



Panacea  
Biotec

In Support of Life

ANNUAL REPORT

2001-02





**Panacea Biotec Limited**

**THE COMPANY**

**Panacea  
Biotec**  
In Support of Life

### **Mission**

In Support of Life

### **Vision**

A Leading Healthcare Company

### **Goal**

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

### **Objective**

To be Globally present as a Healthcare Company

### **Core Competence**

State-of-the-art Research & Development Centre  
Genomics, Proteomics, Bio-Informatics setup  
Collaborative Research & Development Programme  
Clinical research facility as per GCP guidelines  
Joint Ventures

Product Licensing arrangements with International companies  
Production facilities meeting cGMP norms  
Established Brand Equity in many Therapeutic areas  
BestOnHealth.com – Health portal

# The Chairman's Expression on Customer Satisfaction



**“Total Customer Service”  
is our  
Competitive Edge**

**A**t Panacea Biotec we have developed and practiced “a customer driven culture”. Keeping our customers happy and satisfied. In fact “Total Customer service” is our competitive edge.

In the area of quality and service, we are forever seeking new and better ways to satisfy customers-internal as well as external.

We have educated our staff to determine customer needs, then develop action plans designed to achieve those needs. We don't try to guess what is important to the customer. We ask. Our outstanding customer value is based on continuous surveys and research.

High level of commitment towards “customer satisfaction” is one of the logical ways to register continuous outstanding performance in achieving long-term objectives.

**Soshil Kumar Jain**  
Chairman

# From the Desk of Managing Director



**At Panacea Biotec, everybody is a learner and everybody is a trainer-moving forward to develop a learning culture.**

In our organization, the real assets are its people who are responsible right from customer creation to the organizational wealth creation.

Right from the beginning, your company believed in its 'people' and provided them an excellent working culture with employee caring attitude at every level, because we believed a satisfied employee can satisfactorily perform in the assigned job and ultimately give the best result.

Panacea Biotec has always endeavoured to provide continuous learning opportunities to its people. In fact, learning has become our major strength and a most valuable asset.

At Panacea Biotec, everybody is a learner and everybody is a trainer-moving forward to develop a learning culture.

We believe that excellent training does not spring from what we have done well in the past. Learning and development specialists are in a new ball game. 'Maintenance' training-training to keep up skill levels to do what has been done in the past. This may not be valid in present business environment, which is changing at a rapid speed.

We now endeavour to work as a 'change' specialist to get to centre stage-to the heart of company's business. This means we are clear on future goals and strategies and further develop learning and development expertise.

In a nutshell we are growing to change with the business. It will be hard. We have to demonstrate true relevance, value for money and achievement of results.

**Ravinder Jain  
Managing Director**

## BOARD OF DIRECTORS

Soshil Kumar Jain	Chairman
Ravinder Jain	Managing Director
Rajesh Jain	Joint Managing Director
Sandeep Jain	Joint Managing Director
Ashwani Jain	Director - Operations & Projects
Gurmeet Singh	Director - Logistics
Dr. Amarjit Singh	Director - R & D & Quality Assurance
R.L. Narasimhan	Director
N.N. Khamitkar	Director
Sunil Kapoor	Director
M.L. Kalra	Director
C.C. Bhagat	Director
Dr. G.K. Vishwakarma	Director

## REGISTERED OFFICE

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

## CORPORATE, ADMINISTRATIVE & SECRETARIAL OFFICE

B-1 Extn./A-27, Mohan Co-operative Indl. Estate,  
Mathura Road, New Delhi - 110 044.

## R&D UNITS AND WORKS

- Ambala-Chandigarh Road, 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.

## SCIENTIFIC & REGULATORY INFORMATION CENTRE

C-147, Industrial Area Phase VII, Mohali - 160 051, Punjab.

## AUDITORS

M/s S.R. Batliboi & Associates, Chartered Accountants

## FINANCIAL INSTITUTIONS/ BANKERS

Industrial Development Bank of India  
Life Insurance Corporation of India  
Export-Import Bank of India  
Canara Bank  
IDBI Bank Ltd.  
Punjab National Bank  
Standard Chartered Bank  
UTI Bank Ltd.

## Contents

## Page No.

Financial Highlights	2
Directors' Report	3
Annexures to Directors' Report	16
Report on Corporate Governance	19
Auditors' Report	26
Balance Sheet	28
Profit & Loss Account	29
Schedules to Balance Sheet and Profit & Loss Account	30
Cash Flow Statement	51
Auditors' Report on Consolidated Financial Statements	52
Consolidated Balance Sheet	53
Consolidated Profit & Loss Account	54
Notes to Consolidated Financial Statements	55
Consolidated Cash Flow Statement	70
Statement u/s 212 in respect of Subsidiary Companies	71
Annual Reports of Subsidiary Companies	
- Radicura & Co. Limited	72
- Jiva Life Sciences Limited	81
- Tayonics Limited	88



# Financial Highlights

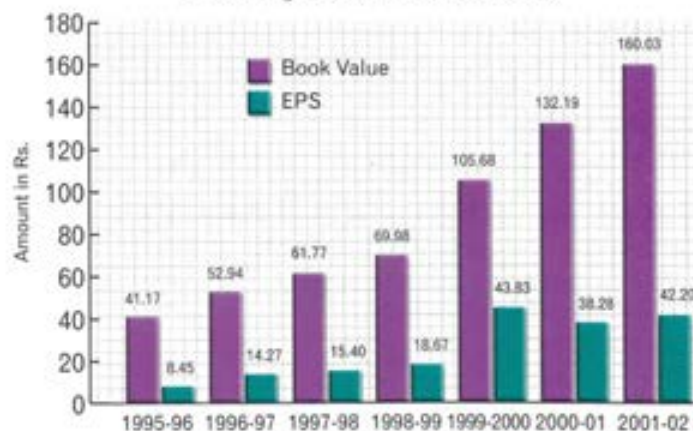
(Rs. in million)

Particulars	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	57.11	57.08	57.04	53.56
- Preference	62.97	67.97	100.00	50.00	-	-	-
Reserves and Surplus	856.23	697.33	546.02	435.54	361.94	291.11	199.10
<b>Net Worth</b>	<b>913.40</b>	<b>754.50</b>	<b>603.19</b>	<b>399.64</b>	<b>352.55</b>	<b>302.01</b>	<b>220.53</b>
Gross Fixed Assets	1,117.83	727.91	512.86	395.92	306.26	184.04	107.89
Loan Funds	1,086.03	745.40	703.51	372.95	343.45	111.18	94.80
Current Assets	1,592.26	1,281.30	1,210.83	673.68	583.22	357.41	295.14
Current Liabilities	475.96	325.83	230.59	152.88	119.68	95.41	70.00
<b>Sales</b>	<b>2,833.17</b>	<b>2,271.11</b>	<b>1,943.80</b>	<b>1,135.40</b>	<b>925.36</b>	<b>916.61</b>	<b>604.18</b>
Total Income	2,857.33	2,346.12	1,946.51	1,139.26	926.77	918.30	605.08
<b>Profit Before Interest, Depreciation &amp; Tax</b>	<b>588.76</b>	<b>6,048.93</b>	<b>431.95</b>	<b>177.43</b>	<b>142.41</b>	<b>128.96</b>	<b>62.87</b>
As % of Sales	20.78%	26.63%	22.22%	15.63%	15.39%	14.07%	10.41%
Profit Before Tax	4,063.89	4,260.92	329.34	115.09	95.43	91.61	45.27
<b>Profit After Tax</b>	<b>2,493.02</b>	<b>2,287.84</b>	<b>259.34</b>	<b>106.59</b>	<b>87.93</b>	<b>81.41</b>	<b>45.27</b>
As % of Sales	8.80%	10.07%	13.35%	9.39%	9.51%	8.88%	7.49%
Cash Accruals	3,176.52	2,886.44	303.15	137.41	108.92	100.99	56.68
<b>Dividend (%) - Equity</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>30%</b>	<b>30%</b>	<b>20%</b>	<b>15%</b>
Book Value (Rs.)	160.03	132.19	105.68	69.98	61.77	52.94	41.17
<b>Earning Per Share (EPS)</b>	<b>42.20</b>	<b>38.28</b>	<b>43.83</b>	<b>18.67</b>	<b>15.40</b>	<b>14.27</b>	<b>8.45</b>
Cash EPS	54.17	48.77	51.51	24.06	19.08	17.70	10.58
Current Ratio	1.24	1.33	1.53	2.35	1.65	1.97	2.08
Debt Equity Ratio	0.30	0.14	0.23	0.60	0.31	0.08	0.10

**Growing Asset Base**



**Growing Shareholders' Value**





**Dear Members,**

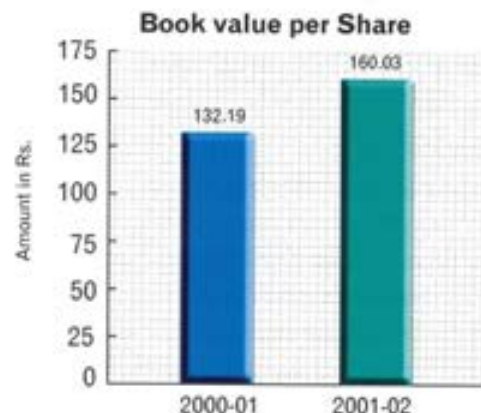
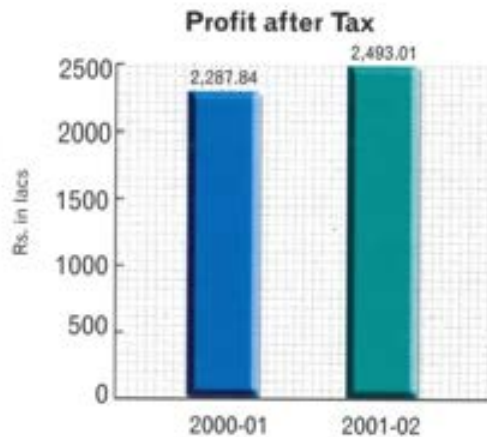
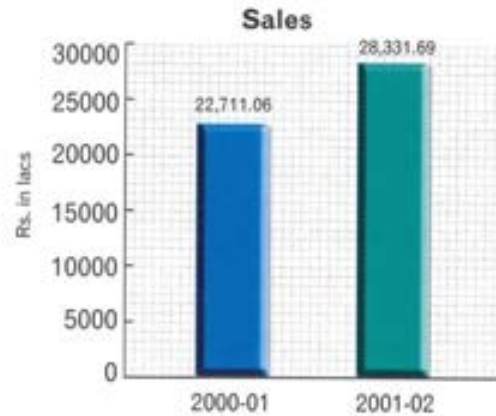
The Directors of your Company have pleasure in presenting the Eighteenth Annual Report together with the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2002 and Auditors' Report thereon.

**Performance Review**

Your Directors are pleased to inform that your Company has continued its trend of steady and consistent growth over the years and has achieved new heights during the year under review.

(Rs. in lacs)

Particulars	For the year ended 31st March, 2002	For the year ended 31st March, 2001
<b>Sales</b>	<b>28,331.69</b>	22,711.06
Other Income	241.62	750.17
<b>Total Income</b>	<b>28,573.31</b>	23,461.23
Profit before Interest, Depreciation & Tax	5,887.58	6,048.93
Financial Expenses	1,171.69	1,200.18
Profit before Depreciation & Tax	4,715.89	4,848.75
Depreciation	652.00	587.83
<b>Profit before Tax</b>	<b>4,063.89</b>	4,260.92
Provision for Taxation	1,570.88	1,973.08
<b>Profit after Tax</b>	<b>2,493.01</b>	2,287.84
<b>Appropriation:</b>		
Dividend Paid/Proposed		
- On Equity Shares	570.77	570.77
- On Preference Shares	76.67	92.77
Tax on Dividend	7.82	68.12
Transfer to Capital Redemption Reserve	50.00	320.35
Transfer to Debenture Redemption Reserve	-	100.00
Transfer to General Reserve	1,000.00	1,000.00
Earnings per Share (EPS) (Rs.)	42.20	38.28
Book Value per Share (Rs.)	160.03	132.19
Dividend on Equity Shares (%)	100	100





## Share Capital

During the year under review, out of the 12% Redeemable Preference Shares (RCPS) of Rs.10/- each issued and allotted to Industrial Development Bank of India, 5,00,000 RCPS aggregating Rs.50 Lacs were redeemed as per the terms of their issue. Further, the balance 7,50,000 RCPS aggregating Rs.75 Lacs had also been redeemed on 20<sup>th</sup> April, 2002.



## Dividend

Your Directors are pleased to recommend a Dividend of 100% i.e. Rs.10/- per Share on the Equity Share Capital of the Company for the financial year ended 31<sup>st</sup> March, 2002.

The Dividend on the Redeemable Cumulative Preference Shares, for the financial year ended 31<sup>st</sup> March, 2002, has been paid by way of Interim Dividend (pro-rata) at the rate of 5.50% and 6.50% as declared by the Board in its meetings held on 13th May, 2001 and 8th March, 2002 respectively and as such no further Dividend has been recommended on such Shares as final Dividend.

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.570.77 Lacs and Rs.76.67 Lacs, 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 9% and 10% which is similar to the global pharma situation.

In 2001, the domestic pharmaceutical market registered a growth of 10.6% in value and 9.9% in volume (Source:

ORG). There has been a minimal effect of prices in driving growth. Of the 10.6% growth, less than 1% was contributed by price increase. Most of the growth has come from increase in sales of existing products and the launch of new products.

Some of the challenges faced by the Pharma companies are - competition amongst them and development of products with improved efficacy and safety for patients. Increasingly stringent regulatory requirements and cost-constraints are building up additional pressures. To remain competitive in such a scenario, your Company is continuously following the strategy to introduce products of international quality coupled with affordability by the patients.

As a result your Company today enjoys a commanding position amongst the pharmaceutical Companies in India having registered a growth of more than 28% during the year under review and has been ranked as the 52<sup>nd</sup> largest pharmaceutical company in India. (Source : ORG Annual Report Apr'01-March'02). As per the latest ORG Survey, the Company has secured the 49<sup>th</sup> rank in March'02, which reflects a dynamic and highly progressive trend.

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. However, the medical community has faith in the quality of your Company's products and they attach a lot of value to the medical information provided to them by the sales force. The management is making every effort to ensure that generic drugs have least impact on the performance of the Company.

### b) Goals, Objectives, and Strategies

Goals represent longer-term aspirations or visions; objectives flow from these goals and represent measurable, attainable shorter-term targets. Strategies are the actions implemented by management to achieve its goals and objectives. The Company's long-term goals and objectives include:

- Becoming a leading Healthcare Company,



establishing therapeutic leadership through novel therapies and education.

- To be globally present as a Healthcare Company.
- Investing on Research and Development; manufacturing facilities with FDA norms and sustained marketing.

### c) Sales & Profit growth

The year under review had been another year of excellent performance for your Company with Sales turnover of Rs.28,332 Lacs as against Rs.22,711 Lacs in the previous year, recording a growth of 24.75 per cent over the previous year.

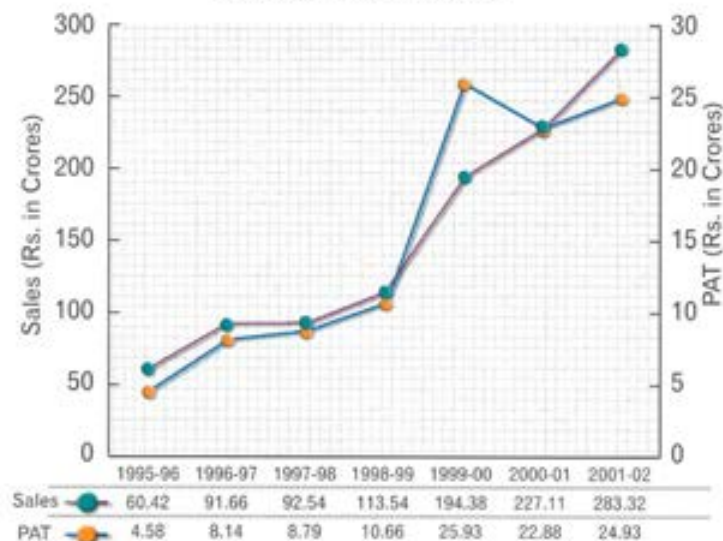


This sales growth has been achieved amidst cut throat competition in the pharmaceutical market in India and abroad. The total sales of branded formulations has been Rs.8,914 Lacs during 2001-02 as against Rs.9,051 Lacs during the previous year. The total sales of vaccines during the year has been increased to Rs.19,418 Lacs as against Rs.14,048 Lacs during the previous year thus recording a growth of more than 38.23 per cent over the previous year.

The Company's products are being well accepted by the medical fraternity and enjoy excellent market share in their therapeutic segments. Barring few, there has been substantial growth in the sales of almost all the products of the Company during the year under review as compared to the previous year.

As per retail store audit of ORG (MAT Mar'02), two brands of your company are featuring among Top 300 ranks. **Nimulid** stands at 72<sup>nd</sup> rank and **Glizid-M** at 185<sup>th</sup> rank. Besides this, top 10 brands of your Company viz. **Nimulid, Nimulid MD, Nimulid DS, Nimulid Suspension, Alphadol, Alphadol-C, Glizid, Glizid-40, Glizid-M & Livoluk** are among top three brands in their respective categories. The products launched during the previous year - **Giro** for Anaerobic and GI Infections and **Alphadol-C**, for Osteoporosis have been well accepted in the market and performing well. While **Alphadol-C**

### Sales & Profit Growth



enjoys the 2<sup>nd</sup> position among the products in its category, **Giro** is placed at 5<sup>th</sup> position (Source : ORG MAT Mar'02).

In the last one year your Company has launched 10 new products in pain management, anti-diabetics and anti-bacterials. The products **Dolib MD, Nimulid Nugel, Nimulid MR** and **Nimulid-SP** fall in the pain management segment. In the ever increasing diabetic care segment **Glizid-MR, Betaglim & Rosimet** were launched successfully. **Mygat** and **Voxin** feature in the highly potential Antibacterial segments. As per the initial market reports, all the above products are doing well and it is expected that these and other new products proposed to be launched in the coming years will give a significant boost to the growth of the Company.

There are plans on the anvil to launch new products in other important therapeutic areas, viz. Anti-asthmatics, Anti-arthritis, Anti-diabetics, Anti-osteoporotic segments, besides specialities, viz. Gynaecology and Gastroenterology segments.

The Company also plans to venture into combination Vaccines, which is a huge unexploited segment in India 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. Enivac-Tetra, a vaccine for diphtheria, pertusis, tetanus and hepatitis B, is in the pipeline and is expected to be launched soon. The Company is also obtaining regulatory approvals for a Japanese encephalitis vaccine. By virtue of all the above initiatives, the sales and profitability of your Company is expected to increase substantially and continuously in the years to come.

**National/International Conferences** – The Company regularly participates in the national/ international conferences in order 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 participated in the following conferences during last one year:

- i) Conference of Research Society for the study of Diabetes in India (RSSDI) at Chandigarh, November 2001 (National Conference for Diabetics)
- ii) Indian Orthopaedic Association Conference (IOACON) at Ahmedabad, December 2001
- iii) 53<sup>rd</sup> Indian Pharmaceutical Congress at New Delhi,

December 2001

- iv) 7<sup>th</sup> Congress of Asian Society of Transplantation at New Delhi, March 2002
- v) National Conference of Chest Physicians (NCCP) at Bikaner, April 2002

#### Improved Net Profits

Though the Company has recorded a sales growth of 24.75% during the year as compared to previous year, in view of reduction of other income and the increase in



the prices of some raw materials, the profit before tax for the year has marginally reduced by 4.62% to Rs.4,064 Lacs as against Rs.4,261 Lacs in the previous year. However, the net profit after tax has increased to Rs.2,493 Lacs as against Rs.2,288 Lacs in the previous year thus recording a growth of 8.97%.

With higher retained profits, the Net worth of the Company has improved to Rs.9,134 Lacs from Rs.7,545 Lacs as at the end of previous year, thus giving a book value per share of Rs.160.03 as against Rs.132.19 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 0.30, 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 a vastly improved financial performance of the Company. Over the medium term of five years, sales have recorded a compounded annual growth rate of more than 21 per cent compared to the industry average of about 17 per cent. Profits have been improving both at the gross and net levels and net profits have also recorded a compounded average growth rate of more than 24 per cent in the last five years. Although a



relatively young company, the Company's profitability has been consistently above industry average and favourably matches the profitability of the best known companies in the industry.

#### d) Domestic Sales

In order to improve customer focus and to re-orient the marketing activities according to the strategic needs of different products in different therapeutic groups, your Company's portfolio of products has been reclassified into different business units – **Primary Care**, **Secondary Care** and **Critical Care**. Further, to create the Company's strong presence in various therapeutic segments, the marketing activities in Secondary Care Division have further been classified into **Pain Management**, **DIACAR**, **Multi Care** and **New Initiatives** Divisions.



Moreover, in order to ensure quick and continuous availability of Company's products at all retail outlets throughout the country, your Company had extended the chain of its Branch Offices and own depots as well as C&F agents in all key regions throughout the country. The Company has its branch offices/Depots at Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Kochi, Ranchi, Patna and Indore besides having C&F Agents in almost all the States in India.

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 a very good balance between demand and supply through daily data transfer. The Company had also arranged business meets with its stockists in different states in order to bring our business partners close to us and to create a long lasting bond with them.

#### e) Exports

The Company has identified Exports as the major thrust area of operation and the Company's efforts on the export front have shown positive results. The export turnover of the Company has reached to a record level of Rs. 18,453 Lacs during the year under review registering a growth of more than 69.83% as compared to the previous year export of Rs. 10,865 Lacs.



With a view to facilitate the exports, the Liaisoning/ Representative Offices are operational in Russia, Turkmenistan and Yugoslavia. Your Company intends to increase its global brand portfolio and marketing in the coming years with focus on brands.

To add value to the global image of your Company as a leading Indian Healthcare Company, it has aggressively participated in major world congresses of Transplant & Nephrology Societies in Argentina, Austria and Singapore; European Dialysis and Transplantation Congress in Vienna and world congresses of Pain Management in Moscow, Belgrade and Nigeria. It also participated in International Conference in Geneva for displaying the range of Nutraceuticals and Dietary Supplement products.

In order to achieve long-term goals of higher revenue generation and margins through exports, 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 manufacture/ marketing in developed countries in Europe, North America, etc.

With the help of all the above steps being taken by the Company, your Directors believe that your Company would soon be reckoned amongst the top few Indian healthcare companies on the international scenario.

#### f) 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 for vaccine plant for procurement by UNICEF. The pharmaceutical dosage forms facility and vaccines plant



are also having cGMP accreditation.

The capacities continued to be optimally utilised at the manufacturing sites.

**Formulations Production Facility at Lalru:** With a view to commercially exploit the new products being made available by the Research and Development facility of the Company, the production facility is now coming up fast at Lalru and would be matching the international standards. High value products would be produced at Lalru both for the domestic and export markets. Production facilities for liquids orals and capsules (phase-1) have already been commissioned. The production facilities for other products and categories are at various stages of completion and would be made operational as per the future needs. The facilities being set up are with high degree of automation along with closed system manufacturing techniques as per latest international standards acceptable worldwide.

**Hepatitis B Production Facility:** The Company's backward integration of setting-up Hepatitis B bulk virus production facility with the Cuban technology at Lalru is

ready for production. This facility is spread over 40 acres of land and is located in the sylvan non-polluting clean surroundings in the industrial belt of Punjab at Lalru. The 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 USFDA. It would undoubtedly prove to be the best not only in India but in the world. The commercial production is expected to start in Aug/Sept., 2002.

#### g) Quality Assurance

Your Directors believe that the Quality can only be achieved by having a highly qualified, techno-innovative and dedicated team, best quality material and best machinery and equipments.



Quality can never be an after thought or an accident. It is an outcome of a conscious and deliberate effort. The adherence to strict standards equivalent to or excelling prescribed international standards has been your Company's philosophy. In order to build quality products, 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.

#### h) 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. 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-whole time 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.

### i) Safety, Health and Environmental Protection

Your Company continues to fulfil its responsibilities towards safety, health and environment protection at the manufacturing sites. 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 adverse environmental impact on the community.

In order to further develop the awareness among the Company's employees about the importance of safety in day-to-day life in general and work in particular, Safety Day was celebrated on 8<sup>th</sup> March 2002 in the Vaccine Plant at Lalru. The main events were Safety Day Pledge & Inter-departmental Quiz on safety.

### j) Personnel

Your Company had 1,622 employees as on 31<sup>st</sup> March, 2002 as against 1,252 employees as on 31<sup>st</sup> March, 2001. The number of employees has been increased in view of the Company's increased activities and the strategy of marketing in a more focussed manner.



**Employee Relations** – Good employee relations is the hallmark of Panacea Biotec culture. Your Directors believe that our people are the most important and valuable assets for the Company. It would always be the endeavour of your company to employ and maintain competent workers at all the 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.

**Staff Buses** – The employees at Lalru were already being provided the benefit of staff bus service, by the company.

Now this facility has also been extended to the employees at Head Office for commuting to and from the office.

**Canteen** – Canteen facilities are being provided to the employees of the Company at subsidised rates. The food is hygienic, sumptuous and nutritious. It has been the endeavor of the company to provide a balanced diet to its employees.

**Mediclaim** – Your Company has taken Group Mediclaim Policy from Oriental Insurance Co. Ltd., for the benefit of all the Company's employees (except employees under ESI Scheme who are already getting medical facilities under ESI Act) & their dependants.

**Group Personal Accident Insurance** – Your Company has also taken Group Personal Accident Policy from Oriental Insurance Co. Ltd. so that in case of the unfortunate accidental death of any of its employees, his family members can get timely financial support. 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.

### k) Corporate Communication

Everyone in the organization needs to have a 'sense of belonging' to the organization. This is a big motivational force for the employees 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 products 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 newsletter



was developed in January, 2001 to ensure constant two-way communication with the field personnel. The newsletter has been able to instill this vital 'Sense of Belonging' among sales force and bring them all closer to each other and to Corporate Office. Learning Perspective consists of information regarding achievements of the field Panaceans, conferences, symposia, seminars and other events being held all over India. Besides, it has been successful in instilling a competitive spirit among the Panaceans through job related contests, which are published in the newsletter. Learning Perspective is also available online and can be viewed on the corporate web-site [www.panacea-biotech.com](http://www.panacea-biotech.com).

#### **l) Drug Policy**

The Government has recently announced a new Drug Policy which will be the basis for the amendment of the Drug Price Control Order, 1995. The major changes as per the policy have been -



- a) Overall ceiling on profitability removed,
- b) The National Pharmaceuticals Pricing Authority (NPPA) has been authorised to exempt formulations which cost a consumer less than Rs.2/- as a daily cost of treatment.
- c) Price Control would be imposed on bulk drugs with annual sales exceeding Rs.25 Crore and where a single brand enjoyed a market share of 50% or more or where a single brand has market share of 90% or more with turnover between Rs.10 to 25 Crores.

While the policy appears to be moving in the right direction at a macro level, the impact can be assessed only after the new list of products which remain under price control is announced. Presently none of the products of your Company is under price control, nor it is expected that any of the products would come under its purview as per the latest changes in the drug policy.

#### **m) Cautionary Note**

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated

as per requirement of applicable laws and regulations. The actual results may be affected by many factors which could be different from what the Directors/Management envisage in terms of future performance and outlook.



### **Research and Development**

The Company's state-of-the-art 20,000 sq. ft. ultra modern Research and Development Centre at Lalru, Punjab, which has already been approved by the Department of Scientific & Industrial Research DST, Ministry of Science & Technology, Government of India, matches with the best laboratories in the world. **The research conducted in the Lalru labs has led to successful filing and grant of product patents world wide in nine different categories.**

The present scenario of fast developing pharmaceutical world demands updated information on each and every issue of company's interest, so as to plan the research accordingly and get into pace with global pharmaceutical development that will keep the Company ahead in time to come. To meet this, your company has set up a Scientific and Regulatory Information Centre (SRIC) at Mohali, Punjab. The basic objective of the SRIC is acquisition & development of scientific and regulatory knowledge for R&D, so that the R&D innovations and products meet the international standards. The process of information procurement & knowledge management at SRIC will further help in reducing the time and cost incurred in Research & Development.



The Company 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 efforts are on to take the investment in R&D to the tune of 15% of the turnover by 2004, up from 3-4 per cent at present. Your Company has been successful in bringing global research & development activities in India. It will participate in project of the renowned international pharma Company Solvay Pharmaceuticals, Netherlands 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 sale made by Solvay throughout the world.

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

- **Formulations Research and Development** for carrying out development of new and latest technology in conventional and novel formulations and development of Novel Drug Delivery Systems and areas of interest include biologicals, pain management drugs, anti-diabetics, osteoporosis drugs, drugs for cure of tuberculosis and immunosuppressants used in organ transplantation.
- **Analytical Research** for development of analytical procedures for finished products and raw materials using modern analytical techniques with special emphasis on impurity profiling and degradation products.
- **Bioanalytical Research** for development of analytical procedures for quantitation of drugs & metabolites in Biological Matrices.
- **Chemicals Research** for development and scale-up of chemical processes for synthesis of drug molecules and synthesis of impurities and degradation products and areas of interest include novel NSAIDs, hypoglycemics and anti-infectives.
- **Natural Products Research** for isolation and standardization of raw materials and identification of active ingredients and areas of interest include anti-hemorrhoids, anti-asthmatic, anti-migraine and anti-tubercular natural products.

- **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.
- **Pharmacology & Toxicology Research** for testing the efficacy, acute and sub-acute toxicity studies of formulations developed in-house using various animal models.
- **Research in Vaccines & Biotechnology** for development of newer vaccines viz. DPT Hepatitis B, Japanese encephalitis, Haemophilus Influenza Type B, Pneumococcal vaccine, Cocktail vaccine, newer adjuvants and r-DNA products.
- **Clinical Research** for co-ordinating clinical trials in medical research institutes/ hospitals, bioavailability and pharmacodynamic studies on various Research Products of the Company.
- **Molecular Biology Research** being set-up for genomics and proteomics research program primarily focused on the above mentioned disease areas with the 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.

### Technological Collaborations and tie-ups for Research & Development

Your Company has collaborated with some of the premier research institutes of the country, including All India Institute of Medical Sciences, New Delhi, Maulana Azad Medical College, New Delhi and Post Graduate Institute of Medical Education and Research, Chandigarh, for carrying out clinical/ pharmacological research on the products developed.

Your Company has also collaborated with National Research Development Corporation, New Delhi for (a) commercial development of the know-how for an improved formulation





(Nimesulide based) for Ocular delivery using nanotechnology developed by University of Delhi, and (b) licensing & commercialisation of the know-how and a process for Targetted Gene/ Drug Delivery System for Crigger-Nassar Syndrome or Type III Jaundice. The company plans to commercialise the technologies and launch advanced products based on such technology at the earliest. The Company has also entered into an agreement with Biotechnology Consortium of India (BCI) to 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.

### Ongoing Research Projects

The Company's ongoing research projects include:

- Development of combination products of a Novel NSAID and Anti-allergic Medication.
- Standardisation of Natural Product Bioavailability enhancer.
- Taste masking of Bitter products such as anti-malarials, antibiotics for oral use.
- Scale up of mucoadhesive buccal dosage form.
- Topical gel formulation for natural anti-infective drug.
- Injectable formulation of Nimesulide.
- Multi-step process for making Gliclazide molecule.
- Topical ointment and cream of a natural product for Haemorrhoids.

### Research Patents Granted

Your Company has been granted patents on novel research/ methodology and has published findings in national as well as international journals. With these patents, your Company is ready to face post GATT scenario. Some of the patents granted includes those in respect of:

- Pharmaceutical composition comprising cyclosporine.
- Targetted vesicular constructs for cyto protection and treatment of h. pylori.
- Anti-allergy anti-inflammatory composition.
- Parenteral water-miscible non intensely colored injectable composition of non-steroidal anti-

inflammatory drugs.

- Pharmaceutical compositions containing at least one NSAID having increased bioavailability.
- Antispasmodic and anti-inflammatory composition and a process for the manufacture thereof.
- Therapeutic anti-inflammatory and analgesic composition containing nimesulide for use transdermally and a process for the manufacture thereof.
- Therapeutic injectable analgesic composition containing nimesulide and a process for the manufacture thereof.

### New Products Research

Your Company's therapeutic focus has been in developing new products 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 Dietary Supplements with specific focus on anti-migraine, anti-piles, hepatoprotective, immunomodulators and hypoglycemic agents.

### Information Technology

The utilisation of information technology and latest means of communications has now become the lifeline for every business entity. Organisations capable of sharing knowledge efficiently and effectively can only create sustainable competitive advantage. Accordingly, the Company has spent heavily in the informaton technology and the communication facilities.

With a view to have closer interaction and co-ordination in its activities, the Company's corporate office and factories





have been/ being linked together, with V-SAT connections. The intranet connectivity has been established within its offices/factories 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. Your company has integrated an ERP Software for entire functioning of the company and plans are on the anvil to implement the international ERP Software.

It will further 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.

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 has undertaken an Information Technology venture hosting a portal "**Best on Health**", which is on the verge of launch with a concept of total health care, addressing to all needs of medical fraternity.

## Social Responsibility

Maintaining its responsibility to the community, your company conducted several free Health Camps throughout the year 2001-02 in the disease areas of Diabetes (free sugar tests and consultation), Osteoporosis (free Bone Mineral Density tests and consultation) and Hepatitis B (Immunization Camps).

Further, as a gesture of compassion towards the social cause, your Company had also donated Hepatitis B Vaccines & other life saving medicines to the Charitable Hospitals and Dispensaries. It also arranged medical facilities for the Company's poor employees and their family members in case of acute diseases.

## Joint Ventures & Subsidiaries

As you are aware, during 1999-2000 your Company had formed a Joint Venture Company namely Panheber Biotec Pvt. Ltd., with M/s. Heber Biotec S.A., Cuba, an arm of the world



renowned biotechnology research facility, Center for Genetic Engineering and Biotechnology (CIGB). This joint venture company would spearhead Panacea Biotec's entry into bulk (raw material) production of Recombinant Hepatitis B Vaccine and Erythropoetin. The trial production of bulk raw material of Recombinant Hepatitis B Vaccine has already been made and the commercial production is likely to commence during August/Sept., 2002.

The Company's subsidiary namely Radicura & Co. Ltd., an existing profit-making Company engaged in the trading and distribution of pharmaceutical products, has made available its existing trading strengths to the Company besides allowing us a ready outlet for sale.

The Company's another subsidiary, viz. Jiva Life Sciences Ltd. {Formerly Maxwell Impex (India) Ltd.} which owns a prime immovable property in close proximity to the existing Corporate Office of the Company, had greatly helped Panacea Biotec Ltd. in housing its expanded corporate operations. Some of the Company's departments viz. Finance, Secretarial, HRD, Materials Management and I.T departments have already been re-located at the said property and other departments including Accounts, Money Management cell, etc. would be re-located shortly.

The Company's wholly owned subsidiary Company in U.K. viz. Tayonics Ltd. at Isle of Men, U.K. is yet to commence the business activities.

## 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 31<sup>st</sup> March, 2002 of its subsidiaries, viz. Radicura & Co. Ltd. and Jiva Life Sciences Ltd. and Joint Venture Company, viz. Panheber Biotec Ltd. and the Unaudited Financial Statements as at 31<sup>st</sup> December, 2001 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. As regards the Auditors' remarks therein regarding Unaudited Financial



Statements of Tayonics Ltd., your Directors would like to submit that though the Annual Accounts of Tayonics Ltd. were already finalised and audited at U.K., however, since they were not physically available at the time of finalisation of Consolidated Accounts, the unaudited accounts were considered by the Auditors. However, there was no difference in the figures of unaudited and audited financial statements of Tayonics Ltd. and accordingly, as required by section 212 of the Act, the Audited Financial Accounts of Tayonics Ltd. are being attached herewith alongwith the Annual Accounts of the Company.

### **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**

With a view to comply with the SEBI Guidelines on Corporate Governance and broad base the Board of Directors of your Company, Mr. S. N. Hassija, Mr. M. L. Kalra and Mr. C.C. Bhagat were appointed as additional Directors w.e.f. 14<sup>th</sup> July, 2001 and were later appointed in the Annual General Meeting of the Members of the Company held on 28<sup>th</sup> August, 2001, as Directors liable to retire by rotation.

Further, Dr. G.K. Vishwakarma was also appointed as additional Director of the Company w.e.f. 13<sup>th</sup> September, 2001. 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.

However, with profound grief and sorrow, your Directors wish to inform you about the sad demise of Mr. S.N. Hassija on 4<sup>th</sup> June, 2002. The Board wishes to record its sincere appreciation of the valuable guidance and support rendered by Mr. S.N. Hassija during his tenure as a Director of the Company.

In accordance with the provisions of the Companies Act, 1956, Shri Gurmeet Singh, Dr. Amarjit Singh and Shri Soshil Kumar Jain, Directors, 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 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**

As per the provisions of the Companies Act, 1956, M/s. S. R. Batliboi & Associates, Chartered Accountants, hold office as Statutory Auditors of your Company till the conclusion of the ensuing Annual General Meeting. However, they have shown their unwillingness for their re-appointment as the auditors of the Company for the financial year ended 31<sup>st</sup> March, 2003. In their place, their associate firm, viz. M/s. S. R. Batliboi & Co., Chartered Accountants, had shown their willingness to be 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 appointment, if made, will be within the limits as prescribed under the provisions thereof. Your Directors recommend their appointment as the Auditors of the Company for the financial year 2002-03.

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 pharmaceutical formulations for the year ended 31<sup>st</sup> March, 2002 with the approval of the Central Government. They have also been appointed as the Cost Auditors for the year ended 31<sup>st</sup> March, 2003 subject to the approval of Central Government.

### **Dematerialisation of Shares**

The Company's Equity Shares are covered under compulsory demat w.e.f. October 30, 2000 and the same have been admitted in the Depository System with ISIN No. INE922B01015. 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.

Those 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 Head Office of the Company.

### **Acknowledgements**

Your Directors place on record their deep appreciation of the assistance, support and co-operation extended by the Banks, Financial Institutions, Government Agencies, Customers and Suppliers during the year under review. Your Directors owe special thanks to all the shareholders of the Company, for their continued support during the year. Your Directors also express their appreciation for the sincere and dedicated services rendered by the Company's employees which has enabled the Company to achieve various goals as brought out in this report.

For and on behalf of the Board

New Delhi  
27<sup>th</sup> day of June, 2002

**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

Energy is one of the important resources which is essential for industrial development of any country. Your company believes that by conserving energy, the company is helping in the industrialisation of the country. Accordingly, the Company accords highest priority to the energy conservation. The company has so devised its production lines which results in minimum energy losses. 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
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>(a) Purchased</b>		
Units (Nos.)	7,15,096	6,92,975
Total Amount (Rs.)	35,82,632	29,45,144
Rate/Unit (Rs.)	5.01	4.25
<b>(b) Own generation</b>		
<b>(i) Through Diesel Generator</b>		
Units (Nos.)	45,14,517	20,11,777
Unit per litre of Diesel Oil	2.48	2.75
Cost/Unit (Rs.)	6.76	5.82
<b>(ii) Through Steam/Turbine Generator</b>		
Units (Nos.)	Nil	Nil
Unit per litre of Diesel Oil		
Cost/Unit		
<b>2. Coal</b>		
Quantity (tonnes)	Nil	Nil
Total Cost		
Average Rate		
<b>3. Furnace Oil</b>		
Quantity (Litres)	Nil	Nil
Total Amount		
Average Rate/litre		
<b>4. Others/Internal generation</b>		
Quantity	Nil	Nil
Total Cost		
Rate/Unit		

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

<b>TABLETS</b>		
Production	2,60,468	3,04,187
Electricity	1.42	1.13
<b>SYRUPS</b>		
Production	2,98,710	2,66,872
Electricity	0.84	0.92
<b>CAPSULES</b>		
Production	7,027	44,910
Electricity	1.82	1.64
<b>GELS</b>		
Production	27,951	26,539
Electricity	1.00	0.73
<b>VACCINE</b>		
Production	24,261	19,823
Electricity	38.23	40.35

#### 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 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

#### 3. Future plan of Action :

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

## ANNEXURE TO THE DIRECTORS' REPORT (contd.)

- Analytical Research
- Formulations Research & Development
- Chemicals Research
- Natural Products Research
- Viral Vaccine Research
- Pharmacology Research
- Research in the areas of Genomics and Proteomics

### 1. Expenditure on R & D during 2001-02

(Rs. in lacs)

	2001-2002	2000-2001
Capital	200.03	243.70
Revenue	682.67	398.68
<b>Total</b>	<b>882.70</b>	<b>642.38</b>
Total R&D expenditure as a percentage of total turnover	3.12%	2.83%

### Technology absorption, adaptation and Innovation

- |  |  |
|--|--|
| <p>1. Efforts, in brief, made towards technology adaptation and innovation</p> <p>2. Benefits derived as a result of the above efforts</p> <p>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.</p> <p>a. Technology imported</p> <p>b. Year of import</p> <p>c. Has technology been fully absorbed</p> <p>d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action</p> | <p>Technical collaboration for manufacture of vaccines</p> <ul style="list-style-type: none"> <li>- Competitive products</li> <li>- Product Improvement</li> <li>- Product Development</li> <li>- Import Substitution</li> </ul> <p>Technical collaboration for manufacture, maintenance and marketing of vaccines</p> <p>1995-96, 1996-97 &amp; 1997-98</p> <p>Fully absorbed</p> <p>N.A.</p> |
|--|--|

### FOREIGN EXCHANGE EARNINGS AND OUTGO

#### 1. Activities relating to exports

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

The company has achieved an export turnover of Rs.18,453 Lacs during 2001-02 as against Rs.10,865 Lacs during previous year.

The Liaisoning/ Representative Offices have been set-up in Russia, Turkmenistan, Yugoslavia and Tanzania and the Company's wholly owned Subsidiary Company set-up at U.K. with the objective of import-export of pharmaceutical, technologies and other products, has also commenced its operations.

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 manufacture abroad.

#### 2. Total foreign exchange earned and used

(Rs. in lacs)

	Current Year	Previous Year
Earnings	18,303.96	11,069.18
Outgo	16,294.18	9,872.83

For and on behalf of the Board

New Delhi,  
27th day of June, 2002

**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, 2002**

S. No.	Name	Designation & Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Particulars of Last Employment
<b>A. Persons employed throughout the Financial Year ended 31st March, 2002, who were in receipt of remuneration for the year in which the aggregate was not less than Rs. 12,00,000/-.</b>								
1.	Shri Soshil Kumar Jain	Chairman	66,62,548	Pharmacist	47	02.02.84	70	Business
2.	Shri Ravinder Jain	Managing Director	32,28,524	Matriculate	22	15.11.84	45	Business
3.	Shri Rajesh Jain	Joint Managing Director*	31,84,515	B.Sc.	18	15.11.84	38	Business
4.	Shri Sandeep Jain	Joint Managing Director*	49,41,136	B.Com.	17	15.11.84	36	Business
5.	Shri Ashwani Jain	Director Operations & Projects	16,46,204	Chartered Engineer Mechanical	22	01.04.93	44	GM, Radicura Pharma
6.	Shri Gurmeet Singh	Director Logistics	17,32,495	B.Com.	22	29.06.96	40	Director, Radicura & Co. Ltd.
7.	Dr. Amarjit Singh	Director R & D and Quality Assurance	22,19,800	M.Pharm., Ph.D.	22	31.12.93	44	Sc. Manager, Max India Ltd.
8.	Shri K.V. Gopalakrishnan	Vice President Mktg. (Primary Care Dvn.)	12,31,260	B.Sc.	26	15.11.93	49	GM Sales, Magnachem P. Ltd.

**B. Persons employed for a part of the Financial Year ended 31st March, 2002, who were in receipt of remuneration for any part of the year, at the rate which in the aggregate was not less than Rs. 1,00,000/- per month.**

NIL

**Notes:**

1. Remuneration includes salary, house rent allowance, bonus, Company's contribution to Provident Fund, Leave Travel allowance, medical assistance, royalty and all allowances paid in cash and taxable value of perquisites wherever applicable.
2. All appointments are non-contractual except that of Directors mentioned at Sl. No. 1 to 7.
3. None of the above employees is related to any of the Directors except that Shri Soshil Kumar Jain, Shri Ravinder Jain, Shri Rajesh Jain and Shri Sandeep Jain are related to each other and Shri Ashwani Jain is related to these four Directors.
4. Shri Rajesh Jain and Shri Sandeep Jain were appointed as Joint Managing Director w.e.f. 01.02.2002, prior to which they were acting as Director (Marketing & IT) and Director (Exports) respectively.

For and on behalf of the Board

New Delhi  
27th June, 2002

**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 Code of 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 and lenders. The Company is committed to achieve the highest standards of corporate governance. The Company 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 strength of the Board of Directors is fourteen Directors comprising of equal number of executive and non-executive Directors. The executive Directors consists of four promoter-Directors (one Executive Chairman, One Managing Director and two Joint Managing Directors) and three Whole-time Directors and all the non-executive Directors are independent Directors. However, the office of a non-executive director is vacant due to the sad demise of Mr. Sachidanand Hassija on 4<sup>th</sup> June, 2002. 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 judgement of the Board may affect independence of judgement of the Board.

###### Number of Board Meetings held

During the year 6 (Six) Board Meetings were held on 30<sup>th</sup> April, 2001, 14<sup>th</sup> July, 2001, 30<sup>th</sup> July, 2001, 31<sup>st</sup> October, 2001, 31<sup>st</sup> January, 2002 and 8<sup>th</sup> March, 2002.

###### Attendance of Directors at the Board Meetings and last Annual General Meeting and number of other Directorships and committee membership as on the date of Directors' Report

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 other committee Memberships
1.	Mr. Soshil Kumar Jain	Chairman	6	5	No	4	-
2.	Mr. Ravinder Kumar Jain	Managing Director	6	5	Yes	4	-
3.	Mr. Rajesh Jain	Joint Managing Director*	6	2	No	2	-
4.	Mr. Sandeep Jain	Joint Managing Director*	6	2	No	2	-
5.	Mr. Ashwani Jain	Director - Operations & Projects	6	3	Yes	1	-
6.	Mr. Gurmeet Singh	Director - Logistics	6	4	Yes	2	-
7.	Dr. Amarjit Singh	Director - R & D and QA	6	2	Yes	-	-
8.	Mr. Sunil Kapoor	Director	6	6	Yes	5	-
9.	Mr. R.L. Narasimhan	Director	6	6	Yes	-	-
10.	Mr. N.N.Khamitkar	Director	6	3	Yes	-	-
11.	Mr.C.C.Bhagat	Director	5	-	No	-	-
12.	Mr. M.L.Kalra	Director	5	4	No	-	-
13.	Mr. S.N.Hassija	Director	5	5	No	-	-
14.	Mr. G.K.Vishwakarma#	Director	3	-	N.A.	-	-

\* Mr. Rajesh Jain and Mr. Sandeep Jain were appointed as Joint Managing Director w.e.f. 01.02.2002. They acted as Whole-time Directors designated as Director (Marketing & IT) and Director (Exports) respectively till 31.01.2002.

# Appointed as Additional Director w.e.f. 17<sup>th</sup> September, 2001 and is proposed to be appointed as Director liable to retire by rotation at the ensuing Annual General Meeting.



## ANNEXURE TO THE DIRECTORS' REPORT (contd.)

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 (i) Any changes in accounting policies and practices, (ii) Major accounting entries based on exercise of judgement by management, (iii) Qualification in draft Audit Report, (iv) Significant adjustments arising out of audit, (v) The going concern assumption, (vi) Compliance with Accounting Standards, (vii) Compliance with Stock Exchange and legal requirements concerning financial statements and (viii) Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relative, 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 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 30<sup>th</sup> April, 2001, 14<sup>th</sup> July, 2001, 27<sup>th</sup> August, 2001, 17<sup>th</sup>/18<sup>th</sup> September, 2001, 31<sup>st</sup> October, 2001 and 30<sup>th</sup> January, 2002.

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

Sl. No.	Name of the Member	Status	No. of Meetings attended
1.	Mr. R. L. Narasimhan	Chairman & Independent Director	6
2.	Mr. N. N. Khamitkar	Independent Director	4
3.	Mr. Sunil Kapoor	Independent Director	6

The Statutory Auditors, the Internal Auditors, Managing Director, Director (Operations & Projects), Director (Marketing & IT), DGM (Finance), DGM (Accounts), Asst. Manager (Accounts), Sr. Executive (Personnel) and Executive (Personnel) had attended one or more Audit Committee Meetings. The Company Secretary is acting as the Secretary of the Audit Committee Meetings.

### 4. Remuneration Committee

The Board of Directors of the Company had in its meeting held on 8<sup>th</sup> March, 2002, constituted a Remuneration Committee comprising of three non-executive independent Directors viz. Mr. R.L. Narasimhan, Mr. M.L. Kalra & Mr. Sunil Kapoor. The members of the Committee, amongst themselves shall elect the Chairman in its first meeting.

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. The Board decides the remuneration payable to Directors from time to time keeping in view the overall



## ANNEXURE TO THE DIRECTORS' REPORT (contd.)

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 31<sup>st</sup> March, 2002

#### (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	Nil	6,62,548
2.	Mr. Ravinder Jain	30,00,000	Nil	2,28,524
3.	Mr. Rajesh Jain	30,00,000	Nil	1,84,515
4.	Mr. Sandeep Jain	30,00,000	Nil	1,94,136
5.	Mr. Ashwani Jain	15,00,000	Nil	1,04,880
6.	Mr. Gurmeet Singh	15,00,000	Nil	1,46,203
7.	Dr. Amarjit Singh	15,00,000	7,00,000	19,800

#### Notes:

- The tenure of office of Mr. Soshil Kumar Jain, Chairman, Mr. Ravinder Jain, Managing Director, Mr. Ashwani Jain, Director (Operations & Projects) and Mr. Gurmeet Singh, Director (Logistics) of the Company is for 5 years w.e.f. 1<sup>st</sup> April, 2001. The tenure of office of Dr. Amarjit Singh, Director (R&D and Quality Assurance) is for 5 years w.e.f. 1<sup>st</sup> January, 2000 and 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. 1<sup>st</sup> February, 2002.
- 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.
- The Company does not have any Stock Option Scheme.
- No commission was paid to the Managing/Joint Managing/ Whole-time Directors during the above said financial year.
- 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.

#### (ii) Non-Executive Directors

Apart from the sitting fees for attending Board Meeting or Committee thereof, the Remuneration is paid to the non-executive Directors by way of monthly allowances for conveyance, 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 31<sup>st</sup> March, 2002 are as under:

(Amount in Rs.)

Sl. No.	Name	Allowances	Sitting Fees
1	Mr. R. L. Narasimhan	1,24,000	60,000
2	Mr. N. N. Khamitkar	1,24,000	35,000
3	Mr. Sunil Kapoor	1,24,000	60,000
4	Mr. C. C. Bhagat	1,24,000	Nil
5	Mr. S. N. Hassija	1,24,000	25,000
6	Mr. M. L. Kalra	1,24,000	1,10,000
7	Dr. G. K. Vishwakarma	1,00,233	Nil

Apart from the above, professional charges of Rs.33,000/- p.m. 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 Board of Directors of the Company had at its meeting held on 14<sup>th</sup> July, 2001, re-constituted the Share Transfer-cum-Investors Grievance Committee comprising of three Directors viz. Mr. M.L. Kalra, Mr. Ravinder Jain & Mr. Gurmeet Singh. Mr. M.L. Kalra, an independent non-executive director has been elected as Chairman of the Committee. The



## ANNEXURE TO THE DIRECTORS' REPORT (contd.)

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.

The Company promptly responds to the shareholders' correspondence. During the year ended 31<sup>st</sup> March, 2002 the Company received 430 requests for transfers, dematerialisation of shares, complaints, queries etc. from Shareholders and all were replied/resolved to the satisfaction of Shareholders.

There were no share transfers lying pending as on 31<sup>st</sup> March, 2002. 5 requests for dematerialisation of shares received in the second half of March, 2002 were pending as on 31<sup>st</sup> March, 2002 and were confirmed/rejected on 5<sup>th</sup> April, 2002.

### 6. Annual General Meeting :

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Venue
2000-2001	28 <sup>th</sup> August, 2001	12.30 PM	Registered Office at Ambala- Chandigarh Road, Lalru 140501, Punjab.
1999-2000	29 <sup>th</sup> May, 2000	12.30 PM	Registered Office at Ambala- Chandigarh Road, Lalru 140501, Punjab.
1998-1999	10 <sup>th</sup> July, 1999	11.30 AM	Registered Office at Ambala- Chandigarh Road, Lalru 140501, Punjab.

No postal ballots were used/invited for voting at these meetings in respect of special resolutions passed.

### 7. Disclosure :

- (a) 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 to the Annual Accounts.
- (b) 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 :

- i) The Quarterly and Half-Yearly results are published in the prominent daily newspapers, viz. Economics Times/Indian Express/Tribune (English)/Navbharat Times (Hindi) and the Punjabi Tribune, Chandigarh, the local newspaper published in the language of the region in which Registered Office is situated.
- ii) The Annual Results (Annual Report containing Balance Sheet etc.) are posted to every shareholder of the Company.
- iii) The Company's web-site: [www.panaceabiotec.com](http://www.panaceabiotec.com) is regularly updated with the financial results and other important events.
- iv) Management's Discussion and Analysis Report forms part of Annual Report, which is being sent to the shareholders of the company.



### 9. General Shareholder Information

- i) The Annual General Meeting is proposed to be held on Saturday, the 24<sup>th</sup> day of August, 2002, at 12.30 p.m. at the registered office of the Company at Ambala-Chandigarh Highway, Lalru 140501, Punjab.

#### ii) Financial Calendar 2002-03 (tentative)

Board Meeting for consideration of Accounts for the year ended as on 31<sup>st</sup> March, 2002 and recommendation of dividend  
Posting of Annual Report  
Last date of receipt of Proxy Form

#### Date of AGM

Dividend payment date

Probable date of dispatch of dividend Warrants

#### Date / Month

27<sup>th</sup> June, 2002

On or before 31<sup>st</sup> July, 2002

22<sup>nd</sup> August, 2002 before 12.30 P.M.

**24th August, 2002**

On or before 23<sup>rd</sup> September, 2002

**On or before 23<sup>rd</sup> September, 2002**





## ANNEXURE TO THE DIRECTORS' REPORT (contd.)

### Board meeting for consideration of unaudited Results:

First Quarter Results (30 <sup>th</sup> June)	End July, 2002
Second Quarter Results (30 <sup>th</sup> September)	End October, 2002
Third Quarter Results (31 <sup>st</sup> December)	End January, 2002
Fourth Quarter Results (31 <sup>st</sup> March)	End April, 2003*

\* As provided in clause 41 of Listing Agreement, Board may also consider to publish Audited Results for the year 2002-03 in lieu of Unaudited Results for fourth quarter, by 30<sup>th</sup> June, 2003 (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 19th August, 2002 to 24th August, 2002 (both days inclusive).

### iv) Dividend Payment Dates :

The Company will pay dividend, if declared by the members, on or before 23<sup>rd</sup> September, 2002:

- To those members whose names appear in the Register of Members of the Company as on 24<sup>th</sup> August, 2002 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 18<sup>th</sup> August, 2002 and registered before 24<sup>th</sup> August, 2002.
- In respect of Shares held in electronic form to those "deemed members" whose names appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 18<sup>th</sup> August, 2002 (i.e. before the date of commencement of closure of Register of Members and Share Transfer Books, i.e. 19<sup>th</sup> August, 2002).

### 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 2002-03 have already been paid to these Stock Exchanges.

### vi) Stock Code

Trade symbol at National Stock Exchange is PANACEABIO.

Bombay Stock Exchange Code is 531349.

ISIN No. for Dematerialisation : INE922B01015.

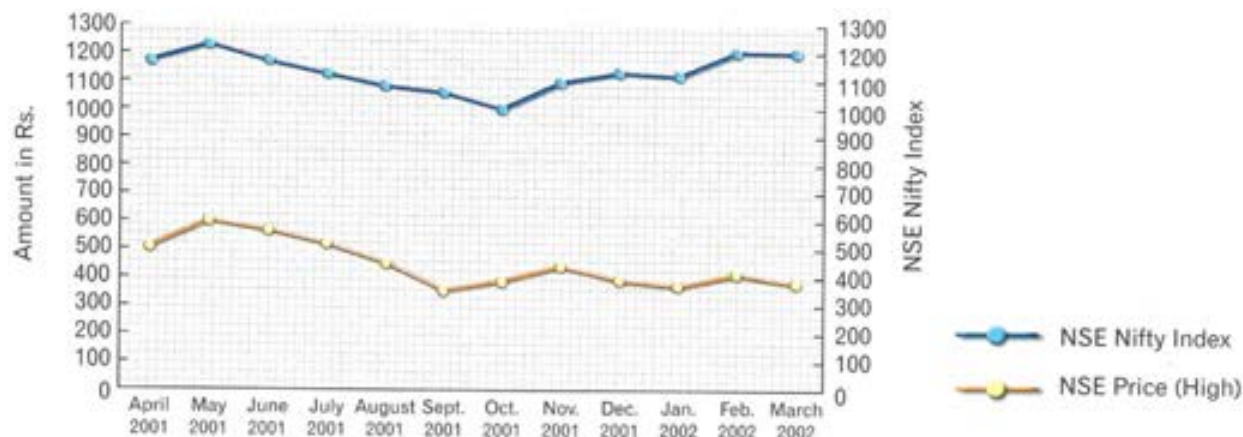
### vii) Stock Market Price at National Stock Exchange and comparison with broad-based indices (NSE Nifty)

Month	Share Prices at NSE		NSE Nifty	
	High (Rs.)	Low (Rs.)	High	Low
April, 2001	505.00	342.00	1,171.85	1,000.10
May, 2001	599.00	416.50	1,226.50	1,096.25
June, 2001	565.00	462.05	1,175.80	1,060.05
July, 2001	520.00	433.05	1,127.15	1,046.90
August, 2001	450.00	330.00	1,084.00	1,051.75
September, 2001	357.00	276.00	1,059.90	849.95
October, 2001	387.00	280.15	1,000.95	884.65
November, 2001	439.30	361.50	1,097.60	973.55
December, 2001	391.00	317.20	1,132.65	1,010.45
January, 2002	370.00	330.00	1,121.75	1,052.05
February, 2002	413.00	357.00	1,205.95	1,069.40
March, 2002	377.85	338.00	1,201.10	1,117.85



## ANNEXURE TO THE DIRECTORS' REPORT (contd.)

### Share Prices at NSE



#### viii) Registrar and Transfer Agent

The Company has in-house Share Department for handling the shares related matters. In respect of the securities in dematerialised form, M/s. Skyline Financial Services Pvt. Ltd., 124, Vinoba Puri, Lajpat Nagar, New Delhi are the Registrar for the electronic connectivity with the NSDL/CDSL.

#### ix) Share Transfer System

The Company's shares transfer process 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 and dematerialisation of shares, Redressal of Investors' grievance, etc., if any. The shares for transfers received by the Company, are transferred expeditiously and thereafter as per the SEBI guidelines, an option letter is sent to the transferee(s) giving the option to 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).

The requests for dematerialisation are processed in-house 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 through the Company's Registrar 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 is made in the Depository System through Registrar.

#### x) Distribution of Shareholding as on 31<sup>st</sup> March, 2002.

No. of Shares	No. of Shareholders	No. of Shares
0-250	2,887	24,73,200
251-500	146	5,70,050
501-1000	36	2,90,660
1001-10000	35	11,19,080
10001 and above	33	526,23,590

#### xi) Pattern of Shareholding as on 31<sup>st</sup> March, 2002

S.No.	Category	No. of Shares	Percentage
1.	Promoters & Relatives	44,17,160	77.390
2.	Domestic Companies	1,06,754	1.870
3.	Non-resident Indians (NRIs)	1,938	0.034
4.	Overseas Corporate Bodies (OCBs)	5,74,100	10.058
5.	Foreign Institutional Investors (FIIs)	1,29,000	2.260
6.	Banks	100	0.002
7.	Indian Public	4,76,196	8.343
8.	Shares in transit	2,412	0.042



## ANNEXURE TO THE DIRECTORS' REPORT (contd.)

### xii) 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 31<sup>st</sup> March, 2002, 96.87% of the Company's total Equity Share Capital representing 55,29,060 shares were held in dematerialised form and balance 1,78,600 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.

xiii) No GDRs/ADRs/Warrant or any convertible instruments were outstanding as on 31<sup>st</sup> March, 2002.

### xiv) Plant Locations

- Village Samalheri, Ambala-Chandigarh Road, 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 II, New Delhi - 110 020.

### xv) Address for communication

The Company Secretary,

**Panacea Biotec Limited**

B-1 Extn./A-27, Mohan Co-operative Indl. Estate,  
Mathura Road, New Delhi - 110 044

Phone : 91-11-6945270, 6977900, 6958197

Fax : 91-11-6958197, 6940199, 6974600

E-mail : corporate@panaceabiotec.com, companysec@rediffmail.com

Contact Person : Mr. Vinod Goel, Company Secretary

For and on behalf of the Board

New Delhi  
27th June, 2002

**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 31<sup>st</sup> March 2002, 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 & ASSOCIATES**

Chartered Accountants

Per

**Anil Gupta**

Place: New Delhi

Date: 27<sup>th</sup> June, 2002



## AUDITORS' REPORT

### To the members of Panacea Biotec Limited,

We have audited the attached Balance Sheet of Panacea Biotec Limited, as at 31<sup>st</sup> March 2002 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 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 and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and 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 31<sup>st</sup> March, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

4. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account, 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:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2002; and
  - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

**S. R. BATLIBOI & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Per

Place: New Delhi

**Anil Gupta**

Date: 27<sup>th</sup> June, 2002

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 31<sup>st</sup> March, 2002)

1. *The Company is maintaining fixed assets records in quantitative terms however, for other details/particulars, the Company is in the process of updating records. The management has physically verified the Fixed Assets at reasonable intervals and no material discrepancy was reported to have been observed on such verification as compared to book records.*
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 procedure of physical verification of stocks followed by the management is 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.
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



## ANNEXURE TO THE AUDITORS' REPORT (contd.)

accounting principles and is on the same basis as in previous year.

7. The Company has taken unsecured loans from directors, relatives and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and the rate 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 loan, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Sections 301 and 370 (1B) 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 required, there is an adequate internal control procedure commensurate to the size of the Company and the nature of its business for the purchase of stores, raw materials, trading goods, plant and machinery, equipment and other assets, and for the sale of goods.
11. There were no transactions for purchase of goods and material 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 for determination of unservicable, expired or damaged stores, raw materials, packing material and finished goods. 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 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 deposit 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 31<sup>st</sup> March, 2002 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 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 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 & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Per

Place: New Delhi  
Date: 27<sup>th</sup> June, 2002

**Anil Gupta**  
Partner



# BALANCE SHEET

As at 31st March, 2002

(Amount in Rs.)

	Schedule	As at		As at
		31st March, 2002	31st March, 2001	31st March, 2001
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	I	12,01,34,166	12,51,34,166	
Reserves & Surplus	II	80,57,68,316	70,16,34,824	82,67,68,990
<b>Loan Funds</b>				
Secured Loans	III	72,53,57,908	46,97,89,166	
Unsecured Loans	IV	36,06,74,372	27,56,12,611	74,54,01,777
<b>Total</b>		<b>201,19,34,762</b>	<b>201,19,34,762</b>	<b>157,21,70,767</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	V	64,39,56,146	54,16,17,035	
Less : Depreciation		22,43,74,848	16,26,55,871	
Net Block		41,95,81,298	37,89,61,164	
Capital Work-in-Progress (including Pre-operative expenditure) (Refer Note no.B2 of Schedule XVIII)		47,38,73,171	18,62,91,346	56,52,52,510
<b>Investments</b>	VI		5,26,39,020	4,71,37,220
<b>Current Assets, Loans &amp; Advances</b>				
<b>Current Assets</b>				
Inventories		82,92,97,343	57,41,86,815	
Sundry Debtors		29,58,84,289	40,56,52,742	
Cash & Bank Balances		36,59,54,630	13,72,07,062	
Other Current Assets		1,88,49,615	2,07,44,006	
Loans and Advances		8,22,74,458	14,35,07,287	
Sub-total (A)		159,22,60,335	128,12,97,912	
Less : <b>Current Liabilities &amp; Provisions</b>	VIII			
Current Liabilities		39,53,33,426	23,15,99,354	
Provisions		8,06,24,822	9,42,25,196	
Sub-total (B)		47,59,58,248	32,58,24,550	
<b>Net Current Assets (A) - (B)</b>			111,63,02,087	95,54,73,362
<b>Deferred Tax Liability (Net)</b> (Refer note no.B9 of Schedule XVIII)			(7,35,14,285)	
<b>Miscellaneous Expenditure</b>	IX		2,30,53,471	43,07,675
(To the extent not written off or adjusted)				
<b>Total</b>			<b>201,19,34,762</b>	<b>157,21,70,767</b>
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 & Associates**

Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman

**RAVINDER JAIN**  
Managing Director

**I.K. SHARMA**  
D.G.M. - Finance & Accounts

**VINOD GOEL**  
Company Secretary

**PROFIT & LOSS ACCOUNT**

For the year ended 31st March, 2002

(Amount in Rs.)

Schedule	For the year ended 31st March, 2002	For the year ended 31st March, 2001
<b>INCOME</b>		
Sales (Net of discounts)	283,31,69,013	227,11,06,145
Less : Excise Duty	9,39,14,749	9,44,44,581
Other Income	X 2,41,62,191	4,47,91,927
Increase/(Decrease) in Stocks	XI (3,19,35,658)	(2,49,11,695)
<b>Total Income</b>	<b>273,14,80,797</b>	<b>219,65,41,796</b>
<b>EXPENDITURE</b>		
Cost of Production	XII 153,53,41,973	107,19,23,131
Purchases	8,86,54,022	12,74,16,747
Personnel Expenses	XIII 16,03,53,464	11,25,47,687
Administrative Expenses	XIV 16,87,46,961	16,34,35,263
Interest & Finance Charges	XV 11,71,68,738	12,00,18,318
Selling Expenses	XVI 11,82,07,702	10,56,04,883
Research & Development Expenses	XVII 8,69,85,594	5,97,12,506
Miscellaneous Expenditure written off during the year	31,51,348	10,77,247
Depreciation	4,64,81,323	3,89,38,340
<b>Total Expenditure</b>	<b>232,50,91,125</b>	<b>180,06,74,122</b>
<b>Operating Profit before Tax</b>	<b>40,63,89,672</b>	<b>39,58,67,674</b>
Profit on Sale of Investment in Subsidiary	-	3,02,25,000
<b>Profit Before Tax</b>	<b>40,63,89,672</b>	<b>42,60,92,674</b>
Provision for Income Tax	15,10,00,000	15,64,33,000
Provision for Income Tax for earlier years	1,22,16,524	4,08,75,401
Deferred Income Tax (Refer note no. B9 of Schedule XVIII)	(61,28,862)	-
<b>Profit After Tax</b>	<b>24,93,02,010</b>	<b>22,87,84,273</b>
<b>APPROPRIATION</b>		
Dividend - Equity Shares (subject to deduction of tax at source)	5,70,76,600	5,70,76,600
- Preference Shares	76,66,761	92,77,382
Dividend Tax	7,82,010	68,11,551
Transfer to Capital Redemption Reserve	50,00,000	3,20,35,000
Transfer to Debenture Redemption Reserve	-	1,00,00,000
Transfer to General Reserve	10,00,00,000	10,00,00,000
<b>Balance of Profit carried to Balance Sheet</b>	<b>7,87,76,639</b>	<b>1,35,83,740</b>
<b>Earning Per Share - Basic</b>	<b>42.20</b>	<b>38.28</b>
<b>Earning Per Share - Diluted</b>	<b>42.20</b>	<b>38.28</b>

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

As per our attached report of even date

**S.R. Battiboi & Associates**

Chartered Accountants

Per

For and on behalf of the Board

**SOSHIL KUMAR JAIN**

Chairman

**RAVINDER JAIN**

Managing Director

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002

**I.K. SHARMA**

D.G.M. - Finance &amp; Accounts

**VINOD GOEL**

Company Secretary



## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	As at 31st March, 2002		As at 31st March, 2001	
<b>SCHEDULE - I SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Comprising of				
i) 1,25,00,000 Equity Shares of Rs.10/- each	12,50,00,000		12,50,00,000	
ii) 10,00,000 Preference Shares of Rs.10/- each	10,00,00,000		10,00,00,000	
	<b>22,50,00,000</b>		<b>22,50,00,000</b>	
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>				
57,07,660 Equity Shares of Rs.10/- each	5,70,76,600		5,70,76,600	
Add: Forfeited Shares	92,566	5,71,69,166	92,566	5,71,69,166
(Out of the above shares, 18,14,240 equity shares were issued as fully paid up bonus shares by capitalisation of General Reserves in earlier years)				
12% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each				
Series - I				
7,50,000 (Previous year 12,50,000) Preference Shares	75,00,000		1,25,00,000	
Series - II				
55,46,500 (Previous year 55,46,500) Preference Shares	5,54,65,000	6,29,65,000	5,54,65,000	6,79,65,000
		<b>12,01,34,166</b>		<b>12,51,34,166</b>

**Notes:**

1. RCPS Series - I redeemable with 2% Premium to be paid alongwith last instalment on initial allotted amount of Rs.5,00,00,000, as stated below:

Redemption Date	Amount in Rs.
21st May, 2002	25,00,000
25th June, 2002	25,00,000
21st May, 2003	12,50,000
25th June, 2003	12,50,000

RCPS Series I Preference Shares as at 31st March, 2002 amounting to Rs.75,00,000 has been pre-paid in full on 20th April, 2002. The redemption premium @ 2% amounting to Rs.10,00,000 has been paid on 10th May, 2002.

2. 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	2,75,56,000
30th July, 2004	46,02,000
19th Feb, 2005	2,33,07,000

**SCHEDULES (contd.)**

(Amount in Rs.)

	As at 31st March, 2002		As at 31st March, 2001	
<b>SCHEDULE - II RESERVES AND SURPLUS</b>				
<b>1) CAPITAL REDEMPTION RESERVE</b>				
Amount as per last Balance Sheet	4,45,35,000		1,25,00,000	
Add : Transfer from Profit & Loss A/c	50,00,000	4,95,35,000	3,20,35,000	4,45,35,000
<b>2) DEBENTURE REDEMPTION RESERVE</b>				
Amount as per last Balance Sheet	4,00,00,000		3,00,00,000	
Add : Transfer from Profit & Loss A/c	-	4,00,00,000	1,00,00,000	4,00,00,000
<b>3) SHARE PREMIUM</b>				
Amount as per last Balance Sheet		16,13,67,364		16,13,67,364
<b>4) GENERAL RESERVE</b>				
Amount as per last Balance Sheet	38,58,47,152		28,58,47,152	
Add : Transfer from Profit & Loss A/c	10,00,00,000		10,00,00,000	
Less: Deferred Tax Liability (Refer note no. B9 of Schedule XVIII)	(7,96,43,147)	40,62,04,005	-	38,58,47,152
<b>5) PROFIT &amp; LOSS ACCOUNT</b>				
Amount as per last Balance Sheet	6,98,85,308		5,63,01,568	
Add : Transfer from Profit & Loss A/c	7,87,76,639	14,86,61,947	1,35,83,740	6,98,85,308
		<b>80,57,68,316</b>		<b>70,16,34,824</b>



**SCHEDULES (contd.)**

(Amount in Rs.)

	As at 31st March, 2002	As at 31st March, 2001
<b>SCHEDULE - III SECURED LOANS</b>		
<b>1) DEBENTURES</b>		
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.	4,00,00,000	4,00,00,000
<b>2) TERM LOANS</b>		
Industrial Development Bank of India (IDBI) (Repayable within one year Rs.1,49,95,000 (Previous Year Rs.2,00,00,000))	1,99,90,000	3,99,90,000
Export-Import Bank of India (EXIM Bank)		
Long-term Working Capital Loan (Repayable within one year Rs. Nil)	11,25,00,000	-
Production Equipment Finance Loan (Repayable within one year Rs. Nil)	7,50,00,000	-
<b>3) WORKING CAPITAL LOANS FROM SCHEDULED BANKS</b>	<b>47,78,67,908</b>	<b>38,97,99,166</b>
	<b>72,53,57,908</b>	<b>46,97,89,166</b>

**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, beside first pari-passu charge on land admeasuring 96 bighas 19 biswas situated at village Samalheri and other immovable properties of the Company 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, is pending creation.
4. Working Capital Loans from Scheduled Banks are secured by 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 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.
5. The above loans are also collaterally secured by personal guarantees of the Promoter-Directors of the Company.

**SCHEDULE - IV UNSECURED LOANS**

Fixed Deposits (including Rs.3,56,50,000 from Directors, their relatives & Associates) (Repayable within one year Rs.27,50,000) (Previous Year Rs. Nil)	8,58,00,000			
Debentures : 1,00,00,000 - 12.20% Non-Convertible Debentures of face value of Rs.100/- each				10,00,00,000
<b>Institution Loans :</b>				
Foreign Currency Loan from Industrial Development Bank of India (Entire amount has been repaid on 8th May, 2002)	14,64,30,000			
Rupee Loan from Industrial Development Bank of India		14,64,30,000	5,00,00,000	5,00,00,000
Rupee Loan from IDBI Bank Ltd. (entire amount has been repaid on 19th April, 2002)		10,25,31,761		
Commercial Paper				10,00,00,000
Long term Trade Deposits		2,59,12,611		2,56,12,611
		<b>36,06,74,372</b>		<b>27,56,12,611</b>

**Notes:**

1. Foreign Currency Loan and Rupee Loan from Industrial Development Bank of India is/was secured by irrevocable and unconditional personal guarantees of Promoter-Directors of the Company.
2. Maximum amount of Commercial Paper outstanding at any time during the year Rs.10,00,00,000 (Previous Year Rs.10,00,00,000).

**SCHEDULES (contd.)****SCHEDULE - V FIXED ASSETS**

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1st April, 2001	Additions During the year	Sale during the year	As at 31st March, 2002	As at 1st April, 2001	Provided during the year	Deductions & Adjustments during year	As at 31st March, 2002	As at 31st March, 2001
<b>Tangible Assets :</b>									
Land - Freehold	3,00,20,532	48,19,780	-	3,48,40,312	-	-	-	3,48,40,312	3,00,20,532
Land - Leasehold	-	63,70,863	-	63,70,863	-	46,275	-	63,24,588	-
Buildings	15,39,97,219	1,50,33,223	-	16,90,30,442	3,21,16,527	1,04,80,665	-	12,64,33,250	12,18,80,692
Plant & Machinery	21,98,41,838	3,45,47,566	4,27,584	25,39,61,820	6,88,75,543	2,65,36,250	59,477	15,86,09,504	15,09,66,295
Furniture & Fittings	1,97,72,629	71,49,545	-	2,69,22,174	73,64,056	30,10,687	-	1,65,47,431	1,24,08,573
Vehicles	4,30,97,789	1,82,59,370	48,02,397	5,65,54,762	2,34,01,442	88,61,607	34,05,704	2,76,97,417	1,96,96,347
Office Equipments	1,47,63,349	64,57,155	2,04,960	2,10,15,544	45,05,023	19,73,521	15,622	1,45,52,622	1,02,58,326
Computer Equipments	2,91,52,400	64,55,315	-	3,56,07,715	1,63,21,141	63,33,989	-	1,29,52,585	1,26,31,259
<b>Intangible Assets :</b>									
Patents, Trade Marks & Copyrights	3,09,71,279	36,65,612	-	3,46,36,891	1,00,72,139	69,53,661	-	1,76,11,091	2,08,99,140
Softwares	-	50,15,623	-	50,15,623	-	10,03,125	-	40,12,498	-
<b>Total</b>	<b>54,16,17,035</b>	<b>10,77,74,052</b>	<b>54,34,941</b>	<b>64,39,56,146</b>	<b>16,26,55,871</b>	<b>6,51,99,780</b>	<b>34,80,803</b>	<b>41,95,81,298</b>	<b>37,89,61,164</b>
Previous Year	47,02,97,969	7,25,85,961	12,66,895	54,16,17,035	10,44,91,969	5,87,83,051	6,19,149	37,89,61,164	36,58,05,670

**Notes**

- Freehold Land includes Perpetual leasehold land amounting to Rs. 50,65,000 pending registration in the name of the Company.
- Building includes building amounting to Rs. 53,15,568 pending registration in the name of the Company.
- Plant & Machinery includes Plant & Machinery amounting to Rs. 24,91,511.50 (Net Block) lying with outside party, M/s Jyoti Capsules (Jyoti Capsulation Pvt. Ltd.), Kanpur (U.P.).
- Depreciation for the year includes Depreciation on Research & Development Assets amounting to Rs. 1,87,18,457.



**SCHEDULES (contd.)**

(Amount in Rs.)

	As at 31st March, 2002	As at 31st March, 2001
<b>SCHEDULE - VI INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS (at cost)</b>		
<b>A. Quoted</b>		
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.12,80,370 (Previous year Rs.8,86,410)		
<b>B. Unquoted</b>		
<b>1) Subsidiary Companies :</b>		
a) 1,98,230 Equity Shares (Previous Year 1,05,700) of Rs.10/-each fully paid in Radicura & Co. Ltd.	1,13,65,300	58,13,500
b) 1,90,156 Equity Shares (Previous Year 1,90,156) of Rs.10/-each fully paid of Jiva Life Sciences Ltd. (Formerly known as Maxwell Impex (India) Ltd.)	2,28,75,850	2,28,75,850
c) Nil - Previous Year 500 Equity Shares of Rs.100/- each fully paid of Nuphar Alipro Ltd.	-	50,000
d) 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	4,20,95,350
<b>2) Other Investments :</b>		
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
	<u>5,26,39,020</u>	<u>4,71,37,220</u>



**SCHEDULES (contd.)**

(Amount in Rs.)

	As at 31st March, 2002	As at 31st March, 2001	
<b>SCHEDULE - VII CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>A. CURRENT ASSETS</b>			
<b>INVENTORIES</b>			
i) Raw & Packing Materials (including lying with third party Rs.18,98,918 (previous year Rs.29,71,241)) (including Stock in Transit amounting to Rs.27,12,735 (previous year Rs.2,60,48,591))	60,31,53,409	33,01,93,457	
ii) Finished Goods	20,12,35,974	23,33,48,503	
iii) Stock in Process	79,00,329	77,23,458	
iv) Store & Spares	1,70,07,631	29,21,397	57,41,86,815
<b>SUNDRY DEBTORS (Unsecured, considered good, unless otherwise stated)</b>			
Over six months (including Rs.60,81,544 considered doubtful of recovery (previous year Rs.25,81,544))	3,58,35,346	3,12,34,323	
Less: Provisions for bad & doubtful debts	60,81,544	25,81,544	
Other Debts	2,97,53,802	2,86,52,779	
	26,61,30,487	37,69,99,963	40,56,52,742
<b>CASH &amp; BANK BALANCES</b>			
Cash in hand	11,73,436	18,64,991	
Balances with Scheduled Banks :			
a) In Cash Credit Accounts	78,66,508	17,75,760	
b) In Current Accounts	4,17,45,159	3,15,53,349	
c) In Fixed Deposits (Refer note no. B5 of Schedule XVIII)	21,93,15,487	2,06,99,497	
d) In Exchange Earner Foreign Currency Current Accounts	9,57,70,119	7,67,85,851	
Balances with Non-scheduled Banks			
a) Bank of Foreign Trade - Moscow (maximum amount outstanding at any time during the year Rs. 5,02,128 (previous year Rs.9,14,394))	5,036	16,491	
b) Standard Chartered Bank Tanzania Ltd. (maximum amount outstanding at any time during the year Rs. 4,25,583 (previous year Rs.3,98,565))	78,885	4,897	
c) Societe Generale Yugoslav Bank (maximum amount outstanding at any time during the year Rs. 5,79,180 (previous year Rs.3,74,240))	-	2,30,624	
Cheques in hand	-	42,75,602	13,72,07,062
<b>OTHER CURRENT ASSETS</b>			
DEPB & other export benefits receivables	1,88,49,615	-	2,07,44,006
<b>B. LOANS &amp; ADVANCES (Unsecured, considered good, unless otherwise stated)</b>			
Advances to Subsidiaries	-	14,59,042	
Advances recoverable in cash or in kind or for value to be received	5,08,10,550	12,05,38,823	
Staff Loans & Advances (net of Rs.4,55,468 (previous year Rs. nil) considered doubtful, which has been fully provided for)	92,26,346	75,81,204	
Security Deposits	78,81,580	67,26,386	
Advance Income Tax (net of tax provision)	58,76,596	-	
Balance with Excise Authorities	84,79,386	72,01,832	14,35,07,287
	159,22,60,335	148,12,97,912	



**SCHEDULES (contd.)**

(Amount in Rs.)

	As at 31st March, 2002	As at 31st March, 2001
<b>SCHEDULE - VIII CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>1) CURRENT LIABILITIES</b>		
i) Acceptances	1,58,81,246	5,74,83,227
ii) Creditors for goods, services & expenses		
Small Scale Industries	8,24,402	5,06,377
Other creditors	36,48,13,533	16,09,19,885
iii) Unclaimed Dividend		
Equity Shares	4,80,986	5,01,124
Preference Shares	13,62,360	-
iv) Other Liabilities	70,23,333	57,16,942
v) Book Overdraft	38,64,224	44,66,241
vi) Interest accrued but not due on loans	10,83,342	20,05,558
	<b>39,53,33,426</b>	<b>23,15,99,354</b>
<b>2) PROVISIONS</b>		
i) Provisions for Wealth Tax	2,50,000	3,68,070
ii) Provision for Income Tax (net of advance tax)	-	1,65,52,002
iii) Dividend on Equity Shares	5,70,76,600	5,70,76,600
iv) Dividend on Preference Shares	-	49,80,486
v) Provision for Dividend Tax	-	63,29,830
vi) Provision for Gratuity/Leave Encashment	2,32,98,222	89,18,208
	<b>8,06,24,822</b>	<b>9,42,25,196</b>
	<b>47,59,58,248</b>	<b>32,58,24,550</b>
<b>SCHEDULE - IX MISCELLANEOUS EXPENDITURE</b>		
<b>(To the extent not written off or adjusted)</b>		
i) Product Registration Expenses		
As per last Balance Sheet	43,07,675	-
Add : Additions during the year	76,22,144	53,84,594
	1,19,29,819	53,84,594
Less: Written off during the year	26,01,348	10,76,919
	<b>93,28,471</b>	<b>43,07,675</b>
ii) License fee for development of new products		
As per last Balance Sheet	-	-
Add : Additions during the year	1,42,75,000	-
	1,42,75,000	-
Less: Written off during the year	5,50,000	-
	<b>1,37,25,000</b>	<b>-</b>
iii) Research & Development Expenses		
As per last Balance Sheet	-	328
Less : Written off during the year	-	328
	<b>2,30,53,471</b>	<b>43,07,675</b>

## SCHEDULES (contd.)

(Amount in Rs.)

	For the year ended 31st March, 2002	For the year ended 31st March, 2001
<b>SCHEDULE - X OTHER INCOME</b>		
Interest Received on Fixed Deposits & Others (Gross) (Tax Deducted at source Rs. 4,38,731 (Previous year Rs. 3,48,050))	28,74,605	54,76,924
Export Incentives	1,40,58,508	2,96,12,960
Dividened on Investments (Gross)	32,830	56,280
Miscellaneous balances/provisions written back	63,59,861	95,57,365
Sale of Scrap	21,156	22,856
Miscellaneous Receipts	8,15,231	65,542
	<u>2,41,62,191</u>	<u>4,47,91,927</u>
<b>SCHEDULE - XI (DECREASE) IN STOCK</b>		
<b>Closing Stock</b>		
Finished Goods	20,12,35,974	23,33,48,503
Stock in Process	79,00,329	77,23,458
	<u>20,91,36,303</u>	<u>24,10,71,961</u>
<b>Less :Opening Stock</b>		
Finished Goods	23,33,48,503	25,55,30,786
Stock in Process	77,23,458	1,04,52,870
	<u>24,10,71,961</u>	<u>26,59,83,656</u>
	<u>(3,19,35,658)</u>	<u>(2,49,11,695)</u>
<b>SCHEDULE - XII COST OF PRODUCTION</b>		
Raw Material & Packing Material consumed		
Opening Stock	33,01,93,457	17,47,01,395
Add: Material purchased during the Year	176,61,89,902	118,56,68,225
	<u>209,63,83,359</u>	<u>136,03,69,620</u>
Less: Sale during the year	62,08,332	90,95,180
Less: Closing Stock	60,31,53,409	33,01,93,457
	<u>148,70,21,618</u>	<u>102,10,80,983</u>
Less: Material consumed for Research & Development	66,68,944	40,83,293
Total Material consumed	148,03,52,674	101,69,97,690
Processing Charges	11,10,222	17,59,604
Analytical Testing & Trial Charges	49,79,841	46,88,014
Stores & Spares consumed (indigenous only)	37,88,321	26,75,985
Power & Fuel	1,08,15,990	1,04,14,090
Wages	1,71,85,132	1,88,28,364
Repair & Maintenance		
Factory Building	41,51,567	61,44,564
Plant & Machinery	52,77,276	46,99,370
Rent Factory	76,80,950	57,15,450
	<u>153,53,41,973</u>	<u>107,19,23,131</u>



**SCHEDULES (contd.)**

(Amount in Rs.)

	For the year ended 31st March, 2002		For the year ended 31st March, 2001	
<b>SCHEDULE - XIII PERSONNEL EXPENSES</b>				
Salary & Wages		13,49,52,961		9,08,03,507
Contribution to Provident and other Funds		86,71,316		65,60,634
Bonus & Ex-gratia		51,80,876		49,21,067
Staff Welfare Expenses		1,15,48,311		1,02,62,479
		<u>16,03,53,464</u>		<u>11,25,47,687</u>
<b>SCHEDULE - XIV ADMINISTRATIVE EXPENSES</b>				
Rent		67,96,293		46,02,117
Directors' Remuneration		1,90,26,764		1,98,95,453
Directors Sitting Fees		2,90,000		30,000
Printing & Stationery		78,25,157		74,16,280
Postage & Communication Expenses		2,02,01,486		1,67,69,644
Insurance		87,48,803		52,62,974
Travelling & Conveyance Expenses		3,48,90,922		3,40,39,042
Books & Periodicals		16,96,836		23,10,120
Legal & Professional Charges		2,00,18,542		2,29,20,074
Vehicle Running & Maintenance		59,19,740		55,21,751
Repair & Maintenance :				
Non-factory Buildings	27,74,871		42,92,089	
Others	<u>92,47,972</u>	1,20,22,843	<u>76,27,132</u>	1,19,19,221
Auditors' Remuneration :				
Statutory Audit Fee	12,00,000		9,00,000	
Tax Audit Fee	25,000		25,000	
Cost Audit Fee	12,500		12,500	
Certification etc.	<u>7,68,475</u>	20,05,975	<u>4,50,000</u>	13,87,500
Rates, Fees & Taxes		38,27,515		46,15,198
Donation		21,69,957		44,92,500
Subscription		10,20,099		10,39,623
Electricity & Water Charges		70,63,223		62,90,086
Staff Training & Recruitment		56,62,620		47,85,211
Sundry Expenses		54,22,924		59,96,808
Provision for Doubtful Debts		35,11,372		40,14,915
Provision for Doubtful Advances		4,55,468		-
Loss on Sale of Fixed Assets		1,70,422		1,26,746
		<u>16,87,46,961</u>		<u>16,34,35,263</u>
<b>SCHEDULE - XV FINANCIAL EXPENSES</b>				
Interest on:				
Debentures/Other Fixed Loans	1,72,57,592		2,05,32,456	
Others	<u>8,23,20,163</u>	9,95,77,755	<u>4,95,93,319</u>	7,01,25,775
Exchange Fluctuation Loss (net)		50,03,209		3,47,51,836
Premium on Redemption of Preference Share Capital		2,50,000		7,50,000
Bank Charges		1,23,37,774		1,43,90,707
		<u>11,71,68,738</u>		<u>12,00,18,318</u>



**SCHEDULES (contd.)**

(Amount in Rs.)

	For the year ended 31st March, 2002	For the year ended 31st March, 2001
<b>SCHEDULE - XVI SELLING EXPENSES</b>		
Advertising	50,61,097	35,34,719
Meeting & Conferences	83,89,320	1,50,34,140
Sales Promotion	2,93,87,735	1,72,39,559
Freight & Cartage	1,70,53,712	1,74,58,161
Commission on Sales	86,65,589	1,00,01,153
Rent for Cold Storage & Depots	95,22,101	86,44,187
Marketing Expenses	4,01,28,148	3,36,92,964
	<u>11,82,07,702</u>	<u>10,56,04,883</u>
<b>SCHEDULE - XVII RESEARCH AND DEVELOPMENT EXPENSES</b>		
Raw Material & Packing Material consumed	66,68,944	40,83,293
Stores & Spares consumed	31,16,009	29,76,676
Processing Charges	-	5,070
Salary, Wages & Bonus	1,93,68,154	97,24,798
Contribution to Provident & other Funds	7,43,296	3,46,890
Staff Welfare Expenses	20,89,441	11,76,663
Analytical Testing & Trial Charges	2,00,16,471	74,01,303
Rent	3,63,760	2,62,536
Directors' Remuneration	15,00,000	15,00,000
Printing & Stationary	3,89,025	3,05,380
Postage & Communication	6,79,760	4,65,727
Insurance	89,654	26,007
Travelling Expenses	46,24,948	40,41,643
Books & Periodicals	2,80,731	5,16,359
Legal & Professional Expenses	4,01,130	3,23,909
Vehicle Running & Maintenance	12,02,342	14,59,306
Repair & Maintenance:		
Buildings	3,35,431	1,28,709
Plant & Machinery	13,83,034	3,89,778
Others	5,17,069	8,41,677
	<u>22,35,534</u>	<u>13,60,164</u>
Rates, Fees & Taxes	22,135	9,575
Doantion	10,10,000	10,000
Subscription	4,55,107	1,80,252
Electricity & Water Charges	16,72,581	17,54,438
Meeting & Conferences	7,47,556	11,09,809
Staff Training & Recruitment	2,15,661	1,36,535
Bank Charges	1,57,357	3,56,490
Depreciation	1,87,18,457	1,98,44,711
Sundry Expenses	2,17,541	3,34,972
	<u>8,69,85,594</u>	<u>5,97,12,506</u>



## SCHEDULES (contd.)

### SCHEDULE XVIII - SIGNIFICANT ACCOUNTING POLICIES & 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 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 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.

##### 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 carried forward and is allocated to Fixed Assets 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 is provided (except in case of software & website, patents, trade marks & copyrights) on written down value method as per rates and manner prescribed in Schedule XIV to the Companies Act, 1956.

b) Depreciation on intangibles are provided as follows:-

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

##### 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.

##### 10) DEFERRED REVENUE EXPENDITURE

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



## SCHEDULES (contd.)

### 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, Work in process, Goods held for resale, Raw Materials, Packing Materials and Stores & Spares	-	At lower of cost or net realisable value
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'Cost' of Raw Materials, Packing materials and Stores & Spares is arrived at by using 'First-in-first out' method.

Cost of stock in process & 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 has been provided on Written Down Value method as per rates and manner prescribed in Schedule XIV to the Companies Act, 1956.

### 15) EMPLOYEE TERMINAL BENEFITS

a) **Provident Fund and ESI:** Company's contribution to defined contribution schemes such as Provident Fund and ESI is 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.

b) **Gratuity:** Provision for Gratuity has been made on the basis of actuarial valuation made by an independent actuary as of the balance sheet date.

c) **Leave Encashment:** The provision for leave encashment benefit to the employees as per Company's policy has been 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 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 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.

### 17) 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/virtual 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 subsequently enacted at the balance sheet date.



**SCHEDULES (contd.)**

**B. NOTES TO ACCOUNTS**

**1. (a) Contingent Liabilities**

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
i.	For bank guarantees outstanding	76,39,325	12,08,000
ii.	Outstanding Letters of Credit	3,02,86,232	69,29,000
iii.	Disputed demands/ show-cause notices under sales tax, customs & excise	1,30,07,489	1,87,14,639
iv.	Labour cases	11,29,408	--
v.	Claims against the company not acknowledged as debt	58,69,000	58,69,000
vi.	Differential Custom Duty for imports under EPCG scheme	68,43,028	80,05,977

(b) The Custom Department has raised a demand of Rs.79,06,405 and also levied penalty of Rs.75,00,000 due to disputes in classification of Tariff. The Company has paid but has disputed these demands and has filed an appeal against such demands. Pending decision, the amount of penalties demanded (Rs.75,00,000) is considered as an 'advance recoverable in cash or in kind'.

(c) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for amounts to Rs. 68,90,116 (Previous Year Rs. 3,95,97,893). The contracts for purchase of capital machinery include only the CIF value of machinery.

2. Capital work in progress includes expenditure amounting to Rs. 36,79,65,768 incurred on Company's vaccine plant at Lalru (Punjab). The plant was ready for use on 8<sup>th</sup> Feb'02, but could not be put to use pending receipt of necessary regulatory approvals. Accordingly, the pre-operative expenses have been allocated upto the period 8<sup>th</sup> Feb '02 to the vaccine plant amounting to Rs. 3,56,08,277 (Previous year Rs. 23,90,130). Detail of such pre-operative expenditure is as follows.

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
	Opening Balance	23,90,130	-
i.	Traveling & Conveyance Expenses	2,75,954	10,31,081
ii.	Rent	6,14,839	6,35,161
iii.	Legal & Professional Charges	56,721	2,25,149
iv.	Repairs & Maintenance – Machinery	3,76,309	1,59,520
v.	Repairs & Maintenance – Building	2,10,993	27,088
vi.	Repairs & Maintenance – Others	63,258	45,336
vii.	Insurance	-	80,300
viii.	Electricity & Water Charges	1,42,70,643	68,685
ix.	Printing & Stationery	21,905	15,094
x.	Postage & Communication	27,590	35,318
xi.	Rates, Fees & Taxes	1,67,641	4,000
xii.	Repair & Maintenance – Others	84,839	63,398
xiii.	Salary & wages	49,35,555	-
xiv.	Staff Welfare	11,70,114	-
xv.	Material consumed	20,82,909	-
xvi.	Vehicle maintenance	30,608	-
xvii.	Technology Know-how	47,72,209	-
xviii.	Interest on Fixed Loan	6,81,268	-
xix.	Interest Others	32,49,882	-
xx.	Sundry Expenses	1,24,910	-
	<b>Total</b>	<b>3,56,08,277</b>	<b>23,90,130</b>



**SCHEDULES (contd.)**

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

(Amount in Rs.)

Particulars	Current Year	Previous Year
<b>Managing / Joint Managing Directors / Whole Time Directors</b>		
Salary	1,95,00,000	2,10,00,000
Royalty	7,00,000	7,00,000
Perquisites	16,68,222	6,75,000
<b>Total</b>	<b>2,18,68,222</b>	<b>2,23,75,000</b>
<b>Non Working Directors</b>		
Allowances	8,44,233	-
Sitting Fees	2,90,000	30,000
<b>Total</b>	<b>11,34,233</b>	<b>30,000</b>
<b>Grand Total</b>	<b>2,30,02,455*</b>	<b>2,24,05,000</b>

**\*Notes:**

1. Provision for Leave Encashment and Gratuity amounting to Rs. 39,55,707 and Rs. 55,37,152 respectively made during the year has not been included above.
2. The remuneration of Rs.10,65,308 paid to Joint Managing Directors of the Company is subject to approval of the Shareholders.
3. Perquisites amounting to Rs. 14,85,692 have been included under various heads of expenses.
4. Royalty amounting to Rs.7,00,000 is included in wages under cost of production.

(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)	406,389,670	39,58,67,675
Add:		
Depreciation (including on R&D assets)	6,51,99,780	58,783,051
Directors' Remuneration	2,30,02,455	2,24,05,000
Provision for Bad Debts and advances	39,66,840	40,14,915
<b>Total</b>	<b>49,85,58,745</b>	<b>48,10,70,641</b>
Less:		
Depreciation under section 350	6,51,99,780	5,87,83,051
Net profit in accordance with section 349 of Companies Act,1956	43,33,58,965	42,22,87,590
Maximum amount permissible under section 309 of the Companies Act,1956	4,33,35,897	4,22,28,759

4. 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.	2,37,468	-
Canton Laboratories	57,066	-
Sukkan Industries	699	-
Snap Natural & alginate products	-	1,005
<b>Total</b>	<b>2,95,233</b>	<b>1,005</b>

5. Fixed deposits of the value of Rs.31,51,508 (previous year Rs.69,30,000) are pledged with banks as Margin Money for Letters of Credit and Bank Guarantees and fixed deposits of the value of Rs.1,59,99,758 (previous year Rs.98,24,340) are pledged with various Government Authorities.



**SCHEDULES (contd.)**

6. The Profit/Loss on sale of Raw Material & Packing Material has been adjusted in Raw Material consumption.
7. In the opinion of the management, all the current assets, 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	24,93,02,010	22,87,84,274
	Less: Dividend (including dividend tax) on Preference Shares	84,48,771	1,02,67,121
	Net profit after tax available for Equity Shareholders	24,08,53,239	21,85,17,153
b.	Calculation of Weighted Average Number of Equity Share of Rs.10 each		
	Number of shares at the beginning of the year	57,07,660	57,07,660
	Total number of equity share outstanding at the end of the year	57,07,660	57,07,660
c.	Basic Earnings per Share	42.20	38.28
d.	Diluted Earnings per Share	42.20	38.28

9. **Deferred Tax Liabilities (Net):**

In accordance with Accounting Standard 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has provided for deferred tax during the year. This change in the accounting policy has resulted in a credit to deferred tax of Rs.61,28,862 for the year and the profit after tax for the year is higher by the same amount.

Further, the net deferred tax liability pertaining to the period prior to March 31, 2001, amounting to Rs.7,96,43,147 has been recognised by adjustment to General Reserve.

As a result of above the Reserve and Surplus as at 31<sup>st</sup> March, 2002 is lower by Rs.7,35,14,285. Details of calculation of Deferred tax for the year and upto 31<sup>st</sup> March, 2002 are as below:

(Amount in Rs.)

Nature of Timing Differences	Deferred Tax Asset/(Liability) as at 01.04.2001	Current year (Charges)/Credit	Deferred Tax Asset/(Liability) as at 31.03.2002
Depreciation	(8,17,35,932)	72,17,721	(7,45,18,211)
Deferred Revenue Expenses	(15,37,840)	(66,92,249)	(82,30,089)
Disallowance under Section 43B	33,50,846	55,44,830	88,95,676
Others	2,79,779	58,560	3,38,339
<b>Total</b>	(7,96,43,147)	61,28,862	(7,35,14,285)

10. **Related Party Disclosures**

A. **List of Related Parties**

(a) **Joint Venture**

(b) **Subsidiaries**

Panheber Biotec Pvt. Ltd.

Jiva Life Sciences Limited (formerly known as Maxwell Impex (India) Limited)

Radicura & Co. Limited

Tayonics Limited

Nuphar Alipro Limited (investment sold during the year to a Director)



**SCHEDULES (contd.)**

**(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
Shri J.B. Jain	-	Whole Time Director (in 2000-01 only)

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

Key Management Personnel	Father	Mother	Wife	Brother	Sister	Son	Daughter	Associates
<b>Soshil Kumar Jain</b>			Nirmala Jain	Surinder Kumar Jain	Bimla Devi Jain	Ravinder Jain Rajesh Jain Sandeep Jain	Rashmi Jain Renu Jain	Soshil Kumar Jain (HUF), Radhika Associates
<b>Ravinder Jain</b>	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.
<b>Rajesh Jain</b>	Soshil Kumar Jain	Nirmala Jain	Meena Jain	Ravinder Jain Sandeep Jain	Rashmi Jain Renu Jain	Ankesh Jain Harshit Jain Taric Jain	None	Rajesh Jain (HUF), Rattan Sons
<b>Sandeep Jain</b>	Soshil Kumar Jain	Nirmala Jain	Pamilla Jain	Ravinder Jain Rajesh Jain	Rashmi Jain Renu Jain	Tanish Jain	Priyanaka Jain	Sandeep Jain (HUF), Tahir & Co.
<b>Ashwani Jain</b>		Laxmi Jain	Rashmi Jain		Anita Jain			

**(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) Mala Jain	-	wife of Shri J.B. Jain (Key management personnel in 2000-01 only)
(iv) Rohit Jain & Richa Jain	-	son & daughter of Shri J.B. Jain (Key management personnel in 2000-01 only)



## SCHEDULES (contd.)

### B. Details of Transactions with the Related Parties

(Amount in Rs.)

Particulars	Subsidiaries	Joint Ventures	Key Management Personnel	Relatives and Associates of Key Management Personnel	Total
Purchase of Materials/Finished Goods (net)	91,437 (41,86,33,010)	- (-)	- (-)	- (-)	91,437 (41,86,33,010)
Sale of Finished Goods (Net of Credit Notes)	2,84,63,500 (2,13,09,505)	- (-)	- (-)	- (-)	2,84,63,500 (2,13,09,505)
Fresh Equity placed in Subsidiary Company	55,51,800 (1,14,00,000)	- (-)	- (-)	- (-)	55,51,800 (1,14,00,000)
Consignment Sales Commission	4,80,503 (3,43,902)	- (-)	- (-)	- (-)	4,80,503 (3,43,902)
Outstanding Receivables	18,22,363 (61,56,266)	1,70,056 (93,985)	- (-)	- (-)	19,92,419 (62,50,251)
Rent Paid	28,80,000 (9,60,000)	- (-)	- (-)	- (-)	28,80,000 (9,60,000)
Rent Received	- (-)	14,000 (-)	- (-)	- (-)	14,000 (-)
Remuneration	- (-)	- (-)	2,18,68,222 (2,23,75,479)	2,04,634 (1,35,300)	2,20,72,856 (2,25,10,779)
Interest Expense on Fixed Deposits	- (-)	- (-)	14,70,822 (-)	16,79,667 (-)	31,50,489 (-)
Sale of a subsidiary	- (-)	- (-)	50,000 (-)	- (-)	50,000 (-)
Outstanding fixed deposits	- (-)	- (-)	2,41,00,000 (-)	1,15,50,000 (-)	3,56,50,000 (-)
Dividend Paid - Preference shares	- (-)	- (-)	30,98,973 (16,11,268)	54,72,535 (45,26,610)	85,71,508 (61,37,878)
Dividend Paid - Equity Shares	- (-)	- (-)	2,02,03,530 (1,03,68,750)	2,45,51,190 (1,23,33,050)	4,47,54,720 (2,27,01,800)
Investments	4,75,97,150 (4,20,95,350)	41,97,670 (41,97,670)	- (-)	- (-)	5,17,94,820 (4,62,93,020)

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 Vaccine, Formulation 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.



## SCHEDULES (contd.)

### A. INFORMATION ABOUT PRIMARY SEGMENTS

(Amount in Rs.)

Particulars	Formulation	Research & Development	Vaccine	Total
<b>Revenue</b>				
External sales (net of excise duty)	79,74,67,931	-	194,17,86,333	273,92,54,264
Other Income	1,53,11,022	14,51,198	65,34,485	2,32,96,705
<b>Total</b>	<b>81,27,78,953</b>	<b>14,51,198</b>	<b>194,83,20,818</b>	<b>276,25,50,969</b>
Segment Result	12,27,84,815	(8,62,34,394)	57,51,40,807	61,16,91,228
Unallocated Corporate Expenses				8,89,98,304
<b>Operating Profit</b>	<b>12,27,84,808</b>	<b>(8,62,34,394)</b>	<b>57,51,40,807</b>	<b>52,26,92,924</b>
Interest & Finance charges				(11,71,68,738)
Other Income				8,65,486
Income Taxes				(15,70,87,662)
<b>Net Profit</b>				<b>24,93,02,010</b>
<b>Other Information</b>				
Segment Assets	67,91,53,899	16,42,54,804	128,85,72,874	213,19,81,577
Unallocated Corporate Assets				40,63,72,246
<b>Total Assets</b>				<b>253,83,53,823</b>
Segment Liabilities	(10,67,37,987)	(32,22,880)	28,34,75,505	(39,34,36,372)
Unallocated Corporate Liabilities				(124,20,68,442)
<b>Total Liabilities</b>				<b>(163,55,04,814)</b>
Capital Expenditure – Additions	4,43,47,495	1,68,26,408	1,11,24,933	
Depreciation	2,44,94,660	1,87,18,457	1,11,53,638	

### B INFORMATION ABOUT SECONDARY SEGMENTS

- a) Revenue as per Geographical Markets (Amount in Rs.)
- |   |                      |
|---|----------------------|
| India (including deemed exports Rs.176,02,13,147) | 265,41,58,692        |
| Outside India                                     | 8,50,95,572          |
| <b>Total</b>                                      | <b>273,92,54,264</b> |
- 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: -

	(Amount in Rs.)
a) Within 1 Year	1,53,35,585
b) Later than 1 year but not later than 5 years	2,41,64,235
c) Later than 5 years	-
<b>Total</b>	<b>3,94,99,820</b>

Total lease payments recognized in the statement of Profit & Loss Account amounts to 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: -

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

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

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



## SCHEDULES (contd.)

14. The Company's interest in 50% Joint Venture Company namely Panhaber Biotec Private Limited is as follows:  
Assets – Rs 48,14,879, Current Liabilities – Rs 2,55,966, Total Income – Rs.4,29,037 and Expenses– Rs.62,858.
15. Additional information as required under Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

### A. Particulars of Licensed Capacity, Installed Capacity & Production.

a) Licensed capacity – Not Applicable.

b) Installed Capacity per annum

Products	Units of Measure	Current year	Previous Year
Tablets	Nos./ Lac	5,500.00	5,500.00
Capsules	Nos. / Lac	900.00	900.00
Syrups/Liquids	Bottles / Lac	37.50	37.50
Gels	Tubes / Lac	42.00	42.00
Vaccine	Doses / Lac	7,200.00	7,200.00

c) Actual Production during the year

Products	Units of Measure	Current year*	Previous Year*
Tablets	Nos.	26,09,35,318	30,41,86,597
Capsules	Nos.	1,68,51,660	4,49,09,638
Syrups/Liquids	MI.	29,87,10,060	26,68,71,920
Gels	Gms.	2,79,50,560	2,65,38,680
Vaccine	Vials	2,42,60,912	1,98,23,425

\* 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	
<b>a) Own Manufacturing :</b>									
Tablets	Nos.	11,22,61,599	8,16,05,664	9,23,15,840	11,22,61,599	59,02,706	2,06,01,601	27,49,78,371	25,29,29,061
	In Rs.	8,96,79,658	8,95,48,531	8,43,72,210	8,96,79,658	-	-	52,89,16,145	44,93,62,886
Capsules	Nos.	1,90,12,034	2,82,28,880	30,59,350	1,90,12,034	30,36,890	48,51,764	2,97,67,454	4,92,74,720
	In Rs.	2,92,28,183	1,43,74,119	1,19,61,490	2,92,28,183	-	-	4,90,89,493	5,80,97,952
Syrup / Liquids	MI.	8,55,99,850	7,17,08,010	8,92,34,240	8,55,99,850	1,25,62,020	2,29,61,220	28,25,13,650	23,00,18,860
	In Rs.	2,61,71,747	1,59,93,214	2,20,16,996	2,61,71,747	-	-	10,60,90,087	11,46,99,305
Gels	Gms.	79,32,795	51,60,745	1,15,06,110	79,32,795	21,24,145	15,13,230	2,22,53,100	2,22,53,400
	In Rs.	41,79,166	28,50,706	71,18,359	41,79,166	-	-	2,06,55,512	2,00,64,437
Vaccine (Vials)	Nos.	2,74,367	3,71,992	3,61,746	2,74,367	72,997	1,08,152	2,41,00,536	1,98,12,898
	In Rs.	5,50,02,228	10,88,53,110	3,98,90,489	5,50,02,528	-	-	194,17,86,333	140,47,73,508
<b>Total</b>	In Rs.	20,42,60,982	23,16,19,880	16,53,59,544	20,42,61,282	-	-	264,65,37,570	204,69,98,088
<b>b) Trading Activities :</b>									
Tablets	Nos.	-	-	22,84,184	-	6,94,000	-	22,81,350	-
	In Rs.	-	-	17,13,668	-	-	-	84,89,971	-
Capsules	Nos.	77,57,395	58,15,218	99,51,984	77,57,395	13,60,231	47,50,128	1,70,89,368	1,63,06,955
	In Rs.	2,50,36,573	1,83,65,000	3,17,36,517	2,50,36,573	-	-	16,67,78,701	20,81,68,244
Injections	Nos.	67,161	1,04,206	61,671	67,161	89,290	26,527	1,09,842	2,07,768
	In Rs.	40,50,648	55,46,000	24,26,244	40,50,648	-	-	1,13,62,771	1,59,39,813
<b>Total</b>	In Rs.	2,90,87,221	2,39,11,000	3,58,76,430	2,90,87,221	-	-	18,66,31,443	22,41,08,057
<b>Grand Total</b>	In Rs.	23,33,48,503	25,55,30,880	20,12,35,974	23,33,48,503	-	-	283,31,69,013	227,11,06,145



## SCHEDULES (contd.)

### C. Purchase of Finished goods

(Amount in Rs.)

		Current Year	Previous Year
Tablets	Nos.	52,59,534	—
	In Rs.	39,03,600	—
Capsules	Nos.	2,06,44,188	2,29,99,260
	In Rs.	7,78,13,777	12,07,48,458
Injections	Nos.	1,93,642	1,97,250
	In Rs.	69,36,645	66,68,289
<b>Total</b>	In Rs.	<b>8,86,54,022</b>	<b>12,74,16,747</b>

### D. Consumption of Raw material & Packing material

(Amount in Rs.)

Products	Qty. (In doses)	Current Year		Previous Year	
		Value	Qty. (In doses)	Value	Value
Polio Virus	47,91,72,943	108,69,08,263	38,05,52,667	54,92,05,000	
Others		40,01,13,355		47,18,75,983	
<b>Total</b>		<b>148,70,21,618</b>		<b>102,10,80,983</b>	

### E. Value of Import on CIF basis

Particulars	Current Year	Previous Year
Raw Material & Packing Material	151,23,21,611	84,65,18,000
Capital Goods Machinery & spares	6,15,82,474	6,92,33,340
Finished Goods	19,26,674	17,38,980

### F. Expenditure in Foreign Currency

Particulars	Current Year	Previous Year
Patents, trade mark & product registration	1,09,79,233	1,18,54,743
Interest	80,95,208	1,89,32,022
Professional & Consultation fees (net of tax)	39,96,174	17,30,561
Other Expenses	3,05,17,109	3,72,75,377

### G. Earnings in Foreign Exchange

F.O.B. value of Export (including deemed export Rs.176,02,13,147 (Previous Year Rs.91,31,52,908))	183,03,95,586	106,71,14,143
Interest on Exchange Earners Foreign Currency Deposits	Nil	95,79,000

### H. Value of Imported/Indigenous Raw Material & Packing Material consumed

Particulars	Current Year		Previous Year	
	Amount in Rs.	% age	Amount in Rs.	% age
Indigenous	22,21,44,947	14.94	27,26,11,292	26.70
Imported	126,48,76,671	85.06	74,84,69,691	73.30
<b>Total</b>	<b>148,70,21,618</b>	<b>100.00</b>	<b>102,10,80,983</b>	<b>100.00</b>

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 attached report of even date

**S.R. Batliboi & Associates**

Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**

Chairman

**RAVINDER JAIN**

Managing Director

**I.K. SHARMA**

D.G.M. - Finance & Accounts

**VINOD GOEL**

Company Secretary

**ADDITIONAL INFORMATION**

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

<b>1) Registration Details</b>			
Registration No.	22350	State Code	16
Balance Sheet Date	31/03/2002		
<b>2) Capital Raised during the year</b> (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>3) Position of mobilization and deployment of Funds</b> (Amount in Rs. Thousands)			
Total Liabilities	20,11,935	Total Assets	20,11,935
<b>Source of Funds</b>			
Paid up Capital	1,20,134	Reserves & Surplus	8,05,768
Secured Loan	7,25,358	Unsecured Loans	3,60,674
<b>Application of Funds</b>			
Net Fixed Assets	8,93,454	Investments	52,639
Net Current Assets	11,16,302	Misc. Expenditure (to the extent not W/off)	23,053
Accumulated Losses	Nil		
<b>4) Performance of Company</b> (Amount in Rs. Thousands)			
Turnover	27,39,254	Total Expenditure	23,25,091
Profit/Loss Before Tax	4,06,390	Profit/Loss after Tax	2,49,302
Earnings per share (Rs.)	42.20	Dividend @	100%
<b>5) Generic Name of Three Principal Products/ Services of Company</b>			
Item Code No. (ITC Code)	300220		
Product Description	VACCINE-POLIO		
Item Code No. (ITC Code)	300290		
Product Description	VACCINE-HEPPT.		
Item Code No. (ITC Code)	3003.2		
Product Description	NIMUSLIDE TAB		

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman

**RAVINDER JAIN**  
Managing Director

**I.K. SHARMA**  
D.G.M. - Finance & Accounts

**VINOD GOEL**  
Company Secretary

Place : New Delhi  
Date : 27th June, 2002



## CASH FLOW STATEMENT

Annexed to the Balance Sheet for the year ended  
31st March, 2002

(Amount in Rs.)

	Current Year	Previous Year
<b>A. Cash flow from operating activities</b>		
<b>Net operating profit before tax</b>	<b>40,63,89,672</b>	<b>426,092,674</b>
Adjustments for:		
Depreciation	6,51,99,779	5,87,83,051
Interest Expenses	9,95,77,755	7,01,25,775
Provision for Doubtful Debts & Advances	39,66,840	40,14,915
Interest Income	(28,74,605)	(54,76,924)
Dividend Received	(32,830)	(56,280)
Loss on sale of Fixed Assets	1,70,422	1,26,746
Profit on sale of investment in a Subsidiary Company	-	(3,02,25,000)
Increase in Deferred Revenue expenditure	(2,18,97,144)	(53,84,594)
Deferred Revenue Expenditure written off during the year	31,51,348	10,77,247
<b>Operating profit before working capital changes</b>	<b>55,36,51,237</b>	<b>9,29,84,936</b>
Decrease in Trade and Other Receivables	17,48,05,429	(31,52,87,617)
Increase in Inventories	(25,51,10,527)	(13,35,01,765)
Increase in Trade Payables	17,76,94,080	4,00,30,977
<b>Cash generated from operations</b>	<b>65,10,40,219</b>	<b>11,03,19,205</b>
Net Direct Taxes paid	(18,57,63,192)	(14,06,41,976)
<b>Net cash from operating activities</b>	<b>46,52,77,027</b>	<b>(3,03,22,771)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets	(39,53,55,876)	(21,63,14,319)
Investments made in Subsidiary Company	(55,51,800)	(3,32,38,300)
Sale of investment in Subsidiary Company	50,000	3,44,09,000
Sale of Fixed Assets	17,83,716	5,21,000
Interest Received	28,74,605	54,76,924
Dividend Received	32,830	56,280
<b>Net cash used in investing activities</b>	<b>(39,61,66,525)</b>	<b>(20,90,89,415)</b>
<b>Net cash from operating and investing activities</b>	<b>6,91,10,502</b>	<b>(23,94,12,186)</b>
<b>C. Cash flow from financing activities</b>		
Repayment of Preference Share Capital	(50,00,000)	(3,20,35,000)
Net increase in Working Capital Borrowings	8,97,80,502	7,68,54,781
Net increase in Long Term Borrowings	25,05,50,000	(3,83,40,000)
Interest paid	(10,04,99,971)	(6,81,20,218)
Net increase in Deposits & Borrowings	3,00,000	33,80,000
Dividend & Tax on Dividend paid	(7,54,93,465)	(3,65,17,856)
<b>Net Cash from financing activities</b>	<b>1,59,637,066</b>	<b>(9,47,78,293)</b>
<b>Net cash from operating, investing &amp; financing activities</b>	<b>22,87,47,568</b>	<b>(33,41,90,479)</b>
<b>Net increase in Cash &amp; Cash equivalent</b>	<b>22,87,47,568</b>	<b>(33,41,90,479)</b>
<b>Opening balance of Cash &amp; Cash equivalent</b>	<b>13,72,07,062</b>	<b>47,13,97,541</b>
<b>Closing balance of Cash &amp; Cash equivalent</b>	<b>36,59,54,630</b>	<b>13,72,07,062</b>

We have examined the attached Cash Flow Statement of Panacea Biotec Limited for the year ended 31st March, 2002. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of even date to the members of the Company.

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman

**RAVINDER JAIN**  
Managing Director

**I.K. SHARMA**  
D.G.M. - Finance & Accounts

**VINOD GOEL**  
Company Secretary

As per our attached report of even date

**S.R. Batliboi & Associates**

Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002



## 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 31<sup>st</sup> March 2002 and the Consolidated Profit and Loss Account for the year then ended.

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 Domestic Subsidiaries and Joint Venture, net assets of Rs. 2,92,41,251 as at 31<sup>st</sup> March, 2002 and revenues of Rs.6,07,59,928 for the year ended on 31<sup>st</sup> March, 2002.
- (b) In case of the overseas subsidiary (Tayonics Limited), net assets of Rs. 1,36,07,061 as at 31<sup>st</sup> December, 2001 and revenues of Rs.64,54,616 for the year ended 31<sup>st</sup> December, 2001. *Financial statements of the overseas subsidiary are unaudited and have been consolidated based on management accounts.*
- (c) *Save and except as stated in (b) above, other Subsidiaries 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, *subject to consolidation of unaudited results of overseas subsidiary as discussed in (b) above*, 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 31<sup>st</sup> March, 2002, 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.

**S.R.Batliboi & Associates**  
Chartered Accountants  
Per

**Anil Gupta**  
Partner

Place : New Delhi  
Date: 27<sup>th</sup> June, 2002



## CONSOLIDATED BALANCE SHEET

As at 31st March, 2002

(Amount in Rs.)

	Schedule		As at 31st March, 2002
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	I	12,01,34,166	
Reserves & Surplus	II	80,64,52,695	92,65,86,861
<b>Minority Interest</b>			
Equity		800	
Reserves		4,206	5,006
<b>Loan Funds</b>			
Secured Loans	III	72,53,57,908	
Unsecured Loans	IV	36,06,74,372	1,08,60,32,280
<b>Total</b>			<b>201,26,24,147</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	V	68,20,95,675	
Less : Depreciation		23,68,98,203	
Net Block		44,51,97,472	
Capital Work-in-Progress (including Pre-operative expenditure) (Refer Note no.B3 of Schedule XVIII)		47,38,73,170	91,90,70,642
<b>Investments</b>	VI		9,44,200
<b>Current Assets, Loans &amp; Advances</b>			
<b>Current Assets</b>			
Inventories		83,32,03,486	
Sundry Debtors		29,71,13,908	
Cash & Bank Balances		38,73,99,586	
Other Current Assets		1,88,49,615	
<b>Loans and Advances</b>		8,67,61,910	
Sub-total (A)		162,33,28,505	
Less : <b>Current Liabilities &amp; Provisions</b>	VIII		
Current Liabilities		39,85,89,922	
Provisions		8,13,46,273	
Sub-total (B)		47,99,36,195	
<b>Net Current Assets (A) - (B)</b>			114,33,92,310
<b>Deferred Tax Liability (Net)</b> (Refer note no.B9 of Schedule XVIII)			(7,38,69,168)
<b>Miscellaneous Expenditure</b>	IX		2,30,86,163
(To the extent not written off or adjusted)			
<b>Total</b>			<b>201,26,24,147</b>
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 & Associates**

Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**

Chairman

**RAVINDER JAIN**

Managing Director

**I.K. SHARMA**

D.G.M. - Finance & Accounts

**VINOD GOEL**

Company Secretary



## CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2002

(Amount in Rs.)

	Schedule	For the year ended 31st March, 2002	
<b>INCOME</b>			
Sales (Net of discounts)		286,68,34,295	
Less : Excise Duty		9,39,14,749	
Other Income	X		277,29,19,546
Increase/(Decrease) in Stocks	XI		2,57,89,013
<b>Total Income</b>			<b>(3,29,89,531)</b>
<b>EXPENDITURE</b>			
Cost of Production	XII		153,53,41,973
Purchases			11,93,97,876
Personnel Expenses	XIII		16,18,96,348
Administrative Expenses	XIV		16,66,50,267
Interest & Finance Charges	XV		11,65,46,783
Selling Expenses	XVI		11,77,50,779
Research & Development Expenses	XVII		8,69,85,594
Miscellaneous Expenditure written off during the year (including share of Joint Venture Rs.2,980)			31,58,272
Depreciation			5,63,16,607
<b>Total Expenditure</b>			<b>236,40,44,499</b>
<b>Operating Profit before Tax</b>			<b>40,16,74,529</b>
Profit on Sale of Investment in Subsidiary			-
<b>Profit Before Tax</b>			<b>40,16,74,529</b>
Provision for Income Tax (including share of Joint Venture Rs.1,56,150)			15,25,52,950
Provision for Income Tax for earlier years (including share of Joint Venture Rs.14,111)			1,22,19,778
Deferred Income Tax (Refer note no. B9 of Schedule XVIII)			(61,44,587)
<b>Profit After Tax</b>			<b>24,30,46,388</b>
Less: Minority Share			680
<b>Net Profit</b>			<b>24,30,45,708</b>
<b>APPROPRIATION</b>			
Dividend - Equity Shares (subject to deduction of tax at source)			5,70,76,600
- Preference Shares			76,66,761
Dividend Tax			7,82,010
Transfer to Capital Redemption Reserve			50,00,000
Transfer to Debenture Redemption Reserve			-
Transfer to General Reserve			10,00,00,000
<b>Balance of Profit carried to Balance Sheet</b>			<b>7,25,20,337</b>
<b>Earning Per Share - Basic</b>			<b>41.10</b>
<b>Earning Per Share - Diluted</b>			<b>41.10</b>

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 & Associates**

Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman

**RAVINDER JAIN**  
Managing Director

**I.K. SHARMA**  
D.G.M. - Finance & Accounts

**VINOD GOEL**  
Company Secretary



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account

(Amount in Rs.)

As at  
31st March, 2002

### SCHEDULE - I SHARE CAPITAL

#### AUTHORISED

Comprising of

i) 1,25,00,000 Equity Shares of Rs.10/- each		12,50,00,000
ii) 1,00,00,000 Preference Shares of Rs.10/- each		10,00,00,000
		<u>22,50,00,000</u>

#### ISSUED, SUBSCRIBED & PAID UP

57,07,660 Equity Shares of Rs.10/- each	5,70,76,600	
Add: Forfeited Shares	92,566	5,71,69,166
(Out of the above Shares, 18,14,240 Equity Shares were issued as fully paid up Bonus Shares by capitalisation of General Reserves in earlier years)		
12% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each		
Series - I		
7,50,000 Preference Shares	75,00,000	
Series - II		
55,46,500 Preference Shares	5,54,65,000	6,29,65,000
		<u>12,01,34,166</u>

#### Notes :

1. RCPS Series - I redeemable with 2% Premium to be paid alongwith last instalment on initial allotted amount of Rs.5,00,00,000, as stated below:

Redemption Date	Amount in Rs.
21st May, 2002	25,00,000
25th June, 2002	25,00,000
21st May, 2003	12,50,000
25th June, 2003	12,50,000

RCPS Series - I Preference Shares as at 31st March, 2002 amounting to Rs.75,00,000 has been pre-paid in full on 20th April, 2002. The redemption premium @ 2% amounting to Rs.10,00,000 has been paid on 10th May, 2002.

2. RCPS Series - II redeemable at par at the end of five years from the date of allotment, with put option with Panacea Biotec Limited 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	2,75,56,000
30th July, 2004	46,02,000
19th Feb, 2005	2,33,07,000

### SCHEDULE - II RESERVES AND SURPLUS

#### 1) CAPITAL REDEMPTION RESERVE

Amount as per last Balance Sheet	4,45,35,000	
Add : Transfer from Profit & Loss A/c	50,00,000	4,95,35,000

#### 2) DEBENTURE REDEMPTION RESERVE

Amount as per last Balance Sheet	4,00,00,000	
Add : Transfer from Profit & Loss A/c	-	4,00,00,000

#### 3) SHARE PREMIUM

16,90,61,690

#### 4) GENERAL RESERVE

Amount as per last Balance Sheet	38,58,47,152	
Add : Transfer from Profit & Loss A/c	10,00,00,000	
Less: Deferred Tax Liability (Refer note no. B9 of Schedule XVIII)	(8,00,13,755)	40,58,33,397

#### 5) PROFIT & LOSS ACCOUNT

Amount as per last Balance Sheet (including share of Joint Venture Rs. 186,186)	6,95,02,271	
Add : Transfer from Profit & Loss A/c (including share of Joint Venture Rs. 1,95,918)	7,25,20,337	14,20,22,608
		<u>80,64,52,695</u>

**SCHEDULES**

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

(Amount in Rs.)

As at  
31st March, 2002

**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. 4,00,00,000

**2) TERM LOANS**

Industrial Development Bank of India (IDBI)  
(Repayable within one year Rs.1,49,95,000) 1,99,90,000

Export-Import Bank of India (EXIM Bank)  
Long-Term Working Capital Loan (Repayable within one year Rs. Nil) 11,25,00,000  
Production Equipment Finance Loan (Repayable within one year Rs. Nil) 7,50,00,000

**3) WORKING CAPITAL LOANS FROM SCHEDULED BANKS**47,78,67,90872,53,57,908**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 Panacea Biotec Limited 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 the Company's (Panacea Biotec Limited) 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 (Panacea Biotec Limited) Bankers for Working Capital Loans, beside first pari-passu charge on land admeasuring 96 bighas 19 biswas situated at village Samalheri and other immovable properties of the Company 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 Panacea Biotec Limited, both present and future and the first pari-passu charge by way of mortgage on immovable properties except those specifically charged with other lenders, is pending creation.
4. Working Capital Loans from Scheduled Banks are secured by 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 other movables of Panacea Biotec Limited besides second charge on the plant & machinery at all the divisions and immovable properties of Panacea Biotec Limited admeasuring 96 bighas 19 biswas situated at village Samalheri, Lalru and equitable mortgage by deposit of title deeds in respect of Company's (Panacea Biotec Limited) immovable property being land measuring 31 bighas 8 kils 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.
5. The above loans are also collaterally secured by personal guarantees of the Promoter-Directors of Panacea Biotec Limited.

**SCHEDULE - IV UNSECURED LOANS**

Fixed Deposits (including Rs.3,56,50,000 from Directors, their relatives & Associates)  
(Repayable within one year Rs.27,50,000) 8,58,00,000

Debentures : 10,00,000 - 12.20% Non-Convertible Debentures of face value of Rs.100/- each

**Institution Loans :**

Foreign Currency Loan from Industrial Development Bank of India 14,64,30,000  
(Entire amount has been repaid on 8th May, 2002)

Rupee Loan from Industrial Development Bank of India 14,64,30,000

Rupee Loan from IDBI Bank Ltd. (entire amount has been repaid on 19th April, 2002) 10,25,31,761

**Commercial Paper**

Long term Trade Deposits 2,59,12,611

36,06,74,372**Notes:**

1. Foreign Currency Loan and Rupee Loan from Industrial Development Bank of India is/was secured by irrevocable and unconditional personal guarantees of Promoter-Directors of Panacea Biotec Limited.
2. Maximum amount of Commercial Paper outstanding at any time during the year Rs. 10,00,00,000.

**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, 2001	Additions during the year	Sale during the Year	As at 31st March, 2002	As at 1st April, 2001	Provided during the year	Deductions & Adjustments during the year	As at 31st March, 2002	As at 31st March, 2002	As at 31st March, 2002
<b>Tangible Assets :</b>										
Land - Freehold	3,01,74,292	48,19,780	-	3,49,94,072	-	-	-	-	-	3,49,94,072
Land - Leasehold	-	63,70,863	-	63,70,863	-	46,275	-	46,275	46,275	63,24,588
Buildings	16,87,35,327	1,50,33,223	-	18,37,68,550	3,29,88,839	1,09,99,885	-	4,39,88,724	4,39,88,724	13,97,79,826
Plant & Machinery	21,98,41,838	3,45,47,566	4,27,584	25,39,61,820	6,88,75,543	2,65,36,248	59,477	9,53,52,314	9,53,52,314	15,86,09,506
Furniture & Fittings	2,00,89,671	71,49,545	-	2,72,39,216	75,04,148	30,42,715	-	1,05,46,863	1,05,46,863	1,66,92,353
Vehicles	4,37,52,062	1,84,10,292	48,02,397	5,73,59,957	2,38,78,109	89,23,018	34,05,704	2,93,95,423	2,93,95,423	2,79,64,534
Office Equipments	1,73,14,170	64,70,655	2,04,960	2,35,79,865	57,04,022	21,63,269	15,622	78,51,669	78,51,669	1,57,28,196
Computer Equipments	2,91,52,400	64,55,315	-	3,56,07,715	1,63,21,141	63,33,989	-	2,26,55,130	2,26,55,130	1,29,52,585
<b>Intangible Assets :</b>										
Goodwill	-	1,95,61,103	-	1,95,61,103	-	90,32,880	-	90,32,880	90,32,880	1,05,28,223
Softwares	-	50,15,623	-	50,15,623	-	10,03,125	-	10,03,125	10,03,125	40,12,498
Patents, Trademarks & Copyrights	3,09,71,279	36,65,612	-	3,46,36,891	1,00,72,139	69,53,661	-	1,70,25,800	1,70,25,800	1,76,11,091
<b>Total</b>	<b>56,00,31,039</b>	<b>12,74,99,577</b>	<b>54,34,941</b>	<b>68,20,95,675</b>	<b>16,53,43,941</b>	<b>7,50,35,065</b>	<b>34,80,803</b>	<b>23,68,98,203</b>	<b>44,51,97,472</b>	

**Notes**

- Freehold Land includes Perpetual leasehold land amounting to Rs.50,65,000 pending registration in the name of the Company.
- Building includes building amounting to Rs.53,15,568 pending registration in the name of the Company.
- Plant & Machinery includes Plant & Machinery amounting to Rs. 24,91,511.50 (Net Block) lying with outside party. M/s Jyoti Capsules (Jyoti Capsulation Pvt. Ltd.), Kamper, (U.P).
- Amortisation of goodwill includes amortisation amounting to Rs. 54,33,038 relating to earlier years.
- Depreciation for the year includes Depreciation on Research & Development Assets amounting to Rs. 1,87,18,457.



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

(Amount in Rs.)

As at  
31st March, 2002

### SCHEDULE - VI INVESTMENTS

#### Long Term Investments (quoted, at cost)

a) 46,900 Equity Shares of Rs.10/- each fully paid of IDBI Bank Ltd. Market Value Rs.12,80,370/-	8,44,200
b) 10,000 Equity Shares of Rs. 10/- each fully paid of Medicamen Biotech Ltd. Market Value Rs. 45,000/-	1,00,000
	<u>9,44,200</u>

### SCHEDULE - VII CURRENT ASSETS, LOANS & ADVANCES

#### A. CURRENT ASSETS

##### INVENTORIES

i) Raw & Packing Materials (including stock in transit amounting to Rs.27,12,735) (including lying with third party Rs. 18,98,918)	60,31,53,409	
ii) Finished Goods (including Stock in Transit amounting to Rs. 83,500)	20,51,42,117	
iii) Stock in Process	79,00,329	
iv) Store & Spares	1,70,07,631	83,32,03,486

##### SUNDRY DEBTORS (Unsecured, considered good, unless otherwise stated)

Over six months (including Rs.60,81,544 considered doubtful of recovery)	3,63,61,711	
Less: Provision for bad & doubtful debts	60,81,544	
	3,02,80,167	
Other Debts	26,68,33,741	29,71,13,908

##### CASH & BANK BALANCES

Cash in hand (including share of Joint Venture Rs. 70)	14,49,344	
Balances with Scheduled Banks :		
a) In Cash Credit Accounts	78,66,508	
b) In Current Accounts (including share of Joint venture Rs. 58,122)	4,46,92,083	
c) In Fixed Deposits (Refer note no. 85 of Schedule XVIII) (including share of Joint Venture Rs. 46,15,064)	22,39,30,551	
d) In Exchange Earner Foreign Currency Current Accounts	9,57,70,118	
Balances with non-scheduled Banks		
a) Bank of Foreign Trade - Moscow (maximum amount outstanding at any time during the year Rs. 5,02,128)	5,036	
b) Standard Chartered Bank Tanzania Ltd. (maximum amount outstanding at any time during the year Rs. 4,25,583)	78,885	
c) Lloyds TSB Bank, Isle of Man (maximum amount outstanding at any time during the year Rs. 1,36,07,061)	1,36,07,061	

Cheques in hand	-	38,73,99,586
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##### OTHER CURRENT ASSETS

DEPB & other export benefits receivables		1,88,49,615
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#### B. LOANS & ADVANCES (Unsecured, considered good, unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received	5,07,25,522	
Staff Loans & Advances (net of Rs.4,55,468 considered doubtful, which has been fully provided for)	92,32,646	
Security Deposits	1,18,92,080	
Advance Income Tax (net of tax provision)	64,32,276	
Balance with Excise Authorities	84,79,386	8,67,61,910
		<u>162,33,28,505</u>

**SCHEDULES**To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

(Amount in Rs.)

As at  
31st March, 2002**SCHEDULE - VIII CURRENT LIABILITIES & PROVISIONS****CURRENT LIABILITIES**

i) Acceptances	1,58,81,246	
ii) Creditors for goods, services & expenses		
Small Scale Industries	8,24,402	
Other Creditors (including share of Joint Venture Rs. 14,788)	36,80,21,711	
iii) Unclaimed Dividend		
Equity Shares	4,80,986	
Preference Shares	13,62,360	
iv) Other Liabilities (including share of Joint Venture Rs. 85,028)	70,71,651	
v) Book Overdraft	38,64,224	
vi) Interest accrued but not due on loans	10,83,342	
		39,85,89,922

**PROVISIONS**

i) Provisions for Wealth Tax	2,50,000	
ii) Provision for Income Tax (net of advance tax)	5,42,205	
iii) Dividend on Equity Shares	5,70,76,600	
iv) Dividend on Preference Shares	-	
v) Provision for Dividend Tax	-	
vi) Provision for Gratuity/Leave Encashment	2,34,77,468	
		8,13,46,273
		47,99,36,195

**SCHEDULE - IX MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

i) Product Registration Expenses		
As per last Balance Sheet	43,07,675	
Add : Additions during the year	76,22,144	
	1,19,29,819	
Less: Written off during the year	26,01,348	93,28,471
ii) License Fees for development of new products		
As per last Balance Sheet	-	
Add : Additions during the year	1,42,75,000	
	1,42,75,000	
Less: Written off during the year	5,50,000	1,37,25,000
iii) Preliminary Expenses		
As per last Balance Sheet (Including Share of Joint Venture Rs. 23,840)	39,616	
Less : Written off during the year (Including Share of Joint Venture Rs. 2,980)	6,924	32,692
		2,30,86,163



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

(Amount in Rs.)

For the year ended  
31st March, 2002

### SCHEDULE - X OTHER INCOME

Interest Received on Fixed Deposits & Others (Gross) (including share of Joint Venture Rs. 4,29,037) (Tax deducted at source Rs. 4,38,731)		41,66,286
Export Incentives		1,40,58,508
Dividened on Investments (Gross)		32,830
Miscellaneous balances/provisions written back		63,59,861
Sale of Scrap		21,156
Miscellaneous Receipts		11,50,372
		<u>2,57,89,013</u>

### SCHEDULE - XI INCREASE/(DECREASE) IN STOCK

#### CLOSING STOCK :

Finished Goods	20,51,42,117	
Stock in Process	<u>79,00,329</u>	21,30,42,446

#### Less : OPENING STOCK

Finished Goods	23,83,08,519	
Stock in Process	<u>77,23,458</u>	24,60,31,977
		<u>(3,29,89,531)</u>

### SCHEDULE - XII COST OF PRODUCTION

RawMaterial & Packing Material consumed		
Opening Stock	33,01,93,457	
Add: Material purchased during the Year	176,61,89,902	
	<u>209,63,83,359</u>	
Less: Sale during the year	62,08,332	
Less: Closing Stock	<u>60,31,53,409</u>	
	148,70,21,618	
Less: Material consumed for Research & Development	<u>66,68,944</u>	
Total Material consumed		148,03,52,674
Processing Charges		11,10,222
Analytical Testing & Trial Charges		49,79,841
Stores & Spares consumed (indigenous only)		37,88,321
Power & Fuel		1,08,15,990
Wages		1,71,85,133
Repair & Maintenance		
Factory Building	41,51,567	
Plant & Machinery	<u>52,77,276</u>	94,28,843
Rent Factory		76,80,950
		<u>153,53,41,974</u>

### SCHEDULE - XIII PERSONNEL EXPENSES

Salary & Wages (including share of Joint Venture Rs. 40,636)	13,62,05,866
Contribution to Provident and other Funds	87,77,753
Bonus & Ex-gratia	52,59,259
Staff Welfare Expenses	1,16,53,470
	<u>16,18,96,348</u>



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

(Amount in Rs.)

For the year ended  
31st March, 2002

### SCHEDULE - XIV ADMINISTRATIVE EXPENSES

Rent		39,16,293
Directors' Remuneration		1,91,16,764
Directors Sitting Fees		2,90,000
Printing & Stationery (including share of Joint Venture Rs. 55)		78,63,628
Postage & Communication Expenses		2,02,79,536
Insurance		88,07,063
Travelling & Conveyance Expenses		3,51,27,706
Books & Periodicals		16,97,404
Legal & Professional Charges (including share of Joint Venture Rs. 2,500)		2,00,60,057
Vehicle Running & Maintenance		59,19,740
Repair & Maintenance :		
Non factory Buildings	27,74,871	
Others	92,66,598	1,20,41,469
Auditors' Remuneration :		
Statutory Audit Fees (including share of Joint Venture Rs. 7,875)	12,34,625	
Tax Audit Fees	34,000	
Cost Audit Fees	12,500	
Certification, etc.	7,68,475	20,49,600
Rates, Fees & Taxes (including share of Joint Venture Rs. 1,813)		38,37,190
Donation		21,69,957
Subscription		10,20,099
Electricity & Water Charges		71,76,712
Staff Training & Recruitment		56,62,620
Sundry Expenses		54,77,167
Provision for Doubtful Debts		35,11,372
Provisions for Doubtful Advances		4,55,468
Loss on Sale of Fixed Assets		1,70,422
		<u>16,66,50,267</u>

### SCHEDULE - XV FINANCIAL EXPENSES

Interest on:		
Debentures/Other Fixed Loans	1,72,57,592	
Others	8,23,20,163	9,95,77,755
Exchange Fluctuation Loss (net)		43,75,857
Premium on Redemption of Preference Share Capital		2,50,000
Bank Charges		1,23,43,171
		<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, 2002

### SCHEDULE - XVI SELLING EXPENSES

Advertising	50,61,097
Meeting & Conferences	83,89,320
Sales Promotion	2,93,87,735
Freight & Cartage	1,70,77,292
Commission on Sales	81,85,086
Rent for Cold Storage & Depots	95,22,101
Marketing Expenses	4,01,28,148
	<u>11,77,50,779</u>

### SCHEDULE - XVII RESEARCH AND DEVELOPMENT EXPENSES

Raw Material & Packing Material consumed		
Opening Stock		
Raw Material & Packing Material	1,17,89,302	
Add: Material purchased during the Year	<u>1,17,89,302</u>	
	51,20,358	66,68,944
Less: Closing Stock of Raw Material & Packing Material		31,16,009
Stores & Spares consumed		1,93,68,154
Salary, Wages & Bonus		7,43,296
Contribution to Provident & other Funds		20,89,441
Staff Welfare Expenses		2,00,16,471
Analytical Testing & Trial Charges		3,63,760
Rent		15,00,000
Directors' Remuneration		3,89,025
Printing & Stationary		6,79,760
Postage & Communication		89,654
Insurance		46,24,948
Travelling Expenses		2,80,731
Books & Periodicals		4,01,130
Legal & Professional Expenses		12,02,342
Vehicle Running & Maintenance		
Repair & Maintenance:		
Buildings	3,35,431	
Plant & Machinery	13,83,034	
Others	<u>5,17,069</u>	22,35,534
Rates, Fees & Taxes		22,135
Donation		10,10,000
Subscription		4,55,107
Electricity & Water Charges		16,72,581
Meeting & Conferences		7,47,556
Staff Training & Recruitments		2,15,661
Bank Charges		1,57,357
Depreciation		1,87,18,457
Sundry Expenses		2,17,541
		<u>8,69,85,594</u>

## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)



### SCHEDULE XVIII - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (CONSOLIDATED FINANCIAL STATEMENTS)

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1) BASIS OF CONSOLIDATION

The consolidated financial statements of Panacea Biotec Limited and its majority-owned domestic and foreign subsidiaries and joint venture are prepared under historical cost convention in accordance with generally accepted accounting principles applicable 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 up to 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.

##### 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 Statements" 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 is provided (except in case of software & website, patents, trade marks & copyrights and goodwill) on written down value method as per rates and manner prescribed in Schedule XIV to the Companies Act, 1956.

b) Depreciation on intangibles is provided as follows: -

Software & Website	- Depreciated on Straight Line basis over a period of 5 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.

##### 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



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

acquisition are charged off over a period of five years beginning from the year of product registration.

b) Expenditure towards procuring license for development of 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, Work in process, Goods held for Resale, - At lower of cost or 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 & 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 and ESI:** Contribution to defined contribution schemes such as Provident Fund and ESI is 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.

b) **Gratuity:** Provision for Gratuity has been made on the basis of actuarial valuation made by an independent actuary as of the balance sheet date.

c) **Leave Encashment:** The provision for leave encashment benefit to the employees as per Company's policy has been 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 recorded 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.

### 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/virtual 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 subsequently enacted at the balance sheet date.



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

### B. NOTES TO ACCOUNTS

#### 1. List of Domestic and Foreign subsidiaries & Joint Venture considered for Consolidation:

Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting Power (%) as on March 31, 2002
i. Tayonics Limited	Subsidiary	U.K	100.00
ii. Jiva Life Sciences Limited (Formerly known as Maxwell Impex (India) Ltd.)	Subsidiary	India	99.97
iii. Radicura & Co. Ltd	Subsidiary	India	99.99
iv. Panheber Biotech Private Limited	Joint Venture	India	50.00 Joint Venture

The reporting date for all the above companies is March 31, 2002 except for Tayonics Limited for which the reporting date is December 31, 2001.

#### 2. (a) Contingent Liabilities

##### Particulars

(Amount in Rs.)

i. For bank guarantees outstanding	76,39,325
ii. Outstanding Letters of credit	3,02,86,232
iii. Disputed demands/ show-cause notices under sales tax, customs & excise	1,30,07,489
iv. Labour cases	11,29,408
v. Claims against the company not acknowledged as debt	58,69,000
vi. Differential Custom Duty for imports under EPCG scheme	68,43,028

(b) The Custom Department has raised a demand of Rs.79,06,405 on Panacea Biotech Limited (Company) and also levied penalty of Rs.75,00,000 due to disputes in classification of Tariff. The Company has paid but has disputed these demands and has filed an appeal against such demands. Pending decision, the amount of penalties demanded (Rs.75,00,000) is considered as an 'advance recoverable in cash or in kind'.

(c) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for amounts to Rs.68,90,116. The contracts for purchase of capital machinery include only the CIF value of machinery.

3. Capital work in progress includes expenditure amounting to Rs.36,79,65,768 incurred on vaccine plant of Panacea Biotech Limited at Lalru (Punjab). The plant was ready for use on 8<sup>th</sup> Feb'02, but could not be put to use pending receipt of necessary regulatory approvals. Accordingly, the pre-operative expenses have been allocated upto the period 8<sup>th</sup> Feb '02 to the vaccine plant amounting to Rs.3,56,08,277. Details of such pre-operative expenditure is as follows.

##### Particulars

(Amount in Rs.)

Opening Balance	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. Material 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
<b>Total</b>	<b>3,56,08,277</b>



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

#### 4. Directors' Remuneration:

(Amount in Rs.)

Particulars	Current Year
<b>Managing / Joint Managing Directors / Whole Time Directors</b>	
Salary	1,95,90,000
Royalty	7,00,000
Perquisites	16,68,222
<b>Total</b>	<b>2,19,58,222</b>
<b>Non Working Directors</b>	
Allowances	8,44,233
Sitting Fees	2,90,000
<b>Total</b>	<b>11,34,233</b>
<b>Grand Total</b>	<b>2,30,92,455*</b>

#### \*Notes:

- Provision for Leave Encashment and Gratuity amounting to Rs. 39,55,707 and Rs. 55,37,152 respectively made during the year has not been included above.
  - The remuneration of Rs.10,65,308 paid to Joint Managing Directors of Panacea Biotech Limited is subject to approval of the Shareholders.
  - Perquisites amounting to Rs. 14,85,692 have been included under various heads of expenses.
  - Royalty amounting to Rs.7,00,000 is included in wages under cost of production.
- Fixed deposits of the value of Rs. 31,51,508 are pledged with banks as Margin Money for Letter of credit and bank guarantee and fixed deposits of the value of Rs. 1,59,99,758 are pledged with various government authorities.
  - The Profit/Loss on sale of Raw Material & Packing Material has been adjusted in Raw Material consumption.
  - In the opinion of the management, all the current assets, 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

S.No.	Particulars	Current Year
a.	Net profit available for Equity Shareholders (in Rs.)	
	Net profit after tax (in Rs.)	24,30,46,388
	Less: Dividend (including dividend tax) on Preference Shares (in Rs.)	84,48,771
	Net profit after tax available for Equity Shareholders (in Rs.)	23,45,19,617
b.	Calculation of Weighted Average Number of Equity Shares of Rs. 10/- each	
	Number of shares at the beginning of the year	57,07,660
	Total number of equity shares outstanding at the end of the year	57,07,660
c.	Basic Earnings (In Rs.) Per Share	41.10
d.	Diluted Earnings (In Rs.) Per Share	41.10

#### 9. Deferred Tax Assets (Net):

In accordance with Accounting Standard 22, "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, the Companies have provided for deferred tax during the year. This change in the accounting policy has resulted in a credit to deferred tax of Rs. 61,44,587 for the year and the profit after the tax for the year is higher by the same amount.

Further, the net deferred tax liability pertaining to the period prior to March, 31, 2001, amounting to Rs. 8,00,13,755, has been recognized by adjustment to General Reserve.



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

As a result of above the Reserves and Surplus as at March 31, 2002 are lower by Rs. 7,38,69,168. Details of calculation of Deferred Tax for the year and upto 31<sup>st</sup> March, 2002 is as below:

Nature of Timing Differences	(Amount in Rs.)		
	Deferred Tax Asset/(Liability) as at 01.04.2001	Current year (Charges)/Credit	Deferred Tax Asset/(Liability) as at 31.03.2002
Depreciation	(8,21,06,540)	71,69,456	(7,49,37,084)
Deferred Revenue Expenses	(15,37,840)	(66,92,249)	(82,30,089)
Disallowance under Section 43B	33,50,846	56,08,820	89,59,666
Others	2,79,779	58,560	3,38,339
<b>Total</b>	<b>(8,00,13,755)</b>	<b>61,44,587</b>	<b>(7,38,69,168)</b>

### 10. Related Party Disclosures

#### A. List of Related Parties

##### (a) 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

##### (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
<b>Soshil Kumar Jain</b>			Nirmala Jain	Surinder Kumar Jain	Bimla Devi Jain	Ravinder Jain Rajesh Jain Sandeep Jain	Rashmi Jain Renu Jain	Soshil Kumar Jain (HUF), Radhika Associates
<b>Ravinder Jain</b>	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.
<b>Rajesh Jain</b>	Soshil Kumar Jain	Nirmala Jain	Meena Jain	Ravinder Jain Sandeep Jain	Rashmi Jain Renu Jain	Ankesh Jain Harshit Jain Taric Jain	None	Rajesh Jain (HUF), Rattan Sons
<b>Sandeep Jain</b>	Soshil Kumar Jain	Nirmala Jain	Pamilla Jain	Ravinder Jain Rajesh Jain	Rashmi Jain Renu Jain	Tanish Jain	Priyanaka Jain	Sandeep Jain (HUF), Tahir & Co.
<b>Ashwani Jain</b>		Laxmi Jain	Rashmi Jain		Anita Jain			

##### (c) Relatives of Whole Time Directors:

i. Ranjeet Kaur	-	wife of Shri Gurmeet Singh
ii. Jyoti Singh	-	wife of Dr. Amarjit Singh



## SCHEDULES

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

### B. Details of Transactions with the Related Parties

(Amount in Rs.)

Particulars	Key Management Personnel	Relatives and Associates of Key Management Personnel	Total
Remuneration paid	2,19,58,222	2,04,634	2,21,62,856
Interest Expense on Fixed Deposits	14,70,822	16,79,667	31,50,489
Sale of a subsidiary, namely Nuphar Alipro Ltd.	50,000	-	50,000
Outstanding Fixed Deposits	2,41,00,000	1,15,50,000	3,56,50,000
Dividend Paid - Preference Shares	30,98,973	54,72,535	85,71,508
Dividend Paid - Equity Shares	2,02,03,530	2,45,51,190	4,47,54,720

### 11. Segment Reporting Policies

#### (a) Identification of Segments:

##### Primary Segment

**Business Segment:** The Companies 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 Vaccine, Formulation 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 include 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.

### A. INFORMATION ABOUT PRIMARY SEGMENTS

(Amount in Rs.)

Particulars	Formulation	Research & Development	Vaccine	Total
<b>Revenue</b>				
External sales (net of excise duty)	83,11,33,217	-	194,17,86,333	277,29,19,550
Other Income	1,69,26,843	14,51,198	65,34,485	2,49,12,526
<b>Total</b>	<b>84,80,60,060</b>	<b>14,51,198</b>	<b>194,83,20,818</b>	<b>279,78,32,076</b>
Segment Result	12,38,94,149	(86,234,394)	57,51,40,807	61,28,00,562
Unallocated Corporate Expenses	-	-	-	9,54,55,737
<b>Operating Profit</b>	<b>12,38,94,149</b>	<b>(86,234,394)</b>	<b>57,51,40,807</b>	<b>51,73,44,825</b>
Interest & Finance charges				11,65,46,783
Other Income				(8,76,487)
Income Taxes				15,86,28,141
<b>Net Profit</b>				<b>24,30,46,388</b>
<b>Other Information</b>				
Segment Assets	71,80,09,137	16,42,54,804	128,85,72,875	217,08,36,816
Unallocated Corporate Assets				37,25,06,531
<b>Total Assets</b>	<b>71,80,09,137</b>	<b>17,79,79,804</b>	<b>128,85,72,875</b>	<b>254,33,43,347</b>
Segment Liabilities	11,06,65,370	32,22,880	28,34,75,505	39,73,63,755
Unallocated Corporate Liabilities				116,86,04,720
<b>Total Liabilities</b>				<b>156,59,68,475</b>
Capital Expenditure - Additions	4,45,11,917	1,68,26,408	1,11,24,933	
Depreciation	2,30,31,908	1,87,18,457	1,00,76,194	

**SCHEDULES**

To Consolidated Balance Sheet and Profit & Loss Account  
(contd.)

**B. INFORMATION ABOUT SECONDARY SEGMENTS**

a) Revenue as per Geographical Markets	(Amount in Rs.)
India (including deemed exports Rs.176,02,13,147)	268,17,52,006
Outside India	9,11,67,544
<b>Total</b>	<b>277,29,19,550</b>

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**

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: -

a) Within 1 Year	(Amount in Rs.)
b) Later than 1 year but not later than 5 years	1,24,55,585
c) Later than 5 years	1,64,84,235
<b>Total</b>	<b>2,89,39,820</b>

Total lease payments recognized in the statement of Profit & Loss Account amounts to Rs. 2,14,83,104.

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

14. Since the consolidated accounts have been prepared for the first time, the comparative figures for the previous year have not been presented.

As per our attached report of even date

**S.R. Batliboi & Associates**

Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**

Chairman

**RAVINDER JAIN**

Managing Director

**I.K. SHARMA**

D.G.M. - Finance & Accounts

**VINOD GOEL**

Company Secretary

**CASH FLOW STATEMENT**Annexed to the Consolidated Balance Sheet for the year ended  
31st March, 2002

		(Amount in Rs.) Current Year
<b>A. Cash flow from operating activities</b>		
<b>Net operating profit before tax</b>		<b>40,16,74,529</b>
Adjustments for:		
Depreciation	7,50,35,065	
Interest Expenses	9,95,77,755	
Provision for Doubtful Debts & Advances	39,66,840	
Interest Income	(41,66,286)	
Dividend Received	(32,830)	
Loss on sale of Fixed Assets	1,70,422	
Increase in Deferred Revenue expenditure	(2,18,97,144)	
Deferred Revenue Expenditure written off during the year	31,58,272	
<b>Operating profit before working capital changes</b>		<b>15,58,12,094</b>
Decrease in Trade and Other Receivables	16,72,32,123	
Increase in Inventories	(25,40,56,653)	
Increase in Trade Payables	17,76,90,166	
<b>Cash generated from operations</b>		<b>9,08,65,636</b>
Net Direct Taxes paid		<b>64,83,52,259</b>
<b>Net cash from operating activities</b>		<b>(18,73,97,998)</b>
<b>B. Cash flow from investing activities</b>		<b>46,09,54,261</b>
Purchase of Fixed Assets	(39,55,20,299)	
Sale of investment in Subsidiary Company	50,000	
Sale of Fixed Assets	17,83,716	
Interest Received	41,66,286	
Dividend Received	32,830	
<b>Net cash used in investing activities</b>		<b>(38,94,87,467)</b>
<b>Net cash from operating and investing activities</b>		<b>7,14,66,794</b>
<b>C. Cash flow from financing activities</b>		
Repayment of Preference Share Capital	(50,00,000)	
Net increase in Working Capital Borrowings	8,97,80,504	
Net increase in Long Term Borrowings	25,05,50,000	
Interest paid	(10,04,99,970)	
Net increase in Deposits & Borrowings	3,00,000	
Dividend & Tax on Dividend paid	(7,54,93,465)	
<b>Net Cash from Financing activities</b>		<b>1,59,637,069</b>
<b>Net cash from operating, investing &amp; financing activities</b>		<b>23,11,03,863</b>
<b>Net increase in Cash &amp; Cash equivalent</b>		<b>23,11,03,863</b>
<b>Opening balance of Cash &amp; Cash equivalent</b>		<b>15,62,95,723</b>
<b>Closing balance of Cash &amp; Cash equivalent</b>		<b>38,73,99,586</b>

As per our attached report of even date

**S.R. Batliboi & Associates**

Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27th June, 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman**RAVINDER JAIN**  
Managing Director**I.K. SHARMA**  
D.G.M. - Finance & Accounts**VINOD GOEL**  
Company Secretary**AUDITORS' CERTIFICATE TO CONSOLIDATED CASH FLOW STATEMENT**

We have examined the attached Consolidated Cash Flow Statement of Panacea Biotec Limited, its Subsidiaries and Joint Venture for the year ended 31<sup>st</sup> March, 2002. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges and is based on and in agreement with the corresponding Consolidated Profit & Loss Account and Balance Sheet of the Company, its Subsidiaries and Joint Venture, covered by our report of even date to the Board of Directors of the Company.

**S.R. Batliboi & Associates**  
Chartered Accountants

Per

**Anil Gupta**

Partner

Place : New Delhi

Date : 27<sup>th</sup> June, 2002



**STATEMENT UNDER SECTION 212**

of the Companies Act, 1956 relating to Subsidiary Companies

1) Name of the Company	Radicura & Company Ltd.	Jiva Life Sciences 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 <sup>st</sup> March, 2002	31 <sup>st</sup> March, 2002	31 <sup>st</sup> December, 2001
4) Shares of the subsidiary held by Panacea Biotec Ltd. on the above dates			
i) Number & face value	1,98,230 face value Rs.10/-	1,90,156 face value Rs.10/-	2,00,000 face value Great Britain Pound 1
ii) Extent of holding	99.98%	99.99%	100%
5) Net aggregate Profit & Loss for the current year	13,82,498	18,29,253	(3,76,292)
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	1,38,22,215	18,29,070	3,76,292
b) for the previous financial years of the subsidiary since it became its subsidiary.	56,430	(20,49,500)	-
8) Material changes between the end of the subsidiary's financial year and 31st March, 2002 :			
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

**I.K. SHARMA**  
D.G.M. - Finance & Accounts

**VINOD GOEL**  
Company Secretary

Place : New Delhi  
Date : 27th June, 2002



Dear Members,  
Your Directors feel pleasure in presenting their Ninth Annual Report of the affairs of the Company, for the year ended on 31st March, 2002.

**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 exceedingly well during the year under review. The total sales for the year has been increased by more than 37% over last year and the profit after tax has also been increased by more than 10 times as compared to last year. However, in order to plough back the profits to strengthen the business of the company, your Directors do not recommend any dividend on shares.

The financial results for the period under review, are as detailed under:

	(Amount in Rs.)	
	For the year ended 31 <sup>st</sup> March, 2002	For the year ended 31 <sup>st</sup> March, 2001
Sales	5,74,39,891	4,18,75,548
Purchases	5,23,84,384	3,89,20,508
Personnel Expenses	15,92,247	15,40,837
Administrative Expenses	6,34,533	7,06,637
Financial Expenses	5,337	14,162
Depreciation	4,12,991	4,31,920
Profit Before Tax	21,41,773	2,25,267
Profit After Tax	13,82,498	1,15,267

**SHARE CAPITAL**

Your Company had issued and allotted 92,530 equity Shares of Rs.10/- each for cash at a premium of Rs.50/- per share aggregating Rs.55,51,800/- to its holding Company viz. Panacea Biotec Ltd. on 1<sup>st</sup> day of February, 2002. The present Paid-up Share Capital of the Company is Rs.19,82,500/-.

**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 Sheets 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 Gurmeet Singh retires by rotation and being eligible offers himself for re-appointment.

**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, 2002. 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 5 (five) times on 30.04.2001, 30.06.2001, 5.09.2001, 29.12.2001 and 26.03.2002 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.

**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.

Delhi  
28<sup>th</sup> day of May, 2002

For and on behalf of the Board  
**Soshil Kumar Jain**  
Chairman

6. The annual general meeting for the financial year ended on 31.03.2001 was held on 29.09.2001 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. One 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 delivered all the certificates on allotment of securities and on lodgement thereof for transfer etc. in accordance with the provisions of the Act.  
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.



**ANNEXURE TO THE  
DIRECTORS' REPORT (contd.)**

- 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.
- 14. The Board of Directors of the Company is duly constituted. During the financial year under review, Mr. Gurmeet Singh was appointed as an additional director and Mr. Rohit Jain resigned from the directorship of the Company. There was no other appointment of any director 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 issued 92,530 Equity Shares during the financial year and has complied with the provisions of the Act.
- 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 31.03.2002.
- 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.
- 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 provision 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 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 scrutiny.
- 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.

**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
- 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, 2002**

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	32	303(2)	Appointment of Mr. Gurmeet Singh as an additional director and resignation of Mr. Rohit Jain from directorship	29.05.2001	Yes	N.A.
2	29	264	Mr. Gurmeet Singh	29.05.2001	Yes	N.A.
3	Annual Accounts	220	Financial Year ended 31.03.2001	25.10.2001	Yes	N.A.
4	Compliance Certificate		Financial Year ended 31.03.2001	25.10.2001	Yes	N.A.
5	Annual Return	159	Annual general meeting held on 29.09.2001	25.10.2001	Yes	N.A.
6	32	303(2)	Appointment of Mr. Gurmeet Singh as director in AGM	25.10.2001	Yes	N.A.

**For RAJEEV GOEL & ASSOCIATES**  
COMPANY SECRETARIES

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

Place : Delhi  
Date : 28.05.2002

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

We have audited the attached Balance Sheet of RADICURA & CO. LTD. as at 31<sup>st</sup> March, 2002 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 31<sup>st</sup> March 2002 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 31-03-2002 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 : 28.05.2002

**Annexure Referred to in paragraph 1 of our report of even date on the Accounts for the year ended 31<sup>st</sup> March, 2002 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 (1B) 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 (1B) 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 31<sup>st</sup> March, 2002 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 Industry Company within the meaning of clause (O) of subsection (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

**For Dubey & Co.**  
Chartered Accountants  
**(Deepak Dubey)**  
Proprietor

Place: New Delhi  
Date: 28.05.2002



# BALANCE SHEET

As at 31st March, 2002

(Amount in Rs.)

Schedule	As at 31st March, 2002	As at 31st March, 2001	
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Funds</b>			
Share Capital	I	19,82,500	10,57,200
Reserves & Surplus	II	1,05,47,268	48,98,021
		1,25,29,768	59,55,221
<b>Loan Funds</b>			
<b>Total</b>		1,25,29,768	59,55,221
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	III	67,65,558	66,01,136
Less Depreciation		27,11,647	22,98,656
<b>Net Block</b>		40,53,911	43,02,480
<b>Investments</b>	IV	1,00,000	1,00,000
<b>Current Assets, Loans &amp; Advances</b>	V	1,47,27,807	1,00,33,968
Less : <b>Current Liabilities &amp; Provisions</b>	VI	59,97,067	84,81,227
<b>Net Current Assets</b>		87,30,740	15,52,741
Deferred Tax			
Deferred Tax Assets		15,725	
Deferred Tax Liabilities		(3,70,608)	
		(3,54,883)	
<b>Miscellaneous Expenditure</b>	VII		
(To the extent not written off or adjusted)			
<b>Total</b>		1,25,29,768	59,55,221
Significant Accounting Policies and Notes to Accounts	XIV		

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 : 28.05. 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman & Managing Director

**SUMIT JAIN**  
Executive Director

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2002

(Amount in Rs.)

Schedule	Year ended 31st March, 2002	Year ended 31st March, 2001	
<b>Income</b>			
Sales		5,61,48,247	4,13,57,603
Other Income	VIII	12,91,644	5,17,945
Increase (Decrease) in stock	IX	(2,45,046)	3,17,575
		5,71,94,845	4,21,93,122
<b>Expenditure</b>			
Purchases		5,23,84,384	3,89,20,508
Personnel Expenses	X	15,92,247	15,40,837
Administrative Expenses	XI	6,34,533	7,06,637
Financial Expenses	XII	5,337	14,162
Selling Expenses	XIII	23,580	1,45,931
Miscellaneous Expenditure (written off during the year)	VII	-	43,141
Depreciation	III	4,12,991	4,31,920
		5,50,53,072	4,18,03,137
Profit for the year		21,41,773	3,89,984
Less : Prior period Adjustment		-	1,64,717
<b>Profit Before Tax</b>		21,41,773	2,25,267
Provision for Income Tax		7,75,000	1,10,000
Deferred Income Tax		(15,725)	-
<b>Profit after Tax</b>		13,82,498	1,15,267
<b>Balance of Profit carried to Balance Sheet</b>		13,82,498	1,15,267

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

As per our attached report of even date.

 For **M/s. Dubey & Co.**

Chartered Accountants

**(DEEPAK DUBEY)**

Proprietor

Place : New Delhi

Date : 28.05. 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman & Managing Director

**SUMIT JAIN**  
Executive Director



## SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT

**SCHEDULE - I SHARE CAPITAL**

	As at 31st March, 2002 (Rs.)	As at 31st March, 2001 (Rs.)
<b>AUTHORISED</b>		
2,00,000 Equity Shares of Rs. 10/- each	<u>20,00,000</u>	<u>20,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
1,98,250 (Previous year 1,05,720) Equity Shares of Rs. 10/- each fully paid-up (92,530 Equity Shares of Rs 10/- each were issued at premium of Rs 50/- to its holding company - Panacea Biotec Ltd.)	<u>19,82,500</u>	<u>10,57,200</u>
	<u>19,82,500</u>	<u>10,57,200</u>

**SCHEDULE - II RESERVES AND SURPLUS**

<b>Share Premium</b>		
Opening Balance	27,00,000	27,00,000
Add : During the Year	<u>46,26,500</u>	<u>-</u>
<b>Profit &amp; Loss Account</b>		
Opening Balance	21,98,021	21,17,798
Add: Transfer from Profit & Loss A/c.	13,82,498	1,15,267
Add: Income Tax Adjusted for previous year	10,857	(35,044)
Less: Deferred tax liability as on 01.04.2001	<u>(3,70,608)</u>	<u>-</u>
	<u>32,20,768</u>	<u>21,98,021</u>
	<u>1,05,47,268</u>	<u>48,98,021</u>

**SCHEDULE - III FIXED ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at	Addition	As at	As at	Provided	As at	As at	As at
	01/04/2001	during the Year	31/03/2002	01/04/2001	during the Year	31/03/2002	31/03/2002	31/03/2001
BUILDING	30,79,000	-	30,79,000	4,82,898	1,29,805	6,12,703	24,66,297	25,96,102
FURNITURE & FIXTURE	3,17,042	-	3,17,042	1,40,092	32,028	1,72,120	1,44,922	1,76,950
OFFICE EQUIPMENTS	20,18,526	13,500	20,32,026	9,84,994	1,45,474	11,30,468	9,01,558	10,33,532
REFRIGERATION & COOLER	5,32,295	-	5,32,295	2,14,005	44,274	2,58,279	2,74,016	3,18,290
VEHICLES	6,54,273	1,50,922	8,05,195	4,76,667	61,410	5,38,077	2,67,118	1,77,606
<b>TOTAL</b>	66,01,136	1,64,422	67,65,558	22,98,656	4,12,991	27,11,647	40,53,911	43,02,480
PREVIOUS YEAR	62,62,258	3,38,878	66,01,136	18,66,736	4,31,920	22,98,656	43,02,480	46,98,548

**SCHEDULE - IV INVESTMENTS**

Quoted (at cost)		
10,000 Equity Shares of Rs. 10/- each (Previous year 10,000 Equity Shares) fully paid of MEDICAMEN BIOTEC LTD.	<u>1,00,000</u>	<u>1,00,000</u>
Market Value Rs. 45,000/- (Previous year market value Rs. 1,04,000/-)		

**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	47,14,970	49,60,016
Stock - in - Transit	<u>83,500</u>	<u>-</u>
	<u>47,98,470</u>	<u>49,60,016</u>

**SUNDRY DEBTORS**

(Unsecured but considered Good)

Debts outstanding for a period exceeding six months

Other Debts	5,26,365	6,57,760
	<u>25,25,617</u>	<u>27,55,615</u>
	<u>30,51,982</u>	<u>34,13,375</u>

**CASH & BANK BALANCES**

i) Cash in hand

ii) Balance with Schedule Banks - in Current Accounts	2,70,136	2,30,448
	<u>23,43,098</u>	<u>12,95,354</u>
	<u>26,13,233</u>	<u>15,25,802</u>

**LOANS & ADVANCES**

(Unsecured but considered good)

Security Deposit	40,10,500	10,500
Advance Income Tax	1,25,000	1,00,000
Tax deducted at source	1,22,322	-
Staff Advances	6,300	15,300
Prepaid Expenses	-	8,975
	<u>1,47,27,807</u>	<u>1,00,33,968</u>



	As at 31st March, 2002 (Rs.)	As at 31st March, 2001 (Rs.)
<b>SCHEDULE - VI CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Total outstanding dues of SSI undertakings	-	-
Total outstanding of Creditors other than SSI undertaking	-	-
Expenses Payable	47,66,515	82,21,237
Taxes Payable	2,27,988	1,47,840
<b>PROVISIONS</b>	48,318	2,150
Provision for Income Tax	7,75,000	1,10,000
Provision for Gratuity/Leave Encashment	1,79,246	-
	<u>59,97,067</u>	<u>84,81,227</u>
<b>SCHEDULE - VII MISCELLANEOUS EXPENDITURE</b>		
<b>Deferred Revenue Expenses</b>		
To the extent not written off or adjusted)	-	-
Deferred Expenditure	-	43,141
Less : Written off during the year	-	<u>43,141</u>
	<u>-</u>	<u>-</u>
<b>SCHEDULE - VIII OTHER INCOME</b>		
Commission received on Sales	8,11,644	5,17,945
Interest received on Security Deposit	4,80,000	-
	<u>12,91,644</u>	<u>5,17,945</u>
<b>SCHEDULE - IX INCREASE/(DECREASE) IN STOCK</b>		
Closing Stock	47,14,970	49,60,016
Less : Opening Stock	49,60,016	46,42,441
	<u>(2,45,046)</u>	<u>3,17,575</u>
<b>SCHEDULE - X PERSONNEL EXPENSES</b>		
	Year ended 31st March, 2002 (Rs.)	Year ended 31st March, 2001 (Rs.)
Salary & Wages	12,12,269	10,62,139
Contribution to Provident and other Funds	1,06,437	1,14,027
Directors' Remuneration	90,000	1,72,500
Gratuity	78,383	99,296
Staff Welfare Expenses	1,05,159	92,875
	<u>15,92,247</u>	<u>15,40,837</u>
<b>SCHEDULE - XI ADMINISTRATIVE EXPENSES</b>		
Printing & Stationery	38,166	15,899
Electricity & Water Charges	1,13,489	19,819
Repair & Maintenance	18,626	1,63,215
Insurance	58,260	43,199
Professional Charges	10,200	1,45,600
Legal Charges	23,815	15,600
Directors' Remuneration	-	-
Audit Fees	11,000	11,000
Tax Audit Fees & other services	9,000	9,000
Office Expenses	9,931	5,706
Postage, Telephone & Telex	78,050	1,17,417
Newspapers, Books & Periodicals	568	3,515
Conveyance	1,40,930	1,05,572
Indry Expenses	26,644	28,535
Vehicle Maintenance	95,854	22,561
	<u>6,34,533</u>	<u>7,06,637</u>
<b>SCHEDULE - XII FINANCIAL EXPENSES</b>		
Bank Interest	-	11,113
Bank Charges	5,337	3,049
	<u>5,337</u>	<u>14,162</u>
<b>SCHEDULE - XIII SELLING EXPENSES</b>		
Packing & Forwarding	21,007	21,131
Selling Expenses	-	45,380
Freight & Cartage	2,573	11,090
Bad Debts written off	-	68,330
	<u>23,580</u>	<u>1,45,931</u>

**SCHEDULES (contd.)**



**SCHEDULE : XIV SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Method of Accounting**

- a) 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.
- b) 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**

- a) **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.
- b) **Gratuity:** Provision for Gratuity has been made on the basis of actuarial valuation made by the independent actuary as of the balance sheet date.
- c) **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**

- a) 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.
- 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 recognized on, to the extent that there is reasonable certainty of their realization.
- d) 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. The Company had not been providing any provision for the Gratuity & Leave encashment. This year the company has changed the policy in respect of Gratuity & Leave encashment and has created a provision as per "Actuarial valuation" basis. The change is in line with the recommendation of Accounting Standard 15 issued by the Institute of Chartered Accountants of India. As a consequence, the profit for the year has been reduced by Rs.1,79,246

3. 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.

4. Deferred Tax Assets:

Particulars	Deferred tax Asset / (Liability) at 01.04.2001	Current year credit / (Charge)	Deferred tax Asset / (Liability) at 31.03.2002
Assets	(3,70,608)	(48,265)	(4,18,873)
Gratuity	-	49,307	49,307
Leave Encashment	-	14,683	14,683
	<u>(3,70,608)</u>	<u>15,725</u>	<u>3,54,883</u>



**5. Related Party Disclosure**

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

- i) Holding Company – The Company is a 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: -

<b>Particulars</b>	<b>2001-02 (Amount in Rs.)</b>
Net Purchases made during the year	2,84,63,500
Net Sales made during the year	91,437
Commission received	4,80,503
Balance due to PBL as on 31.3.2002	18,22,363

During the year, the company has also issued & allotted 92,530 Equity shares of Rs 10/- at a premium of Rs 50/- per share to its holding company- Panacea Biotec Ltd.

**6. a) Directors' Remuneration**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Salary	<b>90,000</b>	1,72,500
b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956.		
Profit as per Profit & loss account (before taxes)	<b>21,41,773</b>	3,89,984
Add:		
Depreciation	<b>4,12,991</b>	4,31,920
Directors' Remuneration	<b>90,000</b>	1,72,500
	<b>26,44,764</b>	9,94,404
Less :		
Depreciation under section 350	<b>4,12,991</b>	4,31,920
Net Profit in accordance with section 349 of Companies Act, 1956	<b>22,31,773</b>	5,62,484*
Maximum amount permissible under Sec. 198/309 of Companies Act, 1956	<b>1,11,589</b>	56,248*

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

**7. Remuneration to Auditors:**

Audit Fees	<b>11,000</b>	11,000
Tax Audit & other fees	<b>9,000</b>	9,000
	<b>20,000</b>	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.**

Signature to Schedule I to XIV  
 As per our attached report of even date.

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

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
 Chairman & Managing Director

**SUMIT JAIN**  
 Executive Director

Place : New Delhi  
 Date : 28.05. 2002



**BALANCE SHEET ABSTRACT &  
COMPANY'S GENERAL BUSINESS PROFILE**

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

<b>i) Registration Details:</b>			
Registration No.	56682	State code	55
Balance Sheet Date	31/03/2002		
<b>ii) Capital raised during the year (Amount in Rs. '000)</b>			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	5,552
<b>iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)</b>			
Total Liabilities	12530	Total Assets	12,530
<b>Source of Funds (Amount in Rs. '000)</b>			
Paid-up Capital	1983	Reserves & Surplus	10,547
Secured Loan	Nil	Unsecured Loan	Nil
<b>Application of Funds (Amount in Rs. '000)</b>			
Net Fixed Assets	4054	Investments	100
Net Current Assets	8376@	Misc. Expenditure	Nil
Accumulated Losses	Nil	(To the extent not W/ off)	
@ net of deferred tax liability			
<b>iv) Performance of Company: (Amount in Rs. '000)</b>			
Turn Over	56148	Total expenditure	55053
Profit before Tax	2142	Profit after Tax	1382
Earning per share in Rs.	11.46*	Dividend @%	Nil
*Profit after tax/ Weighted average number of equity shares outstanding during the year			
<b>v) Generic Name of three Principal Products / Services of Company</b>			
Item Code No. (ITC Code)	3003.2 & 300220		
Product Description	Nimuslide Tablets & Vaccines		

For **M/s. Dubey & Co.**  
Chartered Accountants

**(DEEPAK DUBEY)**  
Proprietor

Place : New Delhi  
Date : 28.05. 2002

For and on behalf of the Board

**SOSHIL KUMAR JAIN**  
Chairman & Managing Director

**SUMIT JAIN**  
Executive Director

**To the Members, Jiva Life Sciences Ltd.,**

Your Directors feel pleasure in presenting their Seventh Annual Report of the affairs of the Company, for the year ended on 31st March, 2002.

**OPERATIONS**

During the year under review, the Company has earned rental income of Rs.28.80 Lacs from lease of its premises. As regards commencement of business activities, your directors are pleased to inform you that steps are being taken for commencement of business of marketing & export of nutraceuticals & Dietary Supplement products. Your Directors are also considering proposal for giving license to its holding Company, viz. Panacea Biotec Ltd, for export of products against payment of royalty. The effect of all these steps would be apparent in the results of the current financial year onwards.

The net profit for the year under review was Rs.18.29 Lacs as against Net Loss of Rs.15.24 Lacs during the previous financial year. However, 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. Pursuant to the provisions of the Companies (Amendment) Act, 2000, the Company has been converted into Public Limited Company and fresh Certificate of Incorporation was issued by the Registrar of Companies, NCT of Delhi & Haryana on 20<sup>th</sup> September, 2001. Further, with a view to reflect the proposed new activities in the Company's name, the same was changed to Jiva Life Sciences Ltd. w.e.f. 22<sup>nd</sup> March, 2002. 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**

Mr. Sandeep Jain and Ms. Meenu Parti were appointed as additional Directors w.e.f. 22nd March, 2001 and 10<sup>th</sup> May, 2001, respectively and later on they were appointed as Directors of the Company liable to retire by rotation in the 6<sup>th</sup> Annual General Meeting of the shareholders of the Company.

Further, in view of the increased operations and activities of the Company, Mr. Rajesh Jain had been appointed by the Shareholders, as the Chairman & Managing Director of the Company w.e.f. 20<sup>th</sup> 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.

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

**ANNEXURE TO DIRECTORS' REPORT - COMPLIANCE CERTIFICATE**

The Members, JIVA LIFE SCIENCES LIMITED (Formerly Maxwell Impex (India) Limited), New Delhi

We have examined the registers, records, books and papers of JIVA LIFE SCIENCES 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, 2002. 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 the aforesaid Annexure 'B'.
3. During the year under report the Company changed its status from Deemed Public Limited Company to a Public Limited Company by obtaining the consent of members in their Extra Ordinary General Meeting held on 30.04.2001. The necessary endorsement to this effect was made on the Certificate of Incorporation of the Company by the Registrar of Companies, New Delhi on 20.09.2001. As on date the Company is a Public Limited Company.
4. The Board of Directors duly met 8 (eight) times on 10.05.2001, 25.06.2001, 5.09.2001, 27.12.2001, 17.01.2002, 5.02.2002, 21.02.02 and 26.03.2002 in respect of which meetings proper notices were given and the proceedings were properly

**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 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. Rajevee 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  
14<sup>th</sup> day of May, 2002

**Rajesh Jain**  
Chairman & Managing Director

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 31.03.2001 was held on 29.09.2001 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 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.



# ANNEXURE TO THE DIRECTORS' REPORT (contd.)

- (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.
14. The Board of Directors of the Company is duly constituted. Ms. Meenu Parti was appointed as an additional director during the financial year under review. There was no other appointment of any director 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 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:-
- Endorsement by Registrar of Companies, New Delhi on Certificate of Incorporation upon change in status of the Company to a Public Limited Company u/s 44 of the Companies Act, 1956.
  - 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.
  - Approval from Central Government (Registrar of Companies) for change in name of the Company from Maxwell Impex India Limited to Jiva Life Sciences 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 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 31.03.2002.
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. The existing sub-clause no. 1 of the "Main Objects Clause" has been replaced with a new sub-clause no. 1 and a new sub-clause no. 54 has been inserted in the "Other Objects Clause" after the existing sub-clause no. 53.
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 Maxwell Impex India Limited to Jiva Life Sciences 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 altered its articles of association after obtaining approval of members in the general meeting held on 30.04.2001 and the amendments to the articles of association have been duly registered with the Registrar of Companies.
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.

## ANNEXURE A - REGISTERS MAINTAINED BY THE COMPANY

- Register of Members u/s 150
- Minutes Book of the meetings of the Board of Directors u/s 193
- Minutes Book of General Body Meetings of the members (AGM and EGM) u/s 193
- Copies of Annual returns u/s 159
- Register of Share Transfer
- Books of Accounts u/s 209
- Register of particulars of Directors, Managing Director, Manager and Secretary u/s 303
- Register of Directors' shareholding u/s 307
- Register of Fixed Assets
- Register of Contracts, Companies and Firms in which Directors etc are interested u/s 301 of the Act.
- Register of Investment 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, 2002.**

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	31 & 44	Change in status of company from deemed public company to public company and adoption of new set of articles	14.05.2001	Yes	N.A.
2	Statement in Lieu of Prospectus	44	—do—	—do—	Yes	N.A.
3	Intimation	43A(2)	—do—	—do—	Yes	N.A.
4	32	303(2)	Appointment of Ms. Meenu Parti as Addl. Director	6.06.2001	Yes	N.A.
5	29	264	Consent of Meenu Parti to act as Director	6.06.2001	Yes	N.A.
6	Annual Accounts	220	Financial Year ended 2000-2001	25.10.2001	Yes	N.A.
7	Compliance Certificate		Financial Year ended 2000-2001	25.10.2001	Yes	N.A.
8	Annual Return	159	Annual General Meeting Held on 29.09.2001	25.10.2001	Yes	N.A.
9	32	303(2)	Appointment of Mr. Sandeep Jain and Mrs. Meenu Parti as Director in AGM	25.10.2001	Yes	N.A.
10	1A	20	Availability of Name	18.01.2002	Yes	N.A.
11	23	17	Amendment in the objects clause of Memorandum of Association	11.02.2002	Yes	N.A.
12	23	21	Change of Name	25.02.2002	Yes	N.A.
13	Application to Central Govt.	21	Change of Name	25.02.2002	Yes	N.A.

For **RAJEEV GOEL & ASSOCIATES**  
COMPANY SECRETARIES

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

Place : Delhi  
Date : 14.05.2002



**The Members of Jiva Life Sciences Ltd.**

We have audited the attached Balance Sheet of Jiva Life Sciences Ltd. as at 31st March, 2002 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.

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.

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 2 a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:-

1. 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;
2. 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.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of accounts (and with the audited returns from the branches).
4. 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.
5. On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. 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.
  - i) in case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
  - ii) in the case of Profit & Loss Account, of the Profit for the Year ended on that date.

**For M/s. SUDHIR SUNIL & CO.**  
Chartered Accountants  
**SUDHIR KAPOOR**  
Prop.

**Annexure to Auditors' Report (Referred to in paragraph 1 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 the 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, firm 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 31.03.2002, 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 M/s. SUDHIR SUNIL & CO.**  
Chartered Accountants  
**SUDHIR KAPOOR**  
Prop.

Place : New Delhi  
Date : 14.05.2002

Place : New Delhi  
Date : 14.05.2002



# JIVA LIFE SCIENCES LIMITED

## BALANCE SHEET

As at 31st March, 2002

**Panacea  
Biotec**  
In Support of Life

(Amount in Rs.)

SCHEDULES		As at 31.03.2002	As at 31.03.2001
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Funds</b>			
Share Capital	I	19,02,160	19,02,160
Reserves & Surplus	II	1,04,50,000	1,04,50,000
		<b>1,23,52,160</b>	<b>1,23,52,160</b>
<b>Loan Funds</b>			
Unsecured Loans	III	-	13,36,387
<b>Total</b>		<b>12,352,160</b>	<b>1,36,88,547</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	IV	1,18,12,868	1,18,12,868
Less : Depreciation		7,78,828	3,89,414
<b>Net Block</b>		<b>1,10,34,040</b>	<b>1,14,23,454</b>
Current Assets, Loans & Advances	V	11,07,086	2,26,362
Less : Current Liabilities & Provisions	VI	21,250	26,750
<b>Net Current Assets</b>		<b>10,85,836</b>	<b>1,99,612</b>
Miscellaneous Expenditure (To the extent not written off or adjusted)	VII	11,832	15,776
<b>Profit &amp; Loss Account</b>	VIII	<b>2,20,452</b>	<b>2,049,705</b>
<b>Total</b>		<b>12,352,160</b>	<b>1,36,88,547</b>
Significant Accounting Policies and Notes to Accounts	IX		

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 : 14.05.2002

For and on behalf of the Board

RAJESH JAIN

CHAIRMAN & MANAGING DIRECTOR

MEENU PARTI

DIRECTOR

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

PARTICULARS	For the year ended 31st March, 2002	For the year ended 31st March, 2001
<b>INCOME</b>		
Rent Received	28,80,000	9,60,000
Miscellaneous Income	11,000	-
<b>Total</b>	<b>28,91,000</b>	<b>9,60,000</b>
<b>EXPENDITURE</b>		
Printing & Stationery	250	101
Fees & Taxes	7,862	15,168
Consultancy Charges	-	14,440
Property Tax	-	5,18,016
Bank Charges	60	370
General Expenses	3,167	-
Audit Fees	15,750	15,750
Legal Expenses	5,000	-
Depreciation	3,89,414	3,89,414
Preliminary exp w/off	3,944	3,944
<b>Total</b>	<b>4,25,447</b>	<b>9,57,203</b>
<b>Profit/(Loss) before taxes</b>	<b>24,65,553</b>	<b>2,797</b>
Less : Prior period Expenses	14,500	15,26,369
Provision for Income tax	6,21,800	-
<b>Net Profit/(Loss) carried to Balance Sheet</b>	<b>18,29,253</b>	<b>(15,23,572)</b>
<b>Earning/(Loss) per share-basic</b>	<b>9.62</b>	<b>(8.01)</b>
<b>Number of equity shares</b>	<b>1,90,216</b>	<b>1,90,216</b>

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 : 14.05.2002

For and on behalf of the Board

RAJESH JAIN

CHAIRMAN & MANAGING DIRECTOR

MEENU PARTI

DIRECTOR



(Amount in Rs.)

**SCHEDULE - I SHARE CAPITAL**

	As at 31st March, 2002	As at 31st March, 2001
<b>Authorised</b>		
2,00,000 (Previous year - 2,00,000) Equity Shares of Rs. 10/- each.	20,00,000	20,00,000
<b>Issued, Subscribed and paid-up</b>		
1,90,216 (Previous year - 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	1,04,50,000	1,04,50,000
	<u>1,04,50,000</u>	<u>1,04,50,000</u>

**SCHEDULE-III LOAN FUNDS**

<b>Unsecured Loans</b>		
Loan from Panacea Biotec Limited	-	13,36,387
	<u>-</u>	<u>13,36,387</u>

**SCHEDULE - IV FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01/04/2001	Additions during the year	As at 31/03/2002	As at 01/04/2001	Depreciation provided during the year	As at 31/03/2002	As at 31/03/2002	As at 31/03/2001
Land	1,53,760	-	1,53,760	-	-	-	1,53,760	1,53,760
Building	1,16,59,108	-	1,16,59,108	3,89,414	3,89,414	7,78,828	1,08,80,280	1,12,69,694
<b>Total</b>	<b>1,18,12,868</b>	<b>-</b>	<b>1,18,12,868</b>	<b>3,89,414</b>	<b>3,89,414</b>	<b>7,78,828</b>	<b>1,10,34,040</b>	<b>1,14,23,454</b>
Previous Year	1,18,12,868	-	1,18,12,868	-	3,89,414	3,89,414	1,14,23,454	1,18,12,868

**SCHEDULE -V CURRENT ASSETS, LOANS & ADVANCES**

<b>Current Assets</b>			
Cash & Bank Balances			
Cash in hand	5,702		5,452
Balance with Scheduled Banks			
-in current accounts	5,45,704	5,51,406	3,950
Tax paid under MAT for AY 2000-2001		237	9,402
Tax deducted at source 2000-2001(Refund)		2,16,723	2,16,960
Advance Tax/TDS 2001-2002 (net of provision)		3,38,720	-
		<u>11,07,086</u>	<u>2,26,362</u>

**SCHEDULE -VI CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors			11,000
Security Deposits		500	
Expense Payable		20,750	15,750
		<u>21,250</u>	<u>26,750</u>

**SCHEDULE-VII MISCELLANEOUS EXPENDITURE**

Preliminary Expenses	15,776		19,720
Less : Written off during the year	3,944	11,832	3,944
Deferred Revenue Expenses			15,776
Add: Opening Balance as per the last Balance Sheet			5,26,133
Less: Transferred to Profit & Loss A/c			5,26,133
		<u>11,832</u>	<u>15,776</u>

**SCHEDULE VIII PROFIT & LOSS A/C**

Amount as per Last Balance Sheet		20,49,705	
Amount Transferred from Deferred Revenue Expenditure			5,26,133
Add : Transfer from Profit & Loss A/c		(18,29,253)	15,23,572
		<u>2,20,452</u>	<u>20,49,705</u>

**SCHEDULE IX - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1) Basis of Accounting**

The accounts of the Company are prepared in accordance with the generally accepted accounting principles in India, the Accounting Standard issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

The Company follows accrual method of accounting and recognizes all significant and ascertainable items of income and expenditure on accrual basis. However, the house property tax paid pertaining to 2001-02 was booked in the Year 2000-01 in the year of payment.

**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. :	<b>NIL</b>	NIL
b) Guarantees given by the company are outstanding to the extent of :	<b>NIL</b>	NIL
c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for :	<b>NIL</b>	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. JIVA LIFE SCIENCES LIMITED was earlier known as MAXWELL IMPEX (INDIA) LTD. The company's name was changed to JIVA LIFE SCIENCES LIMITED w.e.f. 22/03/2002.		
04. Related Party Disclosure - The company had earned rental income of Rs 28.80 Lacs from renting out its premises to its holding company – Panacea Biotec Ltd.		
05. 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.		
06. Miscellaneous expenditure are being written off over a period of five years.		
07. Previous year's figures have been reworked, rearranged & reclassified wherever necessary to make them comparable with the current year's figures.		

Signature to schedule I to IX  
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 : 14.05.2002

**RAJESH JAIN**  
CHAIRMAN & MANAGING DIRECTOR

**MEENU PARTI**  
DIRECTOR



**BALANCE SHEET ABSTRACT &  
COMPANY'S GENERAL BUSINESS PROFILE**

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

<b>i) Registration Details:</b>			
Registration No.	68967	State code	55
Balance Sheet Date	31/03/2002		
<b>ii) Capital raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
<b>iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>			
Total Liabilities	12,352	Total Assets	12,352
<b>Sources of Funds</b>			
Paid-up Capital	1,902	Reserves & Surplus	10,450
Secured Loan	NIL	Unsecured Loan	NIL
<b>Application of Funds</b>			
Net Fixed Assets	11,034	Investments	NIL
Net Current Assets	1,086	Misc. Expenditure	12
Accumulated Losses	220	(To the extent not W/ off)	
<b>iv) Performance of Company: (Amount in Rs. Thousands)</b>			
Turnover/Other Income	2,891	Total expenditure	440
Profit / Loss before Tax	2,451	Profit / Loss after Tax	1,829
Earning per share in Rs.	9.62	Dividend @%	NIL
<b>v) Generic Name of three Principal Products / Services of Company</b>			
Item Code No. (ITC Code) :	Not Classified		
Product Description :			

For and on behalf of the Board

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

**SUDHIR KAPOOR**  
Proprietor  
PLACE : NEW DELHI  
DATE : 14.05.2002

**RAJESH JAIN**  
CHAIRMAN & MANAGING DIRECTOR

**MEENU PARTI**  
DIRECTOR

**DIRECTORS' REPORT****COMPANY INFORMATION****(Page 1)**

<b>Directors</b>	P G Bannan A P Bannan J Byrne M J Yates
<b>Secretary</b>	P G Bannan
<b>Registered Office</b>	Chesterfield House, 11-13 Victoria Street, Douglas, Isle of Man
<b>Registered No.</b>	100561C Isle of Man

**DIRECTORS' REPORT****(Page 2)**

The Directors submit their report and audited accounts for the period ended 31 December 2001, which show the state of the Company's affairs.

**Activity**

The principal activity of the company during the period was trading in pharmaceutical products.

**Directors**

The Directors during the period were as follows:

P G Bannan  
A P Bannan  
J Byrne  
M J Yates

**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 at the end of the year and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 Acts 1931 to 1993. The directors 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.

**Auditors**

A resolution to re-appoint John Byrne as auditor for the ensuing year will be proposed at the annual general meeting.

Chesterfield House  
11-13 Victoria Street  
Douglas, Isle of Man  
26th June, 2002

By order of the Board

Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS****(Page 3)**

I have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective Responsibilities of the Directors and the Auditor**

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

**Basis of Audit Opinion**

I conducted my audit in accordance with 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.

I planned and performed my audit so as to obtain all the information and explanation which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2001 and of the loss of the company for the period then ended, and have been properly prepared in accordance with the Companies Acts 1931 to 1993.

Glentruan  
Quarterbridge Road  
Douglas, Isle of Man  
27th June, 2002

John Byrne  
Chartered Accountant



# PROFIT & LOSS ACCOUNT

For the period 27th July, 2000 to 31st December, 2001

	Notes	(Page 4) £
Sales	7	86,991
Cost of Sales		(87,840)
Trading Loss		(849)
Interest received	8	5,482
Operating expenses	6	(10,524)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(5,891)</b>
Taxation	2	0
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(5,891)</b>

## BALANCE SHEET - AS AT 31st DECEMBER 2001

(Page 5)

	Notes	£
<b>CURRENT ASSETS</b>		
Cash at Bank	5	1,94,609
Trade Debtors		0
		<u>1,94,609</u>
<b>CURRENT LIABILITIES</b>		
Creditors		500
<b>NET CURRENT ASSETS</b>		<u>1,94,109</u>
		<u>1,94,109</u>
<b>CAPITAL AND RESERVES</b>		
Share Capital	3	2,00,000
Profit & Loss Account	4	(5,891)
		<u>1,94,109</u>

The financial statements were approved by the directors on the 26th June, 2002 and are signed on their behalf by:

Director \_\_\_\_\_ Director \_\_\_\_\_

The notes on pages 6 and 7 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - PERIOD ENDED 31st DECEMBER 2001

(Page 6)

### 1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention.

### 2. TAXATION

The company has obtained exemption from Manx income tax under the Isle of Man Income Tax (Exempt Companies) Act, 1984 for the year and there is no UK tax liability due to losses.

### 3. SHARE CAPITAL

	£
Ordinary shares of £1 each	
Authorised	2,00,000
Issued and fully paid	2,00,000

### 4. PROFIT AND LOSS ACCOUNT

	£
Profit/(Loss) for period	(5,891)
Accumulated losses at end of period	(5,891)

### 5. CASH AT BANK

Lloyds TSB Bank, Isle of Man	1,94,609
------------------------------	----------

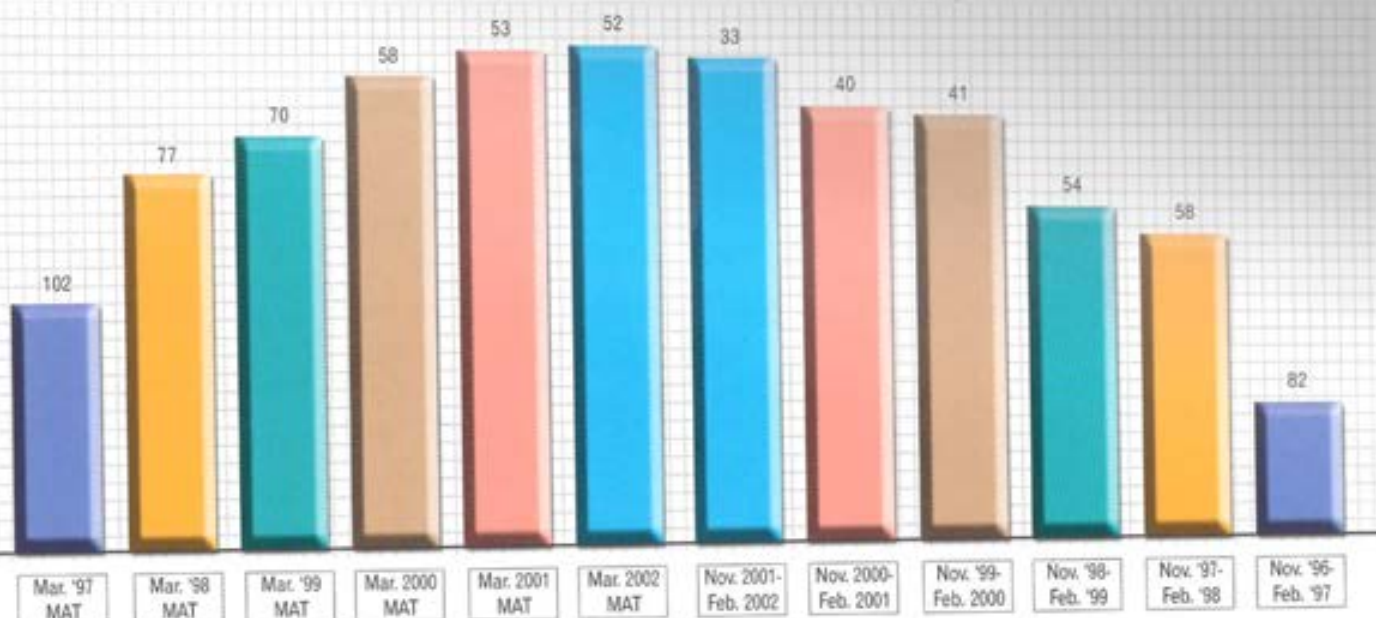
(Page 7)

### 6. OPERATING EXPENSES

	£
Administration expenses	5,272
Government Fees	930
Bank Charges	257
Sundry Expenses	3,565
	<u>10,024</u>



# THE SUCCESS AFTER SUCCESS



**ORG rated PBL as 52<sup>nd</sup> Company**  
For the period Apr. '01 - Mar. '02

**C-MARC rated PBL as 33<sup>rd</sup> Company**  
For the period Nov. '01 - Feb. '02

## MARKET APPLAUDS OUR ACHIEVEMENT

The Progress of Pharmaceutical Companies is monitored and rated by two renowned independent Market Research agencies namely ORG (Survey of Retail Audit) and CMARC (Survey of Prescription Audit) in India. They are considered as significant benchmarks by the Industry as far as the rating of any Company is concerned.

Continuing with the past trend, PBL has yet again achieved new heights this year by attaining **33<sup>rd</sup> rank** in CMARC Rxn Audit in **Nov.-Feb. '02**.

Similarly in ORG ranking, it has moved up to **52<sup>nd</sup> rank** in the Retail Audit for the period **April, 2001-March, 2002**. Both these drives spell out a progressive pattern that indicates a promising future for the Company.

And above all, this is the year when **Glizid-M** became the 224<sup>th</sup> ranked brand thus entering the top 300 brands of the industry along with **Nimulid** (ranked at 79). Now two of PBL products feature in top 300 brands as per the ORG retail audit.

Our ranking in both these Surveys has been improving steadily; however the two surveys cover only about 40 percent of total sales in the Pharmaceutical industry.



**Panacea  
Biotec**

**In Support of Life**

**Panacea Biotec Ltd.**

B-1 Extn./A-27, Mohan Co-op. Indl. Estate, Mathura Road, New Delhi - 110 044, INDIA.

**Phone** : 91-11-6945270 **Fax** : 91-11-6940199, 6940621 **E-mail** : corporate@panaceabiotec.com

**Website** : www.panaceabiotec.com