 and ;
 - ii. in so far as it relates to Profit and Loss Account, of the Profits of the Company, for the year ended on that date.

For M/s. Dubey & CO.
Chartered Accountants

Deepak Dubey
Proprietor

Place : New Delhi
Date : 05.06.2003

Annexure Referred to in paragraph 1 of our report of even date on the Accounts for the year ended 31st March, 2003 of Radicura & Co. Ltd.

1. The company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. We have been informed that these Assets have been physically verified by the Management.
2. None of the fixed assets has been revalued during the year.
3. As explained to us, the stocks of finished goods have been physically verified by the management at reasonable intervals.
4. In our opinion and as per the information and explanations given to us the procedure of physical verification of stock followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
5. The discrepancies noted on verification between physical stocks and book records were not significant and the same has been properly dealt with in the books of accounts.
6. In our opinion and on the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. To the best of our knowledge and according to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties within the meaning

of Section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under sub-section (IB) of Section 370 of the Companies Act, 1956, where the rate of interest and the terms and conditions are prima facie prejudicial to the interest of the Company.

8. To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to any companies, firms or other parties listed in Register maintained u/s 301 and/or to the companies under the same management as defined under sub-section (IB) of section 370 of the Companies Act, 1956.
9. As per the information and explanations given to us the parties to whom the loans, or advances in the nature of loans, have been given by the company are repaying the principal amount as stipulated and are also regular in payment of the interest and if not, adequate steps have been taken by the company for recovery of the principal and interest.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of stores, raw materials including component, plant and machinery equipment and other assets and for sale of goods.
11. In our opinion and according to the information and explanation given to us the transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contract or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956, in excess of Rs. 50,000/- in value for each party has been made at prices which are reasonable having regards to prevailing market prices for such goods, materials or services or the prices at which transaction for similar goods had been made with other parties.
12. As explained to us the company has a regular procedure for the determination of unserviceable, expired or damaged store and finished goods.
13. As informed to us, the company has not accepted any deposits from the public.
14. According to the information and explanation given to us the company's operations don't generate any realisable scrap or by-products.
15. In our opinion the company has an adequate internal audit system commensurate with its size and nature of its business.
16. We are informed that the Central Government has not prescribed maintenance of Cost Records u/s 209(1)(d) of the Companies Act, 1956, having regard to the nature of the business of the company.
17. As informed to us the company has been regular in the depositing Provident Funds and Employee State Insurance dues with the appropriate authorities.
18. To the best of our knowledge and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, outstanding as on 31st March, 2003 for a period of more than six months from the date they become payable.
19. During the course of our examination of books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which has been charged to Profit & Loss Account other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

For M/s. Dubey & Co.
Chartered Accountants

Deepak Dubey
Proprietor

Place: New Delhi
Date: 05.06.2003



RADICURA & CO. LIMITED



In Support of Life

BALANCE SHEET

As at 31st March, 2003

(Amount in Rs.)

Schedule	As at 31st March, 2003	As at 31st March, 2002
SOURCES OF FUNDS		
Shareholders' Funds		
I	19,82,500	19,82,500
II	1,07,31,779	1,05,47,268
	1,27,14,279	1,25,29,768
	1,27,14,279	1,25,29,768
APPLICATION OF FUNDS		
Fixed Assets		
III	68,75,658	67,65,558
	31,10,683	27,11,647
	37,64,975	40,53,911
Investments		
IV	1,00,000	1,00,000
Current Assets, Loans & Advances		
V	33,73,178	47,98,470
	26,34,130	30,51,982
	50,33,289	26,13,234
	49,25,525	40,16,800
	1,59,66,122	1,44,80,485
Less: Current Liabilities & Provisions		
VI	65,97,721	50,42,821
	2,26,310	7,06,924
	68,24,031	57,49,745
	91,42,091	87,30,740
	(2,92,787)	(3,54,883)
	1,27,14,279	1,25,29,768
Significant Accounting Policies and Notes to Accounts XIII		

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our attached report of even date.

For **M/s. Dubey & Co.**
Chartered Accountants
(DEEPAK DUBEY)
Proprietor
Place : New Delhi
Date : 05.06.2003

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman & Managing Director

SUMIT JAIN
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2003

(Amount in Rs.)

Schedule	Year ended 31st March, 2003	Year ended 31st March, 2002
Income		
	6,29,29,419	5,61,48,247
VII	9,55,368	12,91,644
VIII	(13,44,942)	(2,45,046)
	6,25,39,845	5,71,94,845
Expenditure		
	5,93,29,045	5,23,84,384
IX	17,03,517	15,92,247
X	7,65,358	6,34,533
XI	1,612	5,337
XII	23,362	23,580
III	3,99,036	4,12,991
	6,22,21,930	5,50,53,072
	3,17,915	21,41,773
	1,00,000	7,75,000
	(62,096)	(15,725)
	2,80,011	13,82,498
	2,80,011	13,82,498
	1.41	11.46
	1.41	11.46

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account.

As per our attached report of even date.

For **M/s. Dubey & Co.**
Chartered Accountants
(DEEPAK DUBEY)
Proprietor
Place : New Delhi
Date : 05.06.2003

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman & Managing Director

SUMIT JAIN
Director



SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

SCHEDULE I - SHARE CAPITAL

	As at 31st March, 2003 (Rs.)	As at 31st March, 2002 (Rs.)
AUTHORISED		
5,00,000 Equity Shares of Rs. 10/- each (Previous Year 2,00,000 Equity Shares of Rs.10/- each)	50,00,000	20,00,000
ISSUED, SUBSCRIBED & PAID UP		
1,98,250 Equity Shares of Rs. 10/- each fully paid-up	19,82,500	19,82,500
	19,82,500	19,82,500

SCHEDULE II - RESERVES AND SURPLUS

Share Premium		
Opening Balance	73,26,500	27,00,000
Add : During the Year	-	46,26,500
	73,26,500	73,26,500
Profit & Loss Account		
Opening Balance	32,20,768	21,98,021
Add: Transfer from Profit & Loss A/c.	2,80,011	13,82,498
Add: Income Tax Adjusted for previous year	(95,501)	10,857
Less: Deferred Tax Liability	-	(3,70,608)
	34,05,279	32,20,768
	1,07,31,779	1,05,47,268

SCHEDULE III - FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01/04/2002	Addition during the Year	As at 31/03/2003	As at 01/04/2002	Provided during the Year	As at 31/03/2003	As at 31/03/2003	As at 31/03/2002
BUILDING	30,79,000	-	30,79,000	6,12,703	1,23,315	7,36,018	23,42,982	24,66,297
FURNITURE & FIXTURE	3,17,042	-	3,17,042	1,72,120	26,231	1,98,351	1,18,691	1,44,922
OFFICE EQUIPMENTS	20,32,026	61,800	20,93,826	11,30,468	1,32,178	12,62,646	8,31,180	9,01,558
REFRIGERATION & COOLER	5,32,295	-	5,32,295	2,58,279	38,116	2,96,395	2,35,900	2,74,016
VEHICLES	8,05,195	48,300	8,53,495	5,38,077	79,196	6,17,273	2,36,222	2,67,118
TOTAL	67,65,558	1,10,100	68,75,658	27,11,647	3,99,036	31,10,683	37,64,975	40,53,911
PREVIOUS YEAR	66,01,136	1,64,422	67,65,558	22,98,656	4,12,991	27,11,647	40,53,911	43,02,480

SCHEDULE IV - INVESTMENTS

Quoted (at cost)		
10,000 Equity Shares of Rs. 10/- each (Previous Year 10,000 Equity Shares) fully paid of MEDICAMEN BIOTECH LTD.	1,00,000	1,00,000
Market Value Rs. 61,000/- (Previous year Market value Rs.45,000/-)		

SCHEDULE V - CURRENT ASSETS, LOANS & ADVANCES

CURRENT ASSETS

Inventories

(As taken, valued and certified by the Management)
(Valued at cost or market price whichever is lower)

Finished Goods	33,70,028	47,14,970
Stock-in-Transit	3,150	83,500
	33,73,178	47,98,470

Sundry Debtors

(Unsecured but considered Good)

Debts outstanding for a period exceeding six months	5,99,400	5,26,365
Other Debts	20,34,730	25,25,617
	26,34,130	30,51,982

Cash & Bank Balances

i) Cash in hand	58,960	2,70,136
ii) Balance with Schedule Banks - in Current Accounts	49,74,329	23,43,098
	50,33,289	26,13,234

LOANS & ADVANCES

(Unsecured but considered good)

Security Deposit	40,49,500	40,10,500
Advance Income Tax (net of tax provision)	3,71,976	-
Staff Advances	9,300	6,300
Prepaid Expenses	63,590	-
Other Receivables	4,31,159	-
	49,25,525	40,16,800
	1,59,66,122	1,44,80,485



SCHEDULES (contd.)

	As at 31st March, 2003 (Rs.)	As at 31st March, 2002 (Rs.)
SCHEDULE VI - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Total outstanding dues of SSI undertakings	-	-
Total outstanding of Creditors other than SSI undertaking	63,87,351	47,66,515
Expenses Payable	1,41,511	2,27,988
Other Liabilities	68,859	48,318
PROVISIONS		
Provision for Income Tax (net of advance tax)	-	5,27,678
Provision for Gratuity/Leave Encashment	2,26,310	1,79,246
	<u>68,24,031</u>	<u>57,49,745</u>
	Year ended 31st March, 2003 (Rs.)	Year ended 31st March, 2002 (Rs.)
SCHEDULE VII - OTHER INCOME		
Commission received on Sales	3,51,779	8,11,644
Interest received on Security Deposit	5,09,589	4,80,000
Misc. Income/ provisions written back	94,000	-
	<u>9,55,368</u>	<u>12,91,644</u>
SCHEDULE VIII - INCREASE/(DECREASE) IN STOCK		
Closing Stock	33,70,028	47,14,970
Less : Opening Stock	47,14,970	49,60,016
	<u>(13,44,942)</u>	<u>(2,45,046)</u>
SCHEDULE IX - PERSONNEL EXPENSES		
Salary & Wages	12,88,573	12,12,269
Contribution to Provident and other funds	1,28,756	1,06,437
Directors' Remuneration	90,000	90,000
Bonus	80,098	78,383
Staff Welfare Expenses	1,16,090	1,05,159
	<u>17,03,517</u>	<u>15,92,247</u>
SCHEDULE X - ADMINISTRATIVE EXPENSES		
Printing & Stationery	45,500	38,166
Electricity & Water Charges	72,098	1,13,489
Repair & Maintenance	81,322	18,626
Insurance	68,637	58,260
Professional Charges	5,500	10,200
Legal Charges	1,11,550	23,815
Auditors' Remuneration		
Audit Fees	11,000	11,000
Tax Audit Fees & other services	9,000	9,000
Office Expenses	7,964	9,931
Postage, Telephone & Telex	62,753	78,050
Newspapers, Books & Periodicals	91	568
Conveyance	1,05,244	1,40,930
Sundry Expenses	37,131	26,644
Vehicle Maintenance	1,47,567	95,854
	<u>7,65,358</u>	<u>6,34,533</u>
SCHEDULE XI - FINANCIAL EXPENSES		
Bank Charges	1,612	5,337
	<u>1,612</u>	<u>5,337</u>
SCHEDULE XII - SELLING EXPENSES		
Packing & Forwarding	20,885	21,007
Freight & Cartage	2,477	2,573
	<u>23,362</u>	<u>23,580</u>



SCHEDULES (contd.)

SCHEDULE XIII

A. SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting

- The accompanying financial statements have been prepared in accordance with the historical cost conventions and in accordance with Generally Accepted Accounting Practices in India and confirms to the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956, as amended up to date.
- Accounting policies not specifically referred to, are otherwise consistent and in accordance with generally accepted accounting principles.

2. FIXED ASSETS

Fixed assets are stated at historical cost of acquisition or construction and include all other incidental expenses related to acquisition.

3. DEPRECIATION

Depreciation on all items of fixed assets is provided on Written Down Value method as per rates prescribed in Schedule XIV to the Companies Act, 1956.

4. INVENTORIES

Inventory purchased by the company is carried at lower of cost or market value.

5. REVENUE RECOGNITION

Sales are stated at net of trade discounts, sales returns and sales tax.

6. EMPLOYEE TERMINAL BENEFITS

- Provident Fund & ESI:** Company's contribution to defined contribution schemes such as Provident Fund and ESI are accrued as per terms of contracts with the employees and provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to Profit and Loss Account.
- Gratuity:** Provision for Gratuity has been made on the basis of actuarial valuation made by the independent actuary as of the balance sheet date.
- Leave Encashment:** The provision for the leave encashment benefit to the employees as per Company policy has been made on the basis of actuarial valuation made by independent actuary.

7. INVESTMENTS

Long term Investments are stated at cost price.

8. INCOME TAXES

- Provision is made for income tax liability, which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of Income Tax Act, 1961.
- Deferred Income Tax is provided, using the liability method, on all timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
- Deferred tax assets are recognized only, to the extent that there is reasonable certainty of their realization.
- Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or subsequently enacted at the balance sheet date.

B. NOTES TO ACCOUNTS

1. Contingent Liabilities are not provided for in respect of:

	Current Year	Previous Year
i) Claims against the Company not acknowledged as debts	Nil	Nil
ii) Other money for which the Company is contingently liable	Nil	Nil
iii) Estimated amount of contracts remaining to be executed on Capital account and not provided for	Nil	Nil

2. In the opinion of the Board, all the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

3. Earnings Per Share

S. No.	Particulars	Current Year	Previous Year
a.	Net Profit after tax available for Equity Shareholder	2,80,011	13,82,498
b.	Calculation of Weighted Average Number of Equity Shares of Rs.10 each :		
	Number of shares at the beginning of the year	1,98,250	1,05,720
	Number of shares issued as on 1st February, 2002	-	92,530
	Total no. of weighted average equity shares outstanding at the end of the year	1,98,250	1,20,677
c.	Basic Earnings per Share	1.41	11.46
d.	Diluted Earnings per Share	1.41	11.46

4. Deferred Tax Assets :

Particulars	Deferred tax Asset / (Liability) as at 01.04.2002	Current year credit/ (Charge)	Deferred tax Asset/ (Liability) as at 31.03.2003
Assets	(4,18,873)	(21,073)	(4,39,946)
Gratuity	49,307	57,809	1,07,116
Leave Encashment	14,683	25,360	40,043
	<u>(3,54,883)</u>	<u>62,096</u>	<u>(2,92,787)</u>



SCHEDULES (contd.)

5. Related Party Disclosure

Related parties with whom there were transactions during the year are listed below :

- i) Holding Company – The Company is a wholly-owned subsidiary of Panacea Biotec Ltd.
 ii) During the year, the company had the following transactions with its Holding Company – Panacea Biotec Ltd.(PBL) at normal commercial terms in the ordinary course of business. The transactions during the year are as under: -

Particulars	2002-03	2001-02
Net Purchases made during the year	3,78,34,062	2,84,63,500
Net Sales made during the year	88,013	91,437
Interest received	29,589	4,80,503
Balance due to PBL as at the end of the year	30,91,716	18,22,363

6. a) Directors' Remuneration

Particulars	Current Year	Previous Year
Salary	90,000	90,000

b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956.

Profit as per Profit & Loss Account (before taxes)	3,17,915	21,41,773
Add:		
Depreciation	3,99,036	4,12,991
Directors' Remuneration	90,000	90,000
	8,06,951	26,44,764
Less :		
Depreciation under section 350	4,56,376	4,12,991
Net Profit in accordance with section 349 of Companies Act, 1956	3,50,575	22,31,773
Maximum amount permissible under Sec. 198/309 of Companies Act, 1956	35,058*	1,11,589

* Since the profits of the company during the year were inadequate, the salaries are paid to Director as minimum remuneration as per Schedule XIII to the Companies Act, 1956.

7. Remuneration to Auditors:

Audit Fees	11,000	11,000
Tax Audit & other fees	9,000	9,000
	20,000	20,000

8. Additional information as required under Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956. (As certified by the Management).

- A. Particulars of Licensed Capacity, Installed Capacity & Production
 - Not applicable as the company is a trading company.
- B. Particulars of purchase, Stocks & Turnover
 - As the Company has been trading in goods and the list of goods is very large, quantitative break up of purchases, stocks and turnover has not been given.
- C. Particulars of Raw Materials consumed
 - Not Applicable
- D. Value of Imports on CIF basis Nil
- E. Expenditure in Foreign Currency Nil
- F. Earnings in Foreign Currency Nil
- G. Value of Imported / Indigenous Raw Materials Consumed Nil

9. Previous year's figures have been rearranged and reclassified wherever necessary to make them comparable with the current year's figures.

As per our attached report of even date.

For **M/s. Dubey & Co.**
 Chartered Accountants
(DEEPAK DUBEY)
 Proprietor

Place : New Delhi
 Date : 05.06.2003

For & on behalf of the Board

SOSHIL KUMAR JAIN
 Chairman & Managing Director

SUMIT JAIN
 Director



**BALANCE SHEET ABSTRACT &
CASH FLOW STATEMENT**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information as required under Part IV of Schedule VI to the Companies Act 1956: -

i) Registration Details:			
Registration No.	56682	State code	55
Balance Sheet Date .	31/03/2003		
ii) Capital raised during the year (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	12,714	Total Assets	12,714
Source of Funds (Amount in Rs. Thousands)			
Paid-up Capital	1,982	Reserves & Surplus	10,732
Secured Loan	Nil	Unsecured Loan	Nil
Application of Funds (Amount in Rs. Thousands)			
Net Fixed Assets	3,765	Investments	100
Net Current Assets	8,849@	Misc. Expenditure	Nil
Accumulated Losses	Nil	(To the extent not W/ off)	
@ net of deferred tax liability			
iv) Performance of Company (Amount in Rs. Thousands)			
Turnover	62,929	Total expenditure	62,222
Profit before Tax	318	Profit after Tax	280
Earning per Share in Rs.	1.41	Dividend @ %	Nil
v) Generic Name of three Principal Products / Services of Company			
Item Code No. (ITC Code)	3004 90 67, 3002 20 14 & 3004 20 99		
Product Description	Nimuslide Tablets, Vaccines Polio & Glioclazide Tab		

For **M/s. Dubey & Co.**
Chartered Accountants
(DEEPAK DUBEY)
Proprietor
Place : New Delhi
Date : 05.06.2003

For & on behalf of the Board

SOSHIL KUMAR JAIN
Chairman & Managing Director

SUMIT JAIN
Director

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED MARCH, 2003

	Current Year		Previous Year
	3,17,915		21,41,773
Cash flow from operating activities			
Net profit before tax and extra ordinary items			
Adjustments for:			
Depreciation	3,99,036	4,12,991	
Interest Expenses	-	-	
Interest Income	(5,09,589)	(4,80,000)	
Miscellaneous provisions written back	(94,000)	-	
Preliminary Expenditure written off	-	-	(67,009)
Operating profit before working capital changes	1,13,362	1,13,362	20,74,764
Trade and Other Receivables	(1,18,897)	(36,20,632)	
Inventories	14,25,292	1,61,546	
Trade & other Payables	16,01,963	29,08,358	(66,08,246)
Cash generated from operations	30,21,720	30,21,720	(45,33,482)
Net direct taxes paid	(10,95,155)	(10,95,155)	(2,46,465)
Cash flow before extra-ordinary items	19,26,565	19,26,565	(47,79,947)
Extra ordinary items	-	-	-
Net cash from operating activities	19,26,565	19,26,565	(47,79,947)
Cash flow from investing activities			
Purchase of Fixed assets	(1,10,100)	(1,64,422)	
Interest received	509,589	4,80,000	
Miscellaneous provisions written back	94,000	-	
Net cash used in investing activities	4,93,489	4,93,489	(3,15,578)
Net cash from operating and investing activities	24,20,055	24,20,055	(44,64,368)
Cash flow from financing activities			
Increase/ (decrease) in loans	-	-	
Issue of Share Capital	-	9,25,300	
Share Premium received	-	46,26,500	
Net Cash from financing activities	-	-	55,51,800
Net cash from operating, investing & financing activities	24,20,055	24,20,055	10,87,432
Net increase in Cash & Cash equivalent	24,20,055	24,20,055	10,87,432
Opening balance of Cash & Cash equivalent	26,13,234	26,13,234	15,25,802
Closing balance of Cash & Cash equivalent	50,33,289	50,33,289	26,13,234

As per our report of even date attached

For **M/s. Dubey & Co.**
Chartered Accountants
(DEEPAK DUBEY)
Proprietor
Place : New Delhi
Date : 05.06.2003

For & on behalf of the Board

SOSHIL KUMAR JAIN
Chairman & Managing Director

SUMIT JAIN
Director

**DIRECTORS' REPORT****To the Members, Best On Health Ltd.,**

Your Directors feel pleasure in presenting their Eighth Annual Report of the affairs of the Company, for the year ended on 31st March, 2003.

OPERATIONS

During the year under review, the Company has earned rental income of Rs.28.80 Lacs from lease of its premises to its holding Company. The steps are being taken for commencement of business of marketing & export of nutraceuticals & Dietary Supplement products and your Directors are hopeful of commencing the business during the year. The net profit for the year under review was Rs.2.04 Lac as against Rs.18.29 Lac during the previous financial year.

Due to the insufficiency of profits and also to plough back the profits for the operations of the Company, your Directors do not recommend any dividend on the Share Capital of the Company.

INFORMATION UNDER SECTION 217(2A) AND 217(1)(d)

There are no employees of the category mentioned in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. With a view to reflect the Company's proposed new activities, the Company's name has been changed from Jiva Life Sciences Ltd. to Best On Health Ltd. w.e.f. 11th February, 2003. There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of report.

PUBLIC DEPOSITS

The Company, during the year under review, did not accept any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

DIRECTORS

As the members are aware, in view of the Company's increased operations and activities, Mr. Rajesh Jain had been appointed as the Chairman & Managing Director of the Company w.e.f. 20th April, 2002.

Mr. Rajesh Jain is a Bachelor of Science and Master in Business Administration and has more than 17 years of experience in the pharmaceutical industry. He is presently working as Joint Managing Director of Panacea Biotec Limited, the holding company of your Company and is mainly looking after Marketing & IT departments in the said company.

Further, due to their other pre-occupations, Mr. Ravinder Jain and Ms. Meenu Parti had resigned from the directorship of the Company w.e.f. 18th November, 2002.

In accordance with the provisions of the Companies Act, 1956, Mr. Sandeep Jain, Director retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards

- ii) had been followed along with proper explanation relating to material departures. that the directors had selected such accounting policies and applied them consistently 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 or loss of the Company for that period;
- iii) that 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 irregularities; and
- iv) that the directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s. Sudhir Sunil & Co., Chartered Accountants hold office as Statutory Auditors of your Company till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors seek your approval for their re-appointment.

AUDITORS' REPORT

The notes to accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL COMPLIANCE CERTIFICATE

As required pursuant to the proviso to Section 383A of the Companies Act, 1956, the Company had obtained Secretarial Compliance Certificate from M/s. Rajeev Goel & Associates, Company Secretaries in Practice and the same is annexed herewith as Annexure to the Directors' Report.

ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

Particulars required to be furnished under Section 217(1)(e) of the Companies Act, 1956 are not applicable to the Company.

FOREIGN EXCHANGE EARNING & OUTGO

During the period under review, there was neither inflow nor outflow of foreign exchange to/from the Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks to the Banks, Government departments and other agencies for their kind consents, continued support, co-operation and all time assistance.

For and on behalf of the Board

New Delhi
7th day of June, 2003

Rajesh Jain
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT - COMPLIANCE CERTIFICATE

The Members, BEST ON HEALTH LIMITED (Formerly Jiva Life Sciences Limited), New Delhi

We have examined the registers, records, books and papers of BEST ON HEALTH LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company is a Public Limited Company.
4. The Board of Directors duly met 7 (seven) times on 14.05.2002, 20.08.2002, 25.10.2002, 18.11.2002, 30.12.2002, 22.02.2003 and 04.03.2003 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year. There are no Debenture holders in the Company.
6. The annual general meeting for the financial year ended on 31.03.2002 was held

on 27.07.2002 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

7. 3 (Three) Extra Ordinary General Meetings were held during the financial year on 20.04.2002, 18.11.2002 and 04.01.2003 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to in section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. There was no case falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificate during the financial year.
13.
 - (i) There was no allotment/transfer/transmission of securities during the financial year.
 - (ii) The Company has not declared any dividend during the financial year.
 - (iii) Since the Company has not declared any dividend during the financial year, postage of dividend warrants etc., is not applicable. There was no unclaimed/unpaid dividend in the Company.
 - (iv) The Company was not required to transfer any amount to Investor Education and Protection Fund during the financial year under review.
 - (v) The Company has duly complied with the requirements of section 217 of the Act.



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

14. The Board of Directors of the Company is duly constituted. Mr. Rajesh Jain was appointed as Director during the year. Mr. Ravinder Jain & Ms. Meenu Parti had resigned from the Directorship of the Company during the financial year under review. There was no other appointment of any director during the financial year.
15. The Company has appointed Mr. Rajesh Jain as Chairman-cum-Managing Director during the financial year at the Extra-ordinary General Meeting of its shareholders held on 20.04.2002.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as detailed below:-
 - a. Certificate of Registration of the Special Resolution confirming alteration of Object Clause(s) of Memorandum of Association of the Company by the Registrar of Companies, New Delhi.
 - b. Approval from Central Government (Registrar of Companies) for change in name of the Company from Jiva Life Sciences Limited to Best On Health Limited and issue of fresh certificate of Incorporation consequent upon change in name of the Company by the Registrar of Companies, New Delhi.
18. The directors have duly disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures by the Company during the financial year as the Company has not issued any preference shares or debentures.
22. There was no dividend, rights shares and bonus shares declared during the financial year. Thus there were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. The Company has not invited/accepted any public deposits including unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year ended 31.03.2003.
25. The Company has not made any loans, investments or given guarantees or provided securities to other bodies corporate during the financial year under review.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the financial year.
27. The Company has altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny and complied with provisions of the Act. New sub-clauses no. 3 and 4 have been incorporated after the existing sub-clause no. 2 in the "Main Objects Clause".
28. The Company has altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act. The name of the Company has been changed from Jiva Life Sciences Limited to Best On Health Limited.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under review.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for any offence under the Act.
32. The Company has not received any amount as security from its employees within the purview of section 417(1) of the Act during the financial year under scrutiny.
33. Since the Company has not constituted any provident fund under section 418 of the Act, provisions of section 418 are not applicable.

ANNEXURE A - REGISTERS MAINTAINED BY THE COMPANY

1. Register of Members u/s 150
2. Minutes Book of the meetings of the Board of Directors u/s 193
3. Minutes Book of General Body Meetings of the members (AGM and EGM) u/s 193
4. Copies of Annual Returns u/s 159
5. Register of Share Transfer
6. Books of Accounts u/s 209
7. Register of particulars of Directors, Managing Director, Manager and Secretary u/s 303
8. Register of Directors' Shareholding u/s 307
9. Register of Fixed Assets
10. Register of Contracts, Companies and Firms in which Directors etc are interested u/s 301 of the Act.
11. Register of Investments u/s 372A

ANNEXURE-B - Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2003.

Sl. No.	Form No./ Return	Filed under Section	For	Date of Filing	Whether Filed within prescribed time	If delay in filing whether requisite additional fee paid Yes/No
1.	23	17	Change in objects clause of the Memorandum of Association	27.11.2002	Yes	N.A.
2.	23	21	Change in the name of the Company	07.01.2003	Yes	N.A.
3	32	303	Resignation of Mr. Ravinder Jain & Ms. Meenu Parti	27.11.2002	Yes	N.A.
4	32	303	Appointment of Mr. Rajesh Jain as Chairman-cum -Managing Director	13.05.2002	Yes	N.A.
5	29	264	Consent of Mr. Rajesh Jain to act as Director	13.05.2002	Yes	N.A.
6	23	192	Appointment of Mr. Rajesh Jain as Chairman-cum -Managing Director	13.05.2002	Yes	N.A.
7	25C	Schedule XIII	Appointment of Mr. Rajesh Jain as Chairman-cum -Managing Director	13.05.2002	Yes	N.A.
8	Annual Accounts	220	Financial Year 2001-02	23.08.2002	Yes	N.A.
9	Compliance Certificate		Financial Year 2001-02	23.08.2002	Yes	N.A.
10	Annual Return	159	Annual General Meeting held on 27.07.2002	23.08.2002	Yes	N.A.
11	1A	20	Availability of Name Change of Name	27.11.2002	Yes	N.A.
12	Application to Central Govt.	21	Change of Name	07.01.2003	Yes	N.A.
13	I, II, III	187C	Disclosure of Beneficial Interest	17.03.2003	Yes	N.A.

**For RAJEEV GOEL & ASSOCIATES
COMPANY SECRETARIES**

RAJEEV K. GOEL
FCS NO. : 2823
C P NO. : 2571

Place : Delhi
Date : 07.06.2003

**AUDITORS' REPORT****The Members of Best On Health Limited**

We have audited the attached Balance Sheet of Best On Health Ltd. as at 31st March, 2003 and also the Profit and Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditors' Report(s) have been forwarded to us and have been appropriately dealt with).
 - iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts (and with the audited returns from the branches).
 - iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2003 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - b) in the case of Profit & Loss Account, of the Profit for the year ended on that date.

For SUDHIR SUNIL & CO.
Chartered Accountants
S. KAPOOR
Prop.

Place : New Delhi
Date : 07.06.2003

Annexure to Auditors' Report (Referred to in paragraph 2 thereof)

1. The Company is maintaining proper records to show full particulars including quantitative details of fixed Assets. We are informed that these fixed Assets have been physically verified by the Management and no material discrepancies were noticed.
2. There has been no revaluation of fixed assets during the year.
3. As the Company was not engaged in any manufacturing, trading or service activities during the period, no comments have been given in respect of clause (iii), (iv), (v) & (vi) of the above said Order.
4. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, where the rates of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
5. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, where the rates of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company.
7. As explained to us, the Company has not accepted deposit from the public during the period.
8. In our opinion, the Company has an Internal Audit system, which is adequate in relation to the size of the Company and the nature of its business.
9. Maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 is not applicable.
10. According to the information and explanations given to us, the provisions of Employees' State Insurance Act and Provident Fund Act are so far not applicable to the Company.
11. According to the information and explanations given to us, there are no material undisputed amounts payable in respect of Income-tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which are outstanding as on 31.03.2003, for a period of more than six months from the date they become payable.
12. During the course of our examination of books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which has been charged to Profit & Loss account other than those payable under any contractual obligations.
13. In our opinion the Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For SUDHIR SUNIL & CO.
Chartered Accountants
S. KAPOOR
Prop.

Place : New Delhi
Date : 07.06.2003



BEST ON HEALTH LIMITED

BALANCE SHEET

As at 31st March, 2003



(Amount in Rs.)

SCHEDULES		As at 31.03.2003		As at 31.03.2002
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	I	19,02,160		19,02,160
Reserves & Surplus	II	1,04,33,098		1,02,29,548
Total		1,23,35,258		1,21,31,708
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	III	1,18,12,868		1,18,12,868
Less : Depreciation		11,68,242		7,78,828
Net Block		1,06,44,626		1,10,34,040
Current Assets, Loans & Advances				
Cash & Bank Balances	IV	13,82,474		5,51,406
Loans & Advances		3,26,520		5,55,680
Sub-total (A)		17,08,994		11,07,086
Less: Current Liabilities & Provisions				
Current Liabilities	V	26,250		21,250
Sub-total (B)		26,250		21,250
Net Current Assets (A) - (B)		16,82,744		10,85,836
Miscellaneous Expenditure	VI	7,888		11,832
(To the extent not written off or adjusted)				
Total	VII	1,23,35,258		1,21,31,708
Significant Accounting Policies and Notes to Accounts				

The Schedules referred to above and notes thereon form an integral part of the Balance Sheet.

As per our attached report of even date.

For **M/s. SUDHIR SUNIL & CO.**

Chartered Accountants

(SUDHIR KAPOOR)

Proprietor

PLACE : NEW DELHI

DATE : 07.06.2003

For and on behalf of the Board

RAJESH JAIN

Chairman & Managing Director

SANDEEP JAIN

Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	For the year ended 31st March, 2003	For the year ended 31st March, 2002
INCOME		
Rent Received	28,80,000	28,80,000
Other Income	25,029	11,000
Total Income	29,05,029	28,91,000
EXPENDITURE		
Fees & Taxes	6,215	7,862
Consultancy Charges	10,05,500	-
Property Tax	5,18,016	-
Repair & Maintenance	1,38,040	-
Printing & Stationery	200	250
Bank Charges	50	60
General Expenses	2,350	3,167
Audit Fees	15,750	15,750
Legal Expenses	5,000	5,000
Depreciation	3,89,414	3,89,414
Preliminary exp w/off	3,944	3,944
Total Expenditure	20,84,479	4,25,447
Profit before taxes	8,20,550	24,65,553
Less : Prior period Expenses	-	14,500
Provision for Income tax	6,17,000	6,21,800
Profit After Tax	2,03,550	18,29,253
Balance of Profit carried to Balance Sheet	2,03,550	18,29,253
Earning per Share - Basic	1.07	9.62

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account

As per our attached report of even date

For **M/s. SUDHIR SUNIL & CO.**

Chartered Accountants

(SUDHIR KAPOOR)

Proprietor

PLACE : NEW DELHI

DATE : 07.06.2003

For and on behalf of the Board

RAJESH JAIN

Chairman & Managing Director

SANDEEP JAIN

Director



SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	As at 31st March, 2003	As at 31st March, 2002
SCHEDULE I - SHARE CAPITAL		
Authorised		
2,00,000 Equity Shares of Rs. 10/- each.	20,00,000	20,00,000
Issued, Subscribed and paid-up		
1,90,216 Equity shares of Rs. 10/- each fully paid up.	19,02,160	19,02,160
	<u>19,02,160</u>	<u>19,02,160</u>
SCHEDULE II - RESERVES AND SURPLUS		
Share Premium		
Amount as per Last Balance Sheet	1,04,50,000	1,04,50,000
Profit & Loss Account		
Amount as per last Balance Sheet	(2,20,452)	(20,49,705)
Add: Transfer from Profit & Loss A/c	2,03,550	18,29,253
	<u>1,04,33,098</u>	<u>1,02,29,548</u>

SCHEDULE III - FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2002	Additions during the year	As at 31.03.2003	As at 01.04.2002	Depreciation provided during the year	As at 31.03.2003	As at 31.03.2003	As at 31.03.2002
Land	1,53,760	-	1,53,760	-	-	-	1,53,760	1,53,760
Building	1,16,59,108	-	1,16,59,108	7,78,828	3,89,414	11,68,242	1,04,90,866	1,08,80,280
Total	1,18,12,868	-	1,18,12,868	7,78,828	3,89,414	11,68,242	1,06,44,626	1,10,34,040
Previous Year	1,18,12,868	-	1,18,12,868	3,89,414	3,89,414	7,78,828	1,10,34,040	1,14,23,454

SCHEDULE IV - CURRENT ASSETS, LOANS & ADVANCES

Current Assets

Cash & Bank Balances

Cash in hand

5,002

5,702

Balances with Scheduled Banks

- in Current Account

13,77,472

13,82,474

5,45,704

5,51,406

Loans & Advances

Advance Income Tax (net of tax provision)

3,26,520

3,26,520

5,55,680

5,55,680

17,08,994

11,07,086

SCHEDULE V - CURRENT LIABILITIES & PROVISIONS

Security Deposits

Expense Payable

-

500

26,250

20,750

26,250

21,250

SCHEDULE VI - MISCELLANEOUS EXPENDITURE

Preliminary Expenses

Less : Written off during the year

11,832

15,776

3,944

3,944

7,888

11,832

SCHEDULE VII - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) Method of Accounting

The accompanying financial statements have been prepared in accordance with the historical cost conventions following accrual basis of accounting and in accordance with the Generally Accepted Accounting Practices in India and conforms to the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956, as amended upto date.

**SCHEDULES (contd.)****2) Employee Benefits**

Since during the relevant period, there was no employee in the company, no provision for gratuity liability has been made. Provident Fund and leave encashment are not applicable to the company.

3) Fixed Assets

Fixed Assets are stated at cost of acquisition or construction and the expenses incurred during construction period have been capitalised under respective heads of fixed assets.

4) Depreciation

Depreciation on Assets is provided on Straight Line Method at rates prescribed and in accordance with Schedule XIV of the Companies Act, 1956.

5) Inventories

Since the Company has not been engaged in the business activities, information regarding method of valuation of inventories is not applicable.

B. NOTES TO ACCOUNTS

		Current Year	Previous Year
01.	Contingent Liabilities exists in respect of:-		
a)	Claims against the company not acknowledged as debts	NIL	NIL
b)	Guarantees given by the company are outstanding to the extent of	NIL	NIL
c)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	NIL	NIL
02.	In the opinion of the Board, Current Assets, Loans & Advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.		
03.	Earnings Per Share		Amount in (Rs.)
S. No.	Particulars	Current Year	Previous Year
a.	Net Profit after tax available for Equity Shareholders	2,03,550	18,29,253
b.	Calculation of Weighted Average Number of Equity Shares of Rs.10 each :		
	Number of shares at the beginning of the year	1,90,216	1,90,216
	Total number of equity shares outstanding at the end of the year	1,90,216	1,90,216
c.	Basic Earnings per Share	1.07	9.62
d.	Diluted Earnings per Share	1.07	9.62
04.	BEST ON HEALTH LIMITED was earlier known as JIVA LIFE SCIENCES LIMITED. The company's name was changed to BEST ON HEALTH LIMITED w.e.f. 11/02/2003.		
06.	Related Party Disclosure :		
	Holding Company - The Company is a wholly owned subsidiary of Panacea Biotec Ltd.		
	The company had earned rental income of Rs 28.80 Lacs from renting out its premises to its holding company – Panacea Biotec Ltd.		
06.	There would be no change in the amount of Income tax due to the timing difference as per the Companies Act and as per the Income Tax Act, hence no deferred tax assets or liabilities have been made.		
07.	Miscellaneous expenditure is being written off over a period of five years.		
08.	Previous year's figures have been reworked, rearranged & reclassified wherever necessary to make them comparable with the current year's figures.		

As per our attached report of even date
For **M/s. SUDHIR SUNIL & CO.**
Chartered Accountants

For and on behalf of the Board

(SUDHIR KAPOOR)

Proprietor
PLACE : NEW DELHI
DATE : 07.06.2003

RAJESH JAIN

Chairman & Managing Director

SANDEEP JAIN

Director



BALANCE SHEET ABSTRACT & CASH FLOW STATEMENT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information as required under Part IV of Schedule VI to the Companies Act 1956: -

i) Registration Details:			
Registration No.	68967	State code	55
Balance Sheet Date	31/03/2003		
ii) Capital raised during the year (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	12,335	Total Assets	12,335
Source of Funds (Amount in Rs. Thousands)			
Paid-up Capital	1,902	Reserves & Surplus	10,433
Secured Loan	Nil	Unsecured Loan	Nil
Application of Funds (Amount in Rs. Thousands)			
Net Fixed Assets	10,644	Investments	Nil
Net Current Assets	1,683	Misc. Expenditure	8
Accumulated Losses	Nil	(To the extent not W/ off)	
iv) Performance of Company (Amount in Rs. Thousands)			
Turnover / Other Income	2,905	Total expenditure	2,084
Profit before Tax	821	Profit after Tax	204
Earning per share in Rs.	1.07	Dividend @ %	Nil
v) Generic Name of three Principal Products / Services of Company			
Item Code No. (ITC Code)	: Not classified		
Product Description			

For **M/s. SUDHIR SUNIL & Co.**

Chartered Accountants

(SUDHIR KAPOOR)

Proprietor

Place : New Delhi

Date : 07.06.2003

For and on behalf of the Board

RAJESH JAIN
Chairman & Managing Director

SANDEEP JAIN
Director

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED MARCH, 2003

Amount in (Rs.)

	Current Year	Previous Year
	8,20,550	24,51,053
Cash flow from operating activities		
Net profit before tax and extra ordinary items		
Adjustments for:		
Depreciation	3,89,414	3,89,414
Interest Expenses	-	-
Interest Income	-	-
Preliminary Expenditure written off	3,944	3,944
Operating profit before working capital changes	12,13,908	28,44,411
Trade & other receivables	-	-
Inventories	-	-
Trade & other Payables	5,000	(5,500)
Cash generated from operations	12,18,908	28,38,911
Net Direct Taxes paid	(3,87,840)	(9,60,520)
Cash flow before extraordinary items	8,31,068	18,78,391
Extra-ordinary items	-	-
Net cash from operating activities	8,31,068	18,78,391
Cash flow from investing activities		
Purchase of Fixed Assets	-	-
Interest Received	-	-
Net cash used in investing activities	-	-
Net cash from operating and investing activities	8,31,068	18,78,391
Cash flow from financing activities		
Increase/ (decrease) in loans	-	(13,36,387)
Net Cash from financing activities	-	(13,36,387)
Net cash from operating, investing & financial activities	8,31,068	5,42,004
Net increase in Cash & Cash equivalent	8,31,068	5,42,004
Opening balance of Cash & Cash equivalent	5,51,406	9,402
Closing balance of Cash & Cash equivalent	13,82,474	5,51,406

As per our attached report of even date

For **M/s. SUDHIR SUNIL & Co.**

Chartered Accountants

(SUDHIR KAPOOR)

Proprietor

Place : New Delhi

Date : 07.06.2003

For and on behalf of the Board

RAJESH JAIN
Chairman & Managing Director

SANDEEP JAIN
Director



DIRECTORS' REPORT & AUDITORS' REPORT

COMPANY INFORMATION

Directors
M J Yates
P M Doyle (Appointed 31 October, 2002)
A H Thomson (Appointed 27 December, 2002)

Secretary
P M Doyle
Falcon Secretaries Limited
100561C
Chesterfield House, 11-13 Victoria Street,
Douglas, Isle of Man

Assistant Secretary
Cartwrights
Chartered Accountants, Registered Auditors
Regency House, 33, Wood Street, Barnet, Herts EN5 4BE.

Company number

Registered Office

Auditors

DIRECTORS' REPORT

The Directors submit their report and audited accounts for the year ended 31 December 2002. (Page 1)

Principal Activities

The principal activity of the company during the period was trading in pharmaceutical products. The Board, with the approval of the shareholders, has resolved to voluntarily wind up the company as soon as possible.

Directors

The following Directors have held office since 1 January, 2002:
P G Bannan (Resigned 31 October, 2002)
A P Bannan (Resigned 31 October, 2002)
J Byrne (Resigned 27 December, 2002)
M J Yates
P M Doyle (Appointed 31 October, 2002)
A H Thomson (Appointed 27 December, 2002)

Directors' interests

	Ordinary Shares of £ 1 each	
	31 December, 2002	1 January, 2002
M J Yates	-	-
P M Doyle	-	-
A H Thomson	-	-

Auditors

Cartwrights Chartered Accountants were appointed auditors and will continue to hold office until the company is voluntarily wound up.

Directors responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board

M J Yates
Director
21.02.03

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TAYONICS LIMITED

(Page 2)

We have audited the financial statements of Tayonics Limited on pages 3 to 6 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We have conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Cartwrights Chartered Accountants

Registered Auditors
Regency House, 33 Wood Street, Barnet, Herts EN5 4BE
Date : 17.03.03



PROFIT & LOSS ACCOUNT

For the year ended 31 December, 2002

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	Notes	31 December 2002 £	31 December 2001 £
Turnover		-	86,991
Cost of Sales		-	(87,840)
Gross Loss		-	(849)
Administrative expenses		(11,631)	(10,524)
Operating Loss	2	(11,631)	(11,373)
Other Interest receivable and similar income		-	5,482
Loss on ordinary activities before taxation		(11,631)	(5,891)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	6	(11,631)	(5,891)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BALANCE SHEET - AS AT 31 DECEMBER 2002

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	Notes	£	2002 £	£	2001 £
CURRENT ASSETS					
Cash at Bank and in hand		1,87,724		1,94,609	
Creditors : amounts falling due within one year	4	(5,246)		(500)	
Total assets less current liabilities			1,82,478		1,94,109
CAPITAL AND RESERVES					
Called up Share Capital	5		2,00,000		2,00,000
Profit and Loss Account	6		(17,522)		(5,891)
Shareholders' funds - equity interests	7		1,82,478		1,94,109

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 21.02.03.

M J Yates
Director

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2002

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1. ACCOUNTING POLICIES

1.1 Accounting convention - The financial statements are prepared under the historical cost convention.

1.2 Turnover - Turnover represents amounts receivable for goods and services net of trade discounts.

1.3 Deferred Taxation - Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.4 Foreign currency translation - Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All difference are taken to profit and loss account.

	2002 £	2001 £
2. Operating Loss		
Operating loss is stated after charging:		
Loss on foreign exchange transactions	6,685	-
Auditors' remuneration	1,700	500

3. Taxation

On the basis of these financial statements no provision has been made for corporation tax.

4. Creditors : amounts falling due within one year

Accruals	5,246	500
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5. Share Capital

Authorised

200,000 Ordinary Shares of £1 each	200,000	200,000
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Allotted, called up and fully paid

200,000 Ordinary Shares of £1 each	2,00,000	200,000
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6. Statement of movements on profit and loss account

Profit and Loss account £

Balance at 1 January 2002	(5,891)
Retained loss for the year	(11,631)
Balance at 31 December 2002	(17,522)

7. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the financial year	(11,631)	(5,891)
Proceeds from issue of shares	-	200,000
Net (depletion in)/ addition to shareholders' funds	(11,631)	194,109
Opening shareholders' funds	194,109	-
Closing shareholders' funds	182,478	194,109



Panacea Biotec Ltd.

B-1 Extn./G-3, Mohan Co-op. Indl. Estate, Mathura Road, New Delhi - 110 044, INDIA.

Phone: +91-11-5167 9000 • **Fax:** +91-11-5167 9070, 2694 0199

E-mail: corporate@panacea-biotec.com • **Website:** www.panacea-biotec.com