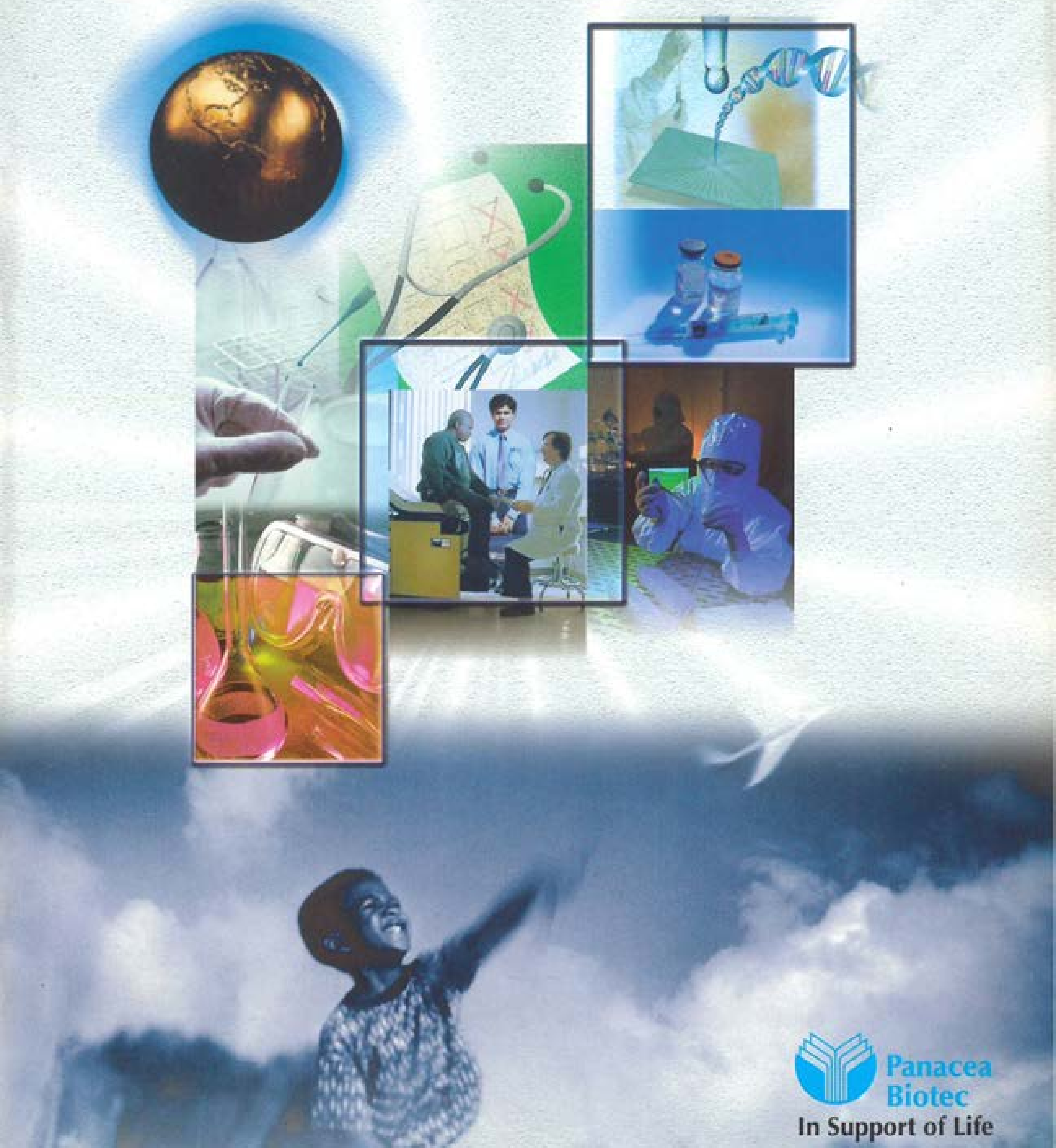
ANNUAL REPORT 2000 - 2001



Panacea Biotec
In Support of Life

A Leading Health Care 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

A VISION FOR THE NEW MILLENNIUM...

Panacea Biotec
In Support of Life

We strive for looking into specific needs of our customers providing utmost customer care and total customer satisfaction.

Soshil Kumar Jain
Chairman

The rapid and tremendous progress made in the field of therapy management during the last decade puts a huge responsibility on the shoulders of Health Care Industry.
Our commitment to constantly improve research based technologies can only prepare and make us ready to face challenges in future.

Ravinder Jain
Managing Director

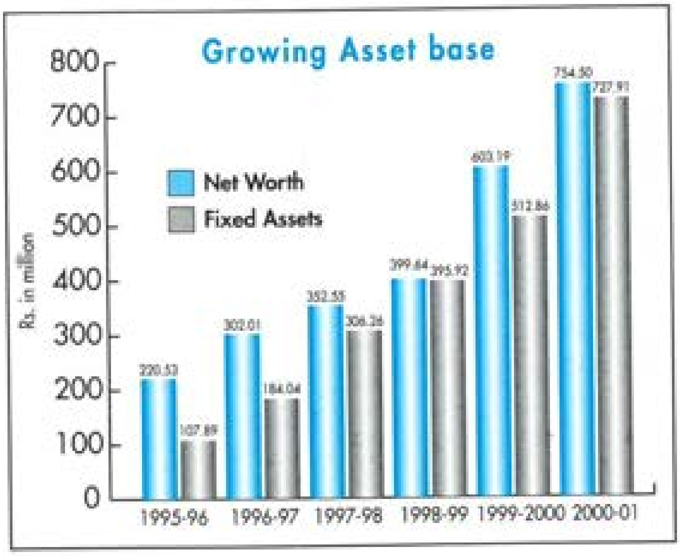
FINANCIAL HIGHLIGHTS

Panacea Biotec
In Support of Life

(Rs. in million)

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
Paid-up Share Capital - Equity	53.56	57.04	57.08	57.11	57.17	**57.17**
- Preference	-	-	-	50.00	100.00	**67.96**
Reserves and Surplus	199.10	291.11	361.94	435.54	546.02	**701.63**
Net Worth	**220.53**	**302.01**	**352.55**	**399.64**	**603.19**	**754.50**
Gross Fixed Assets	107.89	184.04	306.26	395.92	512.86	**727.91**
Loan Funds	94.80	111.18	343.45	372.95	703.51	**745.40**
Current Assets	295.14	357.41	583.22	673.68	1,210.83	**1276.83**
Current Liabilities	70.00	95.41	119.68	152.88	230.59	**321.36**
Sales	**604.18**	**916.61**	**925.36**	**1,135.40**	**1,943.80**	**2309.84**
Total Income	605.08	918.30	926.77	1,139.26	1,946.51	**2361.80**
Profit Before Interest, Depreciation & Tax	**62.87**	**128.96**	**142.41**	**177.43**	**431.95**	**583.78**
As % of Sales	10.41%	14.07%	15.39%	15.63%	22.22%	**25.27%**
Profit Before Tax	45.27	91.61	95.43	115.09	329.34	**426.46**
As % of Sales	7.49%	9.99%	10.31%	10.14%	16.95%	**18.46%**
Profit After Tax	**45.27**	**81.41**	**87.93**	**106.59**	**259.34**	**228.78***
Cash Accruals	56.68	100.99	108.92	137.41	303.15	**288.64**
Dividend (%) - Equity	**15%**	**20%**	**30%**	**30%**	**100%**	**100%**
Book Value (Rs.)	41.17	52.94	61.77	69.98	105.68	**132.19**
Earning Per Share (EPS)	**8.45**	**14.27**	**15.40**	**18.67**	**43.83**	**38.28**
Cash EPS	10.58	17.70	19.08	24.06	51.51	**48.77**
Current Ratio	2.08	1.97	1.65	2.35	1.53	**1.33**
Debt Equity Ratio	0.10	0.08	0.31	0.60	0.23	**0.14**
Return on Net Worth	20.53%	26.96%	24.94%	26.67%	41.63%	**29.09%**
Return on Capital Employed	18.04%	27.49%	18.13%	19.76%	28.45%	**33.48%**

*After providing for Income Tax for earlier years amounting to Rs. 40.87 million.



Panacea Biotec Limited

ANNUAL REPORT 2000 - 2001

Panacea Biotec
In Support of Life

BOARD OF DIRECTORS

Shri Soshil Kumar Jain	*Chairman*
Shri Ravinder Jain	*Managing Director*
Shri Rajesh Jain	*Director - Marketing & IT*
Shri Sandeep Jain	*Director - Exports*
Shri Ashwani Jain	*Director - Operations & Projects*
Shri Gurmeet Singh	*Director - Logistics*
Dr. Amarjit Singh	*Director - R & D and Quality Assurance*
Shri R.L. Narasimhan	
Shri N.N. Khamitkar	
Shri Sunil Kapoor	
Shri Sachidanand Hassija	
Shri C. C. Bhagat	
Shri M. L. Kalra	

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 - 44.
- A-241/242, Okhla Indl. Area, Phase - I, New Delhi - 20.

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

FINANCIAL INSTITUTIONS
Industrial Development Bank of India
Life Insurance Coporation of India

BANKERS
Canara Bank
IDBI Bank Ltd.
Punjab National Bank
Standard Chartered Bank
UTI Bank Ltd.

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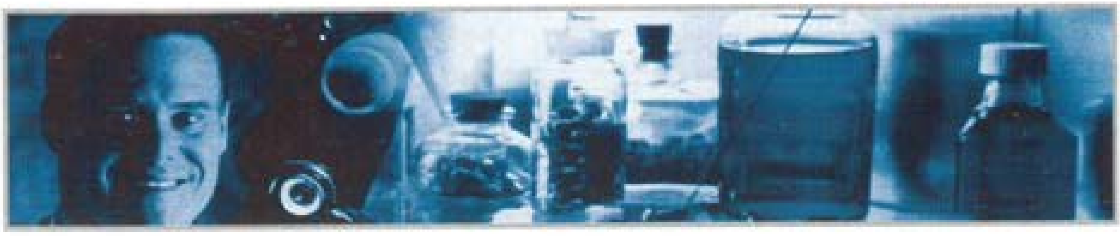

The present pharmaceutical marketing scenario reflects the total value of this market at Rs.14,500 crores with an average growth rate of approximately 8% (Source - ORG - May, 2001). Out of this market, new introductions account for Rs. 331 crores, demonstrating a tremendous hope for new products with advanced therapeutic profiles for the present and future needs.

It is pertinent to note that the Pain Management market is estimated at more than Rs. 800 crores with a growth rate of 14% which is much higher than the average growth rate of the industry. Thus, companies with nuggets of wisdom and a quick grasp of challenges, offering every core solution to the millions of people from arthritic pain can dream for good opportunities.

LOOKING AT THE DISEASE PATTERN OF THE COUNTRY it has been observed that the patient population of Diabetes is on the increase and India has been declared as the Diabetes Capital of the world. This might be due to the awareness of the disease and changes in the dietary habits. This market is estimated at a value of Rs. 475 crores, with a significantly high growth of 30%. Considering the longevity of the prescription for diabetic patient, companies with well defined marketing strategies, creating a clear nuance among different molecules and offering total diabetic care will certainly emerge as long term winners in this segment.

Infections have been and are very common especially in the developing countries like India which is amply reflected in the high volume market of Antibiotics - antibacterials which is today valued at Rs. 2,732 crores in addition to the Anti-TB market valued at Rs. 350 crores.

In addition to above important therapeutic segments, the upcoming segments like Anti-Osteoporosis drugs, vaccines (especially Hepatitis B) and Nutraceuticals will give a tremendous uplift to the overall growth of the pharmaceutical market.

Panacea Biotec
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Visualizing the market scenario it has been revealed that company which is operating in therapeutic areas like Pain Management, Diabetes, Osteoporosis, Vaccines and Antibiotics with new molecules and new technologies becomes the winner of today and tomorrow. Your company Panacea Biotec, has already carved a name for itself in Pain Management, establishing popular brands like Nimulid, Nimulid-MD and Dolib. In Diabetes the brands like Glizid, Glizid-M have climbed new dimensions. In the treatment of Osteoporosis, brands viz. Alphadol, Alphadol - C and vaccines for prophylaxis against Hepatitis B - Enivac HB are the brands which have earned a high level of recognition.

Your company has developed newer therapies with global patents in the Therapeutic areas viz. Tuberculosis, Newer Antibacterials, Peptic and Duodenal Ulcer therapies and Parkinsonism treatments. Antidiabetics, Antimigraine therapy and Obesity Reducing Agents etc. are going to be blockbusters of tomorrow.

In addition to the above new therapies; the company is also introducing newer biotechnology products by collaborating with international firms, which are specialized in Genomics, Proteomics and Bioinfomatics.

LOGISTICS

On the logistics front, we have shown remarkable presence in all the States of the Country in the form of our own Depots/C & F Agents who in-turn supply medicines to stockists. Marketing and Logistics working in tandem has ensured quick and continuous availability of products at all retail outlets throughout the country. The improved cash inflow (better than the industry average) has further stimulated the logistics function.

BRANDS - THE GROWING ASSETS

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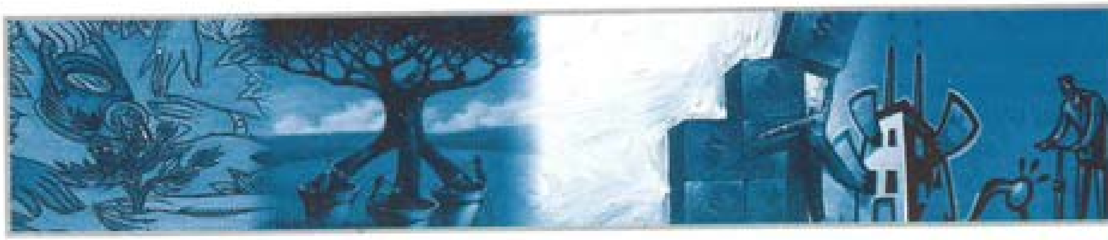
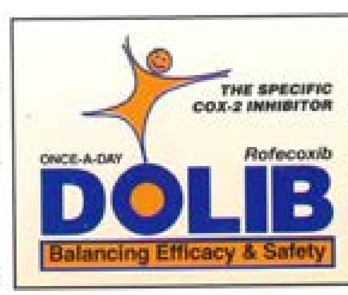


By placing the right metrics in place your company has invested extensively in brand building and the resultant is a measurable return on brand investment and a strong brand equity developed with all the speciality customers. This is clearly reflected in the progress of our brands viz. Nimulid, Nimulid - MD, Glizid, Glizid-M, Alphadol, Alphadol - C, Enivac HB, Panimun Bioral. Our new introductions - Kondro, Giro and Dolib have registered a remarkable mark in the market.

Today Nimulid is one of the largest selling brand which ranks 77 among the top 300 brands of the country and is the No. 1 prescribed NSAID by the Orthopaedic speciality. To further meet the different needs of the patients Panacea Biotec has developed technologically advanced mouth dissolving formulation Nimulid-MD which has been patented worldwide.

DOLIB - MARCHING AHEAD



Pain segment has always been a potential segment for the Pharma companies because of impressive growth & enormous opportunities for newer molecules. Dolib is a new analgesic & anti-inflammatory drug with all those benefits like good efficacy, excellent safety & convenience of once-a-day dosage.

Within nine months of its launch, Dolib has made a significant presence in the pain segment. The fast growth of Dolib can be attributed to novel and innovative marketing strategies based on :

1. Pre launch customer categorization.
2. Focused strategies to match the customer need.
3. Pre-launch confidence building exercises through product trials by Doctors.
4. Scientific meets and Symposia.
6. Creation of Dolib website.
7. Strategic campaigns for establishing a better brand equity.

ALPHADOL & ALPHADOL - C - OPENED NEW VISTAS

Osteoporosis is a very important medical condition of elderly people which is not diagnosed in many cases because of poor patient awareness of the disease. If not diagnosed early, this disease can pose problems such as Low Back Pain, Fractures,

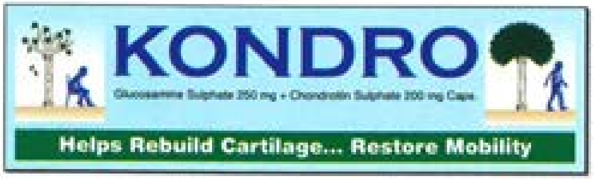
even on minor physical effort. Hence, there is tremendous scope to conduct lot of patient awareness camps to help the medical profession to diagnose the disease and offer logical treatment to the patients suffering from Osteoporosis. Our brands Alphadol & Alphadol - C have registered a firm place in the specialist's mind and ensures a continuous future growth.

With the introduction of Alphadol - C new vistas have been opened in the management of Osteoporosis. Alphadol - C increases the much needed calcium absorption and meets the additional demand of calcium besides improving bone formation and mineralisation.

Alphadol - C is creating waves in the market place due to a very innovative approach which helps the doctors to clearly identify the patients for Alphadol - C in cases where dietary intake of calcium is low. Those patients who take adequate calcium in their food can be prescribed Alphadol.

With these innovative approaches and clear cut product differentiation between Alphadol and Alphadol - C, Alphadol has achieved the mark of being No.1 in prescriptions, among the Orthopaedics & Nephrologists, in the year 2000-01. With the launch of Alphadol - C, the parent brand Alphadol has got a booster in growth & achieved a market share of 21%.

KONDRO - RAYS OF HOPE TO OSTEOARTHRITICS

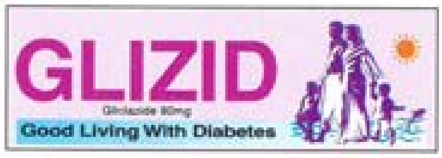


All these days, Osteoarthritis has not been fundamentally treated due to the lack of appropriate therapy. It was only symptomatically treated with pain killers. Today with the advent of KONDRO, the cartilage rebuilder, Orthopaedic surgeon foresee hope for millions of patients suffering from Osteoarthritis.

As the concept of cartilage rebuilding is quite new, a good marketing communication providing clarity in concept and product benefits have been the hall-marks in KONDRO promotion.

GLIZID - THE PATHFINDER FOR DIABETES MANAGEMENT

Diabetes is reaching almost epidemic proportions in India, with 25 - 30 million diabetic patients, the highest in the world. By the year 2025, this number is expected to rise to 57 million.



Your company had the vision seven years back and therefore, entered in to oral antidiabetics with Glizid - the novel drug that manages diabetes and also plays a beneficial role in protecting vital organs like heart, kidneys and eyes. This has given a new path in Diabetic Management.

Looking into the big size of diabetic population, we have developed a marketing strategy to increase our customer database with aggressive promotion of our anti-diabetic range at affordable price. It has further helped us to clearly identify, retain, attract and add new customers for our anti-diabetic brand.

The result - Glizid becomes no. 1 in this category. Looking into the increase in the number of resistant Diabetics, Panacea Biotec launched Glizid - M which is today No.1 in its category. Looking into the needs of younger diabetics which require lower dose, Glizid - 40 was launched, which is attracting newer patients and thus, we are able to block the entry for competition at a very early stage.

Today Panacea Biotec is among the top 5 companies in the oral anti diabetic segment and the next financial year shall see the launch of at least 5 more products in the anti diabetic therapy one of which is Oglo - a new concept and the latest therapy for Diabetes. Oglo will further strengthen the anti diabetic basket and is poised to become yet another mega brand.

This is just the beginning...

PANIMUN BIORAL - MOVING FROM STRENGTH TO STRENGTH

Panimun Bioral - the immuno-suppressant Cyclosporine formulation for critical use in Nephrology and Oncology, is competing successfully against a long entrenched monopoly brand and also growing on the strength of its better clinical efficacy. Having substantially improved the formulation and armed with US Patent for this drug, the Company is planning for global launch of this product, with a potential to churn the huge US $ 2.5 billion world market.

ENIVAC HB - PROTECTION FROM HEPATITIS B

"Hepatitis B kills more people in one day than AIDs in one year". This very fact threatens people to know more about "How Hepatitis B can be treated ?" unfortunately there is no known cure available.

The only option is to get protected from Hepatitis through vaccination : Enivac HB genetically engineered Hepatitis B Vaccine arms at providing "Protection to the total family" from Hepatitis B.

DIRECTORS' REPORT

Panacea Biotec
In Support of Life

Dear Members,

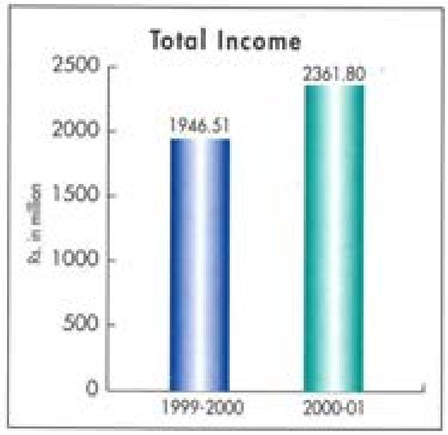
The Directors of your Company have pleasure in presenting the Seventeenth Annual Report together with the Audited Annual Accounts of the Company for the year ended 31st March, 2001 and Auditors' Report thereon.

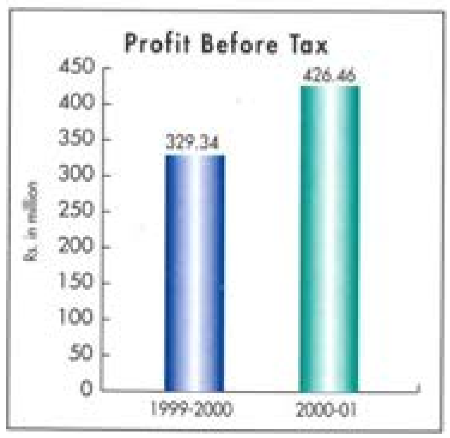
PERFORMANCE REVIEW

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

(Rs. in million)

Particulars	For the year ended 31st March, 2001	For the year ended 31st March, 2000
Sales	**2,309.84**	1,943.80
Other Income	**51.96**	2.71
Total Income	**2,361.80**	1,946.51
Gross Profit before Interest, Depreciation & Tax	**583.78**	431.95
Financial Expenses	**98.53**	70.92
Profit before Depreciation & Tax	**485.25**	361.03
Depreciation	**58.78**	31.69
Profit before Tax	**426.46**	329.34
Provision for Taxation	**197.68**	70.00
Profit after Tax	**228.78**	259.34
Appropriations :		
Dividend Paid/Proposed		
- On Equity Shares	**57.08**	57.08
- On Preference Shares	**9.28**	8.26
Tax on Dividend	**6.81**	7.19
Transfer to Capital Redemption Reserve	**32.03**	12.50
Transfer to Debenture Redemption Reserve	**10.00**	15.00
Transfer to General Reserve	**100.00**	60.00
Earnings per Share (EPS) (Rs.)	**38.28**	43.83
Book Value per Share (Rs.)	**132.19**	105.68
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, 25,00,000 RCPS aggregating Rs. 25.00 million were redeemed as per the terms of their issue. Further, out of the Preference Shares issued and allotted to Directors and their relatives, 7,03,500 Preference Shares aggregating Rs. 7.04 million were also redeemed during the year under review.

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 31st March, 2001.

The Dividend on the Redeemable Cumulative Preference Shares has been paid by way of Interim Dividends (pro-rata) at the rate of 5.50% and 6.50% as declared by the Board in its meeting held on 13th May, 2000 and 14th July, 2001, respectively and as such no further Dividend has been recommended on the Preference Share Capital as final Dividend for the financial year ended 31st March, 2001.

The Dividend as above on the Equity and Preference Shares, is placed before you for your approval at the ensuing Annual General Meeting and, if approved, will absorb an amount of Rs. 57.08 million and Rs. 9.28 million, respectively.

SALES & PROFIT GROWTH

Your Company has recorded another year of spectacular performance during 2000-01 with total income rising to Rs.2,361.80 million from Rs.1,946.51 million in the previous year, recording more than 21 per cent growth over the previous year.

This sales growth has been achieved amidst cut throat competition in the pharmaceutical market in India and abroad. Both the branded formulations and Vaccines segments have recorded significant increases in sales during the year. The total sales of branded formulations has been Rs.905.07 million during 2000-01 as against Rs. 626.63 million during the previous year recording a growth of more than 40% over the previous year. The total sales of vaccines during the year has also been increased to Rs.1,404.77 million as against Rs.1,317.16 million during the previous year, thus recording a growth of more than 6 per cent.

IMPROVED PROFITS

The Profit before tax for the year has jumped more than 29 per cent to Rs. 426.46 million as against Rs. 329.34 million in the previous year. However, in view of the additional provision for income tax amounting to Rs. 40.87 million for earlier year, the net profit after tax has been reduced to Rs. 228.78 million as against Rs. 259.34 million for the previous year. As a result of such additional provision for income tax, the Earning Per Share has also come down to Rs.38.28 as against Rs.43.83 for the previous year. Had this additional provision for income tax for the previous year not been made during the year under review, the net profit for the year would have been Rs. 269.65 million thus recording a growth of more than 23% over the adjusted profit after tax for the previous year (after adjusting said provision).

Achievement of this level of profits gives to your Directors all the more satisfaction in view of the fact that during 2000-01, the company has continued to invest in Research & Development, market development and brand building which are expected to yield results over a longer period.

With higher retained profits, the Net worth of the Company has improved to Rs.754.50 million from Rs.603.19 million as at the end of previous year, thus giving a Book Value per share of Rs.132.19 as against Rs.105.68 last year.

The liquidity position of the Company 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 0.14, thus leaving sufficient leverage in the hands of the Company to raise long-term debt for any future expansions.

Panacea Biotec
In Support of Life

MEDIUM TERM TRENDS

Aggressive marketing strategy of positioning our products in line with specific speciality needs 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 about 31 per cent compared to the industry average of about 12 per cent. Profits have been improving both at the gross and net levels and net profits have recorded a compounded average growth rate of more than 38 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.

MANUFACTURING OPERATIONS

Your Company has invested heavily in its existing facilities for Vaccines and Pharmaceutical dosage forms manufacturing in New Delhi. The modernisation/upgradation and investment in plant and machinery has enabled your company to obtain cGMP Certification as per WHO guidelines and accredititian by WHO for vaccines plant for procurement of Vaccines by UNICEF. The pharmaceutical dosage forms facility and vaccines plant are also having cGMP accredition.

Formulations Production Facility at Lalru: With a view to commercially exploit the new products being made available by the Research & 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 at Lalru for liquid orals and capsules (Phase-1) have been commissioned during the previous year. The production facilities for other products and categories are at various stages of completion.

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 nearing completion. The civil work has been completed and major equipments have already been received at the site and the trial runs are expected to start in October, 2001.

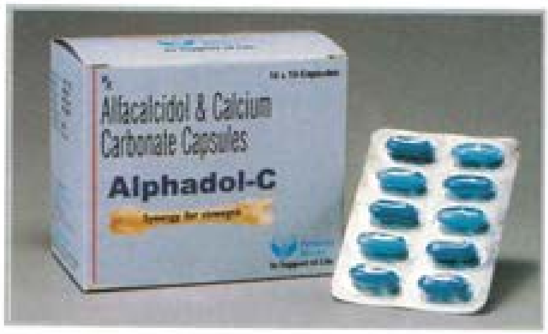
Quality - a conscious and deliberate policy for achieving success

Quality is among the most important reasons, which can persuade a customer to buy a product. Consistent pursuit of Total Quality Management, which your Directors are proud to state, has always been a cornerstone of your Company and this pursuit has resulted in achieving greater heights in the past few years.

Quality has been and will always remain a conscious and deliberate effort and can only be achieved by having a strong and dedicated team, best quality material and of course the best machinery and equipments. Quality can never be an after thought or an accident. 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.

NEW PRODUCTS

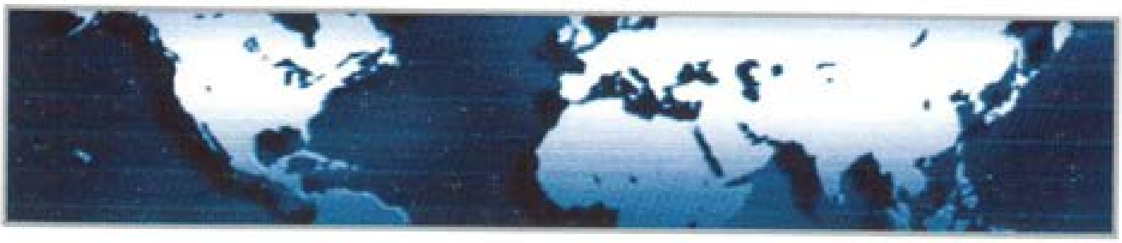
During the year under review, your company has launched number of new Brands including **Kondro** for Arthritic patients, **Giro** (ornidazole) for amoebic Dysentery and Diarrhea, **Nimulid DS,** for acute cases of pain and **Nimulid EF** (effervescent tablets) coming into folds a very pleasant and matured **Nimulid Family**. Further, **Alphadol-C,** a brand extension for Osteoporosis and **Oglo**, the novel PPAR γ activator for diabetes management, have been launched recently.



The Company has also lined up number of new product launches in the next 12 months, thus expanding its branded product portfolio and entrenching its presence in specific therapeutic areas viz. Orthopaedics, Diabetology, while opening up fresh avenues in newer therapeutic areas such as Gynaecology, Gastroenterology and Dentistry. Each of the products under launch would be a marked improvement over the existing therapy and these products are expected to enhance the revenue and profitability of the company over the years on a sustained basis.

Your Company has recently collaborated with National Research Development Corporation, New Delhi, for the commercial development of the know-how for an improved formulation (Nimesulide based) for Ocular delivery using nanotechnology developed by the University of Delhi and plans to commercialise the technology and launch advanced products based on such technology at the earliest.

The Company also plans to venture in Cocktail Vaccines, which are untouched and unexplored 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 its market share. Enivac -Tetra, a vaccine for diphtheria, pertutis, tetanus and hepatitis B, is in the pipeline and expected to be launched fairly soon. The company is also obtaining regulatory approvals for a Japanese encephalitis vaccine.



EXPORTS

The Company has identified Exports as the major thrust area of operation and in order to improve the export turnover, a two pronged strategy is being followed up, viz.

- To market branded pharmaceutical products to the developing markets in Africa, CIS countries and South Asia.
- To enter the European Union, US, Australia and other developed markets with technologically superior products.

The Company's efforts on the export front have shown positive results. The export turnover of the Company has reached a level of Rs. 1,116.14 million during the year under review registering a growth of more than 51% as compared to the previous year export of Rs.738.59 million.

With a view to facilitate the exports, the Liaisoning/ Representative Offices have also been set-up in Russia, Turkmenistan, Yugoslavia and Tanzania and similar offices are proposed to be opened in some other countries like Nigeria, Kenya, Uganda and Sri Lanka.

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 abroad.

RESEARCH AND DEVELOPMENT

The Company's state-of-the-art 20,000 sq. ft. ultra modern Research and Development Centre at Lalru, Punjab, having advanced equipments for in-house testings and trials and manned by 60 personnel including those with advanced degrees in specialised areas, 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 research activities currently being carried out are under the following areas:

- **Formulation Research and Development** for carrying out development of new and latest technology in conventional and novel formulations and development of Novel Drug Delivery System. The areas of interest include biologicals, pain management, diabetics, osteoporosis, tuberculosis and 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.
- **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 standardisation 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 and Hepatitis B, other Cocktail vaccines, newer adjuvants, monoclonal antibodies and r-DNA products.

- **Clinical Research** for co-ordinating clinical trials in medical research institutes/ hospitals, bioavalilability and pharmacodynamic studies on various Research Products of the Company.
- **Molecular Biology Research** being set-up for genomic and proteomic 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 in order 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 recently collaborated with National Research Development Corporation, New Delhi, for the commercial development of the know-how for an improved formulation (Nimesulide based) for Ocular delivery using nanotechnology developed by the University of Delhi and plans to commercialise the technology and launch advanced products based on such technology at the earliest.

ONGOING RESEARCH PROJECTS

The Company's ongoing research projects include :

- Development of combination product of a Novel NSAID and Anti-allergic Medication.
- Standardisation of Natural Product Bioavailability enhancer.
- Taste masking of Bitter products such as anti-malarials, anti-biotics 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.

Panacea Biotec
In Support of Life

RESEARCH PATENTS GRANTED

Your Company has been granted US 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 in US include the patents in respect of:

- Reversible Fertility Control for Prevention of Pregnancy in Females,
- Therapeutic injectable analgesic composition containing nimesulide 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,
- Pharmaceutical composition for the control and treatment of anorectal and colonic diseases,
- Antiispasmodic and anti-inflammatory composition and a process for the manufacture thereof,
- Pharmaceutical compositions containing cyclosporin.
- Pharmaceutical compositions containing at least one NSAIDs having increased bioavailability

NEW PRODUCTS RESEARCH

Your Company's therapeutic focus has been in developing new products in the therapies including analgesic/anti-inflammatory, anti-diabetic, immuno-suppressants, antibiotics, anti-tuberculosis, anti-obesity, anti-migraine, 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 domestic markets in India.

The Company has filed for eight product license application, besides various herbal products as dietary supplements. The Company is looking in the market of Dietary Supplements as anti-migraine, anti-piles, hepatoprotective, immunomodulators and hypoglycemic agent.

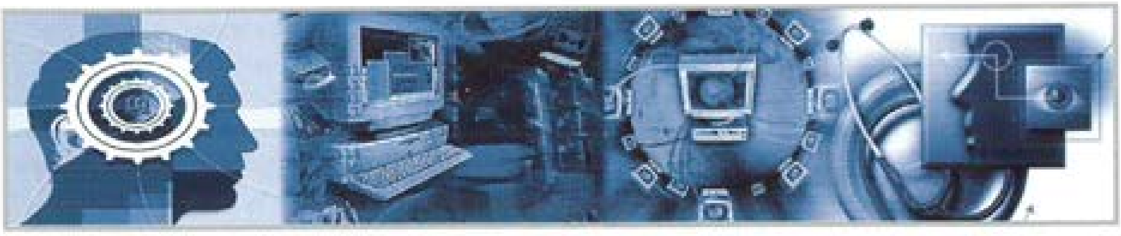
KNOWLEDGE RESOURCE

The Company follows the principle **'Hire for attitude and Train for Skill'**. The success of a business enterprise entirely depends upon the performance of its people. Therefore, development of people employed by the Company, who are a knowledge resource for the Company, continued to receive thrust during the year under review.

To meet the stringent needs of its work ethos, your Company believes in breeding, hands on professionals, ensuring transparency at all levels. With a pool of well qualified and high caliber seasoned and committed workforce coupled with a strong R&D, matured leadership and international quality standards, your Company is marching ahead in its quest for continuous innovation, adaption and upgradation of its products, services and people and thereby becoming one of the partners in Doctor's vision of a disease free world.

Your company organised number of advanced courses on selling skills for our Sales Department across the ranks during the year. Your company also organised workshops for Production, Quality Control and Quality Assurance staff, in addition to once a quarter interactive workshops for entire operations staff through consulting companies.

Your company organised lectures by eminent Scientists for your R & D Scientists. In addition, several Scientists were sent to International Conferences on Advanced Drug Research in USA, Germany, Switzerland, etc.



INFORMATION TECHNOLOGY

Only Organizations capable of sharing knowledge efficiently and effectively can create sustainable competitive advantage. Internet and E-Commerce are now buzz words of today in efficient business practices. Your company has established intranet and internet connectivity throughout the country with the C&F Agents, Depots, major Stockists and various operational locations. Your Company has integrated an ERP software in the entire functioning of the company.

Your company visualizes 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 for hosting a portal which is on the verge of launch with a concept of total health care, addressing to all needs of medical fraternity. With this in view your Company is developing a portal on health care which is likely to be launched shortly.

EMPLOYEE RELATIONS

The company continued to have very good relations with all its employees. Your Directors believes that the solid, perseverant effort, made by the employees of the Company in pursuit of the common goals of increasing the shareholders' value has been the significant factor such a spectacular growth achieved by your Company in a short span of period. Your company recognises that tomorrow's worker will be a knowledge worker and a knowledge worker is the most important asset for the Company and our future investments in our knowledge workers will be strategically aligned with our business goals.

SOCIAL RESPONSIBILITY

Your company has always recognised its responsibility to the community in which it operates. Your company conducted several free Health Camps throughout the year 2000-01 in following disease areas:

1.	**Diabetes**	Provided free sugar tests and consultation.
2.	**Osteoporosis**	Provided free Bone Mineral Density test and consultation.
3.	**Hepatitis-B**	Carried out Hepatitis-B Immunization camps at subsidised prices through charitable institutions like Rotary Club, Lions Club and Indian Medical Association branches all over India.

Further, as a gesture of compassion towards the great disaster which struck the soil of Gujarat state in the form of massive earthquake on 26th January, 2001, your Company has contributed Rs.31 Lacs in cash to Relief Funds apart from donating life-saving drugs to the hospitals to the relief effort.

JOINT VENTURES & SUBSIDIARIES

As you are aware, your Company has during 1999-2000 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 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. Maxwell Impex (India) Ltd. which owns a prime immovable property in close proximity to the existing Corporate Office of the Company, would greatly help Panacea Biotec Ltd. in housing its expanded corporate operations.

Your Company has during the year acquired substantial interest in Nuphar Alipro Ltd., a Company having objectives of trading of pharmaceuticals and other products. Further, during the year under review, two wholly-owned Subsidiary Companies, namely Tayonics Ltd. at Isle of Men, U.K. and Gianteen Ltd. at Hongkong, China were set-up for import-export of pharmaceutical, technologies and other products, however, later with a view to have the operational efficiency the investment in Gianteen Ltd. has been disinvested.

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.

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.

DIRECTORS

With a view to broad base the Board of your Company and also to comply with the SEBI Guidelines on Corporate Governance, during the year, Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor were appointed as the additional Directors of the Company w.e.f. 31st January, 2001. Further, Mr. Sachidanand Hassija, Mr. C.C. Bhagat and Mr. M.L. Kalra have also been appointed as additional Directors w.e.f. 14th July, 2001. As per the provisions of the Companies Act, 1956, these Directors hold office till the date of the ensuing Annual General Meeting and are proposed to be appointed as Director liable to retire by rotation with the approval of the members in the Annual General Meeting.

Further, due to his other pre-occupations, Mr. Jai Bhushan Jain, Director (Finance) resigned from his office of Directorship and his resignation was accepted with effect from 30th March, 2001. The Board wishes to record its sincere appreciation of the valuable services rendered by Mr. Jai Bhushan Jain during his tenure as a Director on the Board of Directors of the Company.

In accordance with the provisions of the Companies Act, 1956, Shri Ravinder Jain, Shri Sandeep Jain and Shri Ashwani 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.

CREDIT RATING

Your Directors are pleased to inform you that your Company has received the highest rating of A1+ from ICRA (a leading Investment Information and Credit Rating Agency of India) for its Rs.10 Crores Commercial Paper (CP) Programme. The rating indicate highest safety and conveys that the prospect of timely payment of debt/ obligation is high.

AUDITORS

As approved by the members in their Extra-ordinary General Meeting held on 3rd May, 2001, M/s. S.R. Batliboi & Associates, Chartered Accountants a renowned audit & consultancy firm, were appointed as Auditors in casual vacancy caused by resignation of M/s Sudhir Sunil & Co., Chartered Accountants. As per the provisions of the Companies Act, 1956, they 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. Your Company has received the Certificate from them 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.

The notes to the accounts and the onservations 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 31st March, 2001 and 31st March, 2002, subject to the approval of the Central Government.

Panacea Biotec
In Support of Life

AUDIT SUB-COMMITTEE

During the year under review, the Company has constituted an Audit Sub-Committee of the Board of Directors which consists of three non-whole time Directors viz. Mr. R.L. Narasimhan, Mr. N.N. Khamitkar and Mr. Sunil Kapoor.

LISTING OF SHARES

The Equity Shares of your Company are presently listed at National Stock Exchange and Stock Exchanges at Ludhiana, Delhi, Mumbai, Kolkata and Chennai, the Ludhiana Stock Exchange being the Regional Stock Exchange for the Company. The Company has been regular in paying the Annual Listing Fees to the Stock Exchanges and the Listing Fee for the current financial year has also been paid to them.

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. More than 90% 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 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 Financial Institutions, Banks, Central/ State Government Departments/ Agencies, Global organisations, Customers and Suppliers during the year under review. Your Directors also owe special thanks to all the shareholders of the Company, for their continued support during the year. Your Directors express their appreciation for the sincere and dedicated services rendered by the officers and staff of Panacea Biotec to achieve various goals as brought out in this report.

For and on behalf of the Board

New Delhi
14th day of July, 2001

SOSHIL KUMAR JAIN
Chairman

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 company has also taken the following measures for the conservation of energy:

1. Fuel consumption in the D.G. sets was reduced through their overhauling and rationalisation of operations.
2. The Company's Technology Department continuously monitors energy consumption in the plant and takes corrective measures for conserving energy.

	Current Year	Previous Year
A. Power and Fuel Cunsumption		
1. Electricity		
(a) Purchased		
Units (Nos.)	**6,92,975**	4,12,724
Total Amount (Rs.)	**29,45,144**	23,11,256
Rate/Unit (Rs.)	**4.25**	5.60
(b) Own generation		
(i) Through Diesel Generator		
Units (Nos.)	**20,11,777**	11,08,107
Unit per litre of Diesel Oil	**2.75**	1.42
Cost/Unit (Rs.)	**5.82**	8.57
(ii)Through Steam/Turbine Generator	**Nil**	Nil
Units (Nos.)		
Unit per litre of Diesel Oil		
Cost/Unit		
2. Coal	**Nil**	Nil
Quantity (tonnes)		
Total Cost		
Average Rate		
3. Furnace Oil	**Nil**	Nil
Quantity (Litres)		
Total Amount		
Average Rate/litre		
4. Others/Internal generation	**Nil**	Nil
Quantity		
Total Cost		
Rate/Unit		

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

TABLETS		
Production	**3,04,187**	2,87,714
Electricity	**1.13**	1.08
SYRUPS		
Production	**2,66,872**	2,30,743
Electricity	**0.92**	1.11
CAPSULES		
Production	**44,910**	47,713
Electricity	**1.63**	1.35
GELS		
Production	**26,539**	20,740
Electricity	**0.73**	0.96
VACCINE		
Production	**19,823**	20,706
Electricity	**40.35**	42

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.

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 :
   - Analytical Research
   - Formulation Research & Development
   - Chemicals Research
   - Natural Products Research
   - Pharmacology & Toxicology Research
   - Research in Vaccines & Biotechnology
   - Molecular Biology Research
   - Research in the areas of Genomics & Proteomics

3. Expenditure on R & D during 2000-01

(Rs. in million)

	2000-01	1999-2000
Capital	**24.37**	87.64
Revenue	**42.78**	38.36
Total	**67.15**	126.00
Total R&D expenditure as a percentage of total turnover	**2.91%**	6.48%

Technology absorption, adaptation and Innovation

1. Efforts, in brief, made towards technology adaptation and innovation	Technical collaboration for manufacture of vaccines
2. Benefits derived as a result of the above efforts	- Competetive products - Product Improvement - Product Development - Import Substitution
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished.	
a. Technology imported	Technical collaboration for manufacture, maintenance and marketing of vaccines
b. Year of import	1995-96, 1996-97 & 1997-98
c. Has technology been fully absorbed	Fully absorbed
d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plan(s) of action	N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports

The Company 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 completed.

The Company has achieved export turnover of Rs. 1116.14 million during 2000-01 as against Rs.738.59 million 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 million)

	Current Year	Previous Year
Earnings	**1,107.22**	720.56
Outgo	**987.28**	576.23

For and on behalf of the Board

New Delhi,
14th July, 2001

SOSHIL KUMAR JAIN
Chairman

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, 2001

S. No.	Name	Designation & Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Particulars of Last Employment
1.	Shri Soshil Kumar Jain	Chairman	65,83,079	Pharmacist	46	02.02.84	70	Business
2.	Shri Ravinder Jain	Managing Director	30,13,200	Matriculate	21	15.11.84	44	Business
3.	Shri Rajesh Jain	Director Marketing & IT	30,13,200	B.Sc.	17	15.11.84	37	Business
4.	Shri Sandeep Jain	Director Exports	30,13,200	B.Com.	16	15.11.84	35	Business
5.	Shri Ashwani Jain	Director Operations & Projects	15,13,200	Chartered Engineer Mechanical	21	01.04.93	43	GM, Radicura Pharma
6.	Shri Gurmeet Singh	Director Logistics	15,13,200	B.Com.	21	29.06.96	39	Director, Radicura & Co. Ltd.
7.	Dr. Amarjit Singh	Director R & D and Quality Assurance	22,13,200	M.Pharm., Ph.D.	21	31.12.93	43	Sr. Manager, Max India Ltd.
8.	Shri Jai Bhushan Jain *	Director Finance	15,13,200	B.Com.(Hons.), FCS	28	01.04.92	50	Self employed
9.	Shri K.V. Gopalakrishnan	Vice President Sales & Logistics	12,02,100	B.Sc.	25	15.11.93	48	GM Sales, Magnachem P. Ltd.

* Resigned w.e.f. 30th March, 2001.

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/were non-contractual except that of Directors mentioned at Sl. No. 1 to 8.
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.

For and on behalf of the Board

New Delhi
14th July, 2001

SOSHIL KUMAR JAIN
Chairman

AUDITORS' REPORT

To the Members of Panacea Biotec Limited,

We have audited the attached Balance Sheet of Panacea Biotec Limited as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, 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 have annexed hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we also report 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 those books;

   c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the books of account;

   d) In our opinion and to the best of our information and according to explanations given to us, the accounts, read together with the notes thereon and the significant accounting policies, comply with the Accounting Standards referred to in sub-section (3C) of Section 211of the Companies Act, 1956.

   e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2001 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 and Loss Account, read together with 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:

      i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001, and

      ii) in so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date.

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants
Per

Place : New Delhi
Date : 14th July, 2001

Manoj Gupta
Partner

Annexure to the Auditors' Report

Referred to in paragraph 1 of our report of even date on the Statement of Accounts of Panacea Biotec Limited as at and for the year ended 31st March, 2001.

1. *The Company is in the process of updating records to include full particulars and details of the fixed assets.* The fixed assets have been physically verified by the management during the year. No material discrepancy was noticed on comparison between book records and physical inventory.

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 material at reasonable intervals during the year.

4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management, are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. No material discrepancy was noted on physical verification of stocks.

6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and on the same basis as in earlier years except for general stores and spares which are valued at cost as at 31st March, 2001 at Rs.2,921 thousand whereas these were charged off to Profit and Loss Account upto last year. In case the same policy was continued, the profits would have been lower by Rs.2,921 thousand.

7. The Company has not taken any loan, secured or unsecured, from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or from the Companies under the same management as defined in sub-section (1B) of Section 370 of the Companies Act, 1956.

8. The Comapny has not granted any loan, secured or unsecured, to Companies, firms or other parties listed in the Register maintained under Section 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 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 adquate 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. As per the records of the Company, 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 unserviceable, expired or damaged stores, raw materials, finished goods and formulations. Adequate provision has been made in the accounts for the loss arising on the items so determined.

13. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58 A of the Companies Act, 1956 and rules framed thereunder.

14. In our opinion, the Company is maintaining reasonable records for sale and disposal of realisable scrap and 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 record 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 information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty and Sales Tax which have remained outstanding as at 31st March, 2001, 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 records examined by us, no personal expenses have been charged to 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 : 14th July, 2001

Manoj Gupta
Partner

BALANCE SHEET

As at 31st March, 2001

Panacea Biotec
In Support of Life

(Amount in Rs.'000)

	Schedule		As at 31st March, 2001		As at 31st March, 2000
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	I	125,134		157,169	
b) Reserves & Surplus	II	701,634	826,768	546,016	703,185
2. Loan Funds					
a) Secured Loans	III	469,789		463,512	
b) Unsecured Loans	IV	275,613	745,402	239,995	703,507
TOTAL			1,572,170		1,406,692
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	V	541,617		470,298	
Less : Depreciation		162,656		104,492	
Net Block		378,961		365,806	
b) Capital Work-in-progress		183,901		42,563	
c) Pre-operative Expenditure (pending allocation) (Refer note no. 3 of Schedule XVII B)		2,390	565,252	-	408,369
2. Investments	VI		47,137		18,083
3. Current Assets, Loans & Advances	VII				
A) Current Assets					
i) Inventories		574,187		440,685	
ii) Sundry Debtors		405,653		204,674	
iii) Cash & Bank Balances		132,741		471,398	
B) Loans & Advances		164,251		94,071	
Sub-Total (a)		1,276,832		1,210,828	
Less: **Current Liabilities & Provisions**	VIII				
a) Current Liabilities		227,133		184,293	
b) Provisions		94,225		46,295	
Sub-Total (b)		321,358		230,588	
Net Current Assets (a) - (b)			955,474		980,240
4. Miscellaneous Expenditure (To the extent not written off or adjusted)	IX		4,307		-
			1,572,170		1,406,692
Significant Accounting Policies and Notes to Accounts	XVII				

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

Manoj Gupta
Partner

Place : New Delhi
Date : 14th July, 2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SANJAY JAIN
D.G.M. - Accounts

VINOD GOEL
Company Secretary

PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2001

Panacea Biotec
In Support of Life

(Amount in Rs.'000)

	Schedule		For the year ended 31st March, 2001		For the year ended 31st March, 2000
I. INCOME					
Sales					
Domestic Sales		1,193,694		1,205,212	
Export Sales		1,116,143		738,586	
Total Sales			2,309,837		1,943,798
Other Income	X		12,926		2,708
Increase/ (Decrease) in Stock	XI		(22,182)		85,567
Total Income			2,300,581		2,032,073
II. EXPENDITURE					
Cost of Production	XII		1,226,260		1,217,165
Purchases			127,417		57,402
Personnel Expenses	XIII		120,549		96,217
Administrative Expenses	XIV		170,434		128,090
Interest and Finance charges	XV		98,534		70,916
Selling Expenses	XVI		110,099		89,129
Miscellaneous Expenditure written off during the year			1,077		12,125
Depreciation			58,783		31,693
Total Expenditure			1,913,153		1,702,737
Operating Profit Before Tax			387,428		329,336
Profit on Sale of Investment in Subsidiary (Refer Note No. 14 of Schedule XVII B)			30,225		-
Miscellaneous Balances/ Provisions written back			9,557		-
Premium on Redemption of Preference Share Capital			(750)		-
Profit Before Tax			426,460		329,336
Provision for Wealth Tax			368		-
Provision for Income Tax			156,433		70,000
Provision for Income Tax for earlier years			40,875		-
Profit After Tax			228,784		259,336
APPROPRIATION :					
Dividend - Equity Shares			57,077		57,077
- Preference Shares (Refer Note No.12 of Scheuled XVIIB)			9,277		8,259
Dividend Tax			6,812		7,187
Transfer to Capital Redemption Reserve			32,035		12,500
Transfer to Debenture Redemption Reserve			10,000		15,000
Transfer to General Reserve			100,000		60,000
Balance of Profit carried to Balance Sheet			13,583		99,313

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
Manoj Gupta
Partner

Place : New Delhi
Date : 14th July, 2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SANJAY JAIN
D.G.M. - Accounts

VINOD GOEL
Company Secretary

(Amount in Rs.'000)

		As at 31st March, 2001		As at 31st March, 2000
SCHEDULE I - SHARE CAPITAL				
AUTHORISED				
Comprising of				
i) 12,500,000 Equity Shares of Rs.10/- each		125,000		125,000
ii) 10,000,000 Preference Shares of Rs.10/- each		100,000		100,000
		225,000		225,000
ISSUED, SUBSCRIBED & PAID UP				
5,707,660 Equity Shares of Rs.10/- each	57,077		57,077	
Add: Forfieted Shares	92	57,169	92	57,169
(Out of the above Shares, 1,814,240 Equity Shares were issued as fully paid up Bonus Shares by capitalisation of General Reserves)				
12% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each				
Series - I				
1,250,000 (Previous Year 3,750,000) Preference Shares	12,500		37,500	
Series - II				
5,546,500 (Previous Year 6,250,000) Preference Shares	55,465	67,965	62,500	100,000
		125,134		157,169

Note:

RCPS Series - I

Redeemable with 2% premium to be paid alongwith last instalment on initial allotted amount of Rs.50,000 thousand, as stated below:

Redemption Date	Amount
21st May, 2001	2,500
25th June, 2001	2,500
21st May, 2002	2,500
25th June, 2002	2,500
21st May, 2003	1,250
25th June, 2003	1,250

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 terms of issue, the redemption dates are as under:

Redemption Date	Amount
15th July, 2004	27,556
30th July, 2004	4,602
19th Feb., 2005	23,307

Panacea Biotec
In Support of Life

(Amount in Rs.'000)

		As at 31st March, 2001		As at 31st March, 2000
SCHEDULE II - RESERVES AND SURPLUS				
1) Capital Redemption Reserve				
Amount as per last Balance Sheet	12,500		-	
Add : Transfer from Profit & Loss A/c	32,035	44,535	12,500	12,500
2) Debenture Redemption Reserve				
Amount as per last Balance Sheet	30,000		15,000	
Add : Transfer from Profit & Loss A/c	10,000	40,000	15,000	30,000
3) Share Premium				
Amount as per last Balance Sheet	161,367		160,920	
Addition during the year	-	161,367	447	161,367
4) General Reserve				
Amount as per last Balance Sheet	285,847		225,847	
Add :Transfer from Profit & Loss A/c	100,000	385,847	60,000	285,847
5) Profit & Loss Account				
Amount as per last Balance Sheet	56,302		33,778	
Add :				
Excess provision of Dividend for earlier years	-		2	
Net Income Tax adjustment for earlier years	-		4,325	
Transfer from Profit & Loss A/c	13,583		99,313	
	13,583		103,640	
Less :				
Deferred R & D Expenses written off	-		80,883	
Short Provision of Dividend Tax for earlier years	-		233	
	-	69,885	81,116	56,302
		701,634		546,016

Panacea Biotec
In Support of Life

(Amount in Rs.'000)

		As at 31st March, 2001		As at 31st March, 2000
SCHEDULE III - SECURED LOANS				
1. DEBENTURES				
400,000 -16% Non-Convertible Debentures of face value of Rs.100/- each redeemable at par in three equal annual instalments starting from 15th Feb. 2003.	40,000		40,000	
200,000 -16% Non-Convertible Debentures of face value of Rs.100/- each redeemable at par in three equal annual instalments starting from 21st Feb. 2002. (Refer note 5 below)	-	40,000	20,000	60,000
2. TERM LOANS				
Industrial Development Bank of India (I D B I) Redeemable within one year Rs.20,000 (Previous Year Rs.30,000)		39,990		58,330
3. WORKING CAPITAL LOAN FROM SCHEDULED BANKS		389,799		67,346
4. OTHER LOANS				
Loan against EEFC Deposits :				
ANZ Grindlays Bank (Foreign Currency Loan)	-		173,964	
Canara Bank	-		48,172	
IDBI Bank Limited	-	-	55,700	277,836
		469,789		463,512

Notes :

1. Debentures are secured by way of first charge on the immovable assets of the Company on pari-passu basis with term lending Institutions.
2. Term Loan from IDBI is secured by first charge on pari-passu basis on all the fixed assets of the Company at Lalru (Punjab).
3. Working Capital Loans from Banks are agreed to be secured by hypothecation of present & future stocks of raw materials,stocks-in-process, finished goods and book debts, outstanding monies, receivable claims, trust receipts, etc., besides second charge on the fixed assets of the Company situtated at Lalru (Punjab).
4. The above loans are also collaterally secured by personal guarantees of the Promoter Director of the Company.
5. During the year, the Company has redeemed 200,000 - 16% Non-Convertible Debentures of face value of Rs.100/- each before the due date.

		As at 31st March, 2001		As at 31st March, 2000
SCHEDULE IV - UNSECURED LOANS				
a) Debentures :				
1,000,000 - 12.20% Non-Convertible Debentures of face value of Rs.100/- each redeemable at par in two equal instalments on 5th October, 2001 & 13th October, 2001.		100,000		-
b) Institutional Loans :				
1. Foreign Currency Loan from IDBI	-		217,762	
2. Rupee Loan from IDBI (Repayable within one year Rs. 50,000)	50,000	50,000	-	217,762
c) Commercial Paper (Repayable within one year Rs.100,000)		100,000		-
d) Long-term Trade Deposits		25,613		22,233
		275,613		239,995

SCHEDULE V - FIXED ASSETS

(Amount in Rs.'000)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2000	Additions during the year	Sale during the year	**As at 31st March, 2001**	As at 1st April, 2000	Provided during the year	Sale during the year	**As at 31st March, 2001**	**As at 31st March, 2001**	As at 31st March, 2000
Land - Freehold*	25,846	4,175	-	**30,021**	-	-	-	-	**30,021**	25,846
Buildings	148,997	5,000	-	**153,997**	20,912	11,204	-	**32,116**	**121,881**	128,085
Plant & Machinery	181,779	38,063	-	**219,842**	43,274	25,602	-	**68,876**	**150,966**	138,505
Furniture & Fittings	14,222	5,550	-	**19,772**	5,095	2,269	-	**7,364**	**12,408**	9,127
Patents, Trade Mark & Copyrights	30,642	329	-	**30,971**	3,804	6,268	-	**10,072**	**20,899**	26,838
Vehicles	38,491	5,874	1,267	**43,098**	17,644	6,376	619	**23,401**	**19,697**	20,847
Office Equipments	9,710	5,054	-	**14,764**	3,246	1,259	-	**4,505**	**10,259**	6,464
Computer Equipments	20,611	8,541	-	**29,152**	10,517	5,805	-	**16,322**	**12,830**	10,094
Total	**470,298**	**72,586**	**1,267**	**541,617**	**104,492**	**58,783**	**619**	**162,656**	**378,961**	**365,806**
Previous Year	256,402	215,217	1,321	470,298	73,466	31,693	667	104,492	365,806	182,936

*Includes perpetual leasehold land amounting to Rs.5,065 pending registration in the name of the Company.

Panacea Biotec
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(Amount in Rs.'000)

		As at 31st March, 2001		As at 31st March, 2000
SCHEDULE VI - INVESTMENTS				
Long Term Investments (at cost)				
A. Quoted				
46,900 Equity Shares (Previous year 46,900) of Rs.10/- each fully paid of IDBI Bank Ltd. Market Value Rs.886 (Previous year Rs.1,386)		844		844
B. Unquoted*				
1) Subsidiary Companies :				
a) 105,700 (Previous Year 105,700) Equity Shares of Rs.10/- each fully paid of Radicura & Co. Ltd.	5,814		5,814	
b) 190,156 (Previous Year 95,206) Equity Shares of Rs.10/- each fully paid of Maxwell Impex (India) Ltd.	22,875		11,424	
c) 500 (Previous Year Nil) Equity Shares of Rs.100/- each fully paid of Nuphar Alipro Ltd.	50		-	
d) 200,000 (Previous Year Nil) Equity Shares of Great Britain Pound 1 each fully paid of Tayonics Ltd.	13,356		-	
		42,095		17,238
2) Other Investments :				
a) 419,767 (Previous Year 50) Equity Shares of Rs.10/- each fully paid of Panheber Biotec Ltd.		4,198		1
		47,137		18,083

* Refer to note no. 14 of Schedule XVII B.

Panacea Biotec
In Support of Life

(Amount in Rs..000)

		As at 31st March, 2001		As at 31st March, 2000
SCHEDULE VII - CURRENT ASSETS, LOANS & ADVANCES				
A. CURRENT ASSETS				
Inventories :				
i) Raw & Packing Materials [including lying with third party Rs.2,971 (Previous Year Rs.1,131)]	304,145		174,701	
ii) Finished goods	233,349		255,531	
iii) Stock in Process	7,723		10,453	
iv) Store & Spares	2,921		-	
iv) Stock in Transit	26,049	574,187	-	440,685
Sundry Debtors				
(Unsecured, considered good, unless otherwise stated)				
Debts outstanding for a period exceeding six months	31,235		27,179	
Less: Provision for Bad & Doubtful Debts	2,582		-	
	28,653		27,179	
Other Debts	377,000	405,653	177,495	204,674
Note : Other Debts includes a sum of Rs.4,879 (Previous Year Rs.6,776) due from Company under the same management.				
Cash & Bank Balances				
i) Cash in Hand	1,865		1,030	
ii) Balances with Schedule Banks:				
a) In Cash Credit Accounts	1,776		3,387	
b) In Current Accounts	27,087		20,788	
c) In Fixed Deposits (Refer Note no. 6 of Schedule XVII B)	20,699		74,233	
d) In Exhange Earners' Foreign Currecy Current Account	76,786		8,725	
e) In Exchange Earners' Foreign Currency Deposit Account	-		362,897	
iii) Balances with non-Scheduled Banks				
a) Bank of Foreign Trade - Moscow (maximum amount outstanding at any time during the year Rs.914)	16		-	
b) Standard Chartered Bank Tanzania Ltd. (maximum amount outstanding at any time during the year Rs.399)	5		-	
c) Societe Generale Yugoslav Bank (maximum amount outstanding at any time during the year Rs.374)	231		-	
iv) Cheques in Hand	4,276	132,741	338	471,398
B. LOANS & ADVANCES				
(Unsecured, considered good)				
Advances to Subsidiaries	1,459		11,400	
Advances recoverable in cash or in kind or for value to be received	120,539		22,877	
Staff Loans & Advances	7,581		7,891	
Security Deposits	6,726		7,426	
Advance Income Tax (net of tax provision)	-		40,114	
Balance with Custom/ Excise Authoritites	27,946	164,251	4,363	94,071
		1,276,832		1,210,828

(Amount in Rs.'000)

		As at 31st March, 2001		As at 31st March, 2000
SCHEDULE VIII - CURRENT LIABILITIES & PROVISIONS				
A. CURRENT LIABILITIES				
i) Acceptances	57,483		126,949	
ii) Creditors for Goods, Services & Expenses				
a) Small Scale Industries	506		4,918	
b) Others	131,199		22,805	
iii) Expenses Payable	29,721		23,611	
iv) Unclaimed Dividend	501		563	
v) Other Liabilities	5,717		5,447	
vi) Interest accrued but not due	2,006	227,133	-	184,293
B. PROVISIONS				
i) Provision for Wealth tax	368		-	
ii) Provision for Income Tax (net of advance tax)	16,552		-	
iii) Dividend on Equity Shares	57,077		28,539	
iv) Dividend on Preference Shares	4,980		-	
v) Provision for Dividend Tax	6,330		3,139	
vi) Provision for Gratuity/ Leave encashment	8,918	94,225	14,617	46,295
(Refer Note No. 8 & 9 of Schedule XVII B)				
		321,358		230,588

SCHEDULE IX - MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
i) Deferred Revenue Expenditure				
As per last Balance Sheet	-		7,323	
Add : additions during the year	5,384		-	
	5,384		7,323	
Less: written off during the year	1,077	4,307	7,323	-
ii) Research & Development Expenses				
As per last Balance Sheet			85,685	
Add : additions during the year	-		-	
	-		85,685	
Less : written off during the year	-		4,802	
Less : transfer to Reserves & Surplus	-	-	80,883	-
		4,307		-

(Amount in Rs.'000)

		For the year ended 31st March, 2001		For the year ended 31st March, 2000
SCHEDULE X - OTHER INCOME				
Interest received on FDRs & Others (Gross)		5,477		1,384
[Tax deducted at source Rs.348 (Previous Year Rs.99)]				
Foreign Exchange Gain on Exchange Earners' Foreign Currency Accounts (Net)		7,327		1,322
Dividend on Investments		56		2
Miscellaneous Receipts		66		-
		12,926		2,708
SCHEDULE XI - INCREASE/ (DECREASE) IN FINISHED GOODS				
Closing Stock				
Finished Goods		233,349		255,531
Less : Opening Stock				
Finished Goods		255,531		169,964
		(22,182)		85,567
SCHEDULE XII - COST OF PRODUCTION				
Raw Material & Packing Material consumed				
Opening Stock:				
Raw Material & Packing Material	174,701		103,483	
Stock In Process	10,453		54,354	
Add: Material Purchased during the year	1,188,037		1,093,236	
	1,373,191		1,251,073	
Less: Closing Stock :				
Raw Material & Packing Material	304,145		174,701	
Stock in Process	7,723		10,453	
	311,868		185,154	
Total Material consumed		1,061,323		1,065,919
Processing Charges		1,765		2,669
Excise Duty		94,445		77,510
Analytical Testing & Trial Charges		12,089		13,818
Manufacturing Expenses		5,653		6,284
Power & Fuel		15,080		9,561
Wages		18,956		23,531
Repairs & Maintenance				
Factory Building	6,145		8,128	
Plant & Machinery	5,089	11,234	4,489	12,617
Rent Factory		5,715		5,256
		1,226,260		1,217,165
SCHEDULE XIII - PERSONNEL EXPENSES				
Salary		96,869		77,989
Contribution to Provident and other funds		6,908		5,620
Bonus & Ex-gratia		5,334		3,810
Staff Welfare Expenses		11,438		8,798
		120,549		96,217

Panacea Biotec
In Support of Life

(Amount in Rs.'000)

		For the year ended 31st March, 2001		For the year ended 31st March, 2000
SCHEDULE XIV - ADMINISTRATIVE EXPENSES				
Rent		4,865		4,641
Directors' Remuneration		21,396		16,974
Directors' Sitting Fees		30		-
Printing & Stationery		7,721		6,199
Postage & Communication Expenses		17,235		13,270
Insurance		5,289		4,570
Travelling Expenses		38,081		28,281
Books & Periodicals		2,826		936
Legal & Professional Charges		23,244		12,023
Vehicle Running & Maintenance		6,981		5,258
Repair & Maintenance:				
- Non-Factory Buildings	4,421		3,530	
- Others	8,469	12,890	10,145	13,675
Auditors' Remuneration :				
- Statutory Audit Fees	900		150	
- Tax Audit Fees	25		25	
- Cost Audit Fees	13		-	
- Fees for other services	450	1,388	25	200
Rates, Fees & Taxes		4,257		3,517
Donation		4,502		830
Subscription		1,220		997
Electricity & Water Charges		3,379		8,275
Staff Training & Recruitment		4,922		4,298
Sundry Expenses		6,066		3,883
Debts written off & provided for		4,015		261
Loss on sale of Fixed Assets		127		2
		170,434		128,090
SCHEDULE XV - FINANCIAL EXPENSES				
Interest on :				
a) Debentures/ Other Fixed Loans	20,532		34,065	
b) Others (Refer Note No. 10 of Schedule XVII B) [including Rs.25 (Previous Year Rs.2) paid to Managing Director]	63,255	83,787	25,208	59,273
Bank Charges		14,747		11,643
		98,534		70,916
SCHEDULE XVI - SELLING EXPENSES				
Advertising		3,535		2,729
Meetings & Conferences		16,144		14,786
Sales Promotion		17,268		11,094
Sales Incentive		3,119		2,242
Freight & Cartage		17,468		19,497
Commission on Sales		10,001		7,513
Rent for Cold Storage & Depots		8,644		9,107
Marketing Expenses		33,920		22,161
		110,099		89,129

Panacea Biotec
In Support of Life

(Amount in Rs.'000)

SCHEDULE XVII - 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 confirmity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results 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 and export incentives. Export incentives are accounted on accrual basis and include the estimated value of export receivable under the Duty Entitlement Pass Book Scheme and the Duty Drawback Scheme.

4) FIXED ASSETS

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

5) PATENTS, TRADE MARKS & COPYRIGHTS

The cost of acquisition of Patents, Trademarks and Copyrights is amortised over its estimated useful life.

6) DEPRECIATION

Depreciation on fixed assets is provided (except in case of patents, trade marks & copyrights) on written down value method as per rates and manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on Patents, Trademarks & Copy rights is provided on straight line method over a period of seven years.

7) DEFERRED REVENUE EXPENDITURE

Expenditure for registration and for obtaining regulatory approvals for products for overseas markets and product acquisition are charged off as a Deferred Revenue Expenditure over a period of 5 years beginning from the year of product registration.

8) 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.

9) EXPENSES INCURRED ON DEVELOPMENT & MAINTENANCE OF WEB-SITE

The expenses incurred on development & maintenance of new web-site is charged to Profit & Loss Account.

10) INVENTORIES

Inventories have been valued as follows:

Raw Materials, packing materials and stores & spares	At cost
Finished Goods	At lower of cost or net realisable value
Work / Stocks in process	At cost
Goods for resale	At lower of cost or net realisable value.

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

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

11) **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.

12) **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 independant actuary as of the balance sheet date.

c) **Leave Encashment**: The provision for leave encashment benefit to the employees as per Company policy has been made on the basis of actuarial valuation made by independant actuary.

13) **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 investment) related to foreign currency transactions, remaining unsettled at the year-end, are stated at year-end rates. In cases where 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.

B. NOTES TO ACCOUNTS

1) **CONTINGENT LIABILITIES** (Rs. in '000)

Particulars	Current Year	Previous Year
i. For bank guarantees outstanding	**1,208**	31,124
ii. Contingent liability against customs for import under Export Promotion Capital Goods Scheme	**8,006**	4,985
iii. Letters of Credit opened and outstanding	**6,929**	3,208
iv. Disputed demands under Sales Tax, Customs & Excise	**18,715**	-

2) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for amounts to Rs.39,598 (Previous Year Rs.125,000). The contracts for purchase of capital machinery include only the CIF value of machinery.

3) The Company is in the process of setting up of a vaccine plant at Lalru (Punjab). For this project, the Company has incurred pre-operative expenditure amounting to Rs.2,390 (Previous Year Rs. Nil), which has been grouped with Capital work-in-progress and is pending allocation to the respective heads of fixed assets. The allocation of pre-operative expenses to the respective heads of fixed assets shall be done once the plant is commissioned. Such pre-operative expenses represent direct cost and all other expenses incidental to the acquisition/ construction of the facilities and commissioning of the vaccine plant. The details of the pre-operative expenses are as follows: (Rs. in '000)

Particulars	Current Year	Previous Year
i. Travelling & Conveyance Expenses	**1,031**	-
ii. Rent	**635**	-
iii. Legal & Professional charges	**225**	-
iv. Repairs & Maintenance - Machinery	**159**	-
v. Repairs & Maintenance - Building	**27**	-
vi. Repairs & Maintenance - Others	**45**	-
vii. Insurance	**80**	-
viii. Electricity & Water charges	**69**	-
ix. Printing & Stationery	**15**	-
x. Telephone	**36**	-
xi. Rates, Fees & Taxes	**4**	-
xii. Office Expenses	**64**	-
Total	**2,390**	-

4) a) **Directors' Remuneration**

(Rs. in '000)

Particulars	Current Year	Previous Year
i. Salary	21,000	16,875
ii. Royalty	700	344
ii. Perquisites	675	394
Total	22,375	17,613

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

Profit as per Profit & loss account (before taxes & extra-ordinary items)	387,428	330,224
Add:		
Depreciation	58,783	31,693
Directors' Remuneration	22,375*	17,613*
Provision for Bad Debts	4,015	261
Loss on sale of Fixed Assets	127	2
	472,728	379,793
Less:		
Depreciation under section 350	58,783	31,693
Net profit in accordance with section 349 of Companies Act,1956	413,945	348,100
Maximum amount permissible under section 309 of the Companies Act,1956	41,395	34,810

*Includes Rs. 700 (previous year Rs. 344) as royalty debited in cost of production and Rs. 279 (previous year Rs. 295) as perquisites debited in respective heads of accounts.

5) The Company does not owe a sum in excess of Rs.1 Lac outstanding for more than 30 days to any Small Scale and Ancillary Undertaking.

6) Fixed Deposits amounting to Rs.6,930 (Previous Year Rs.3,209) are pledged with banks as Margin Money for Letter of Credit issued and Rs.13,770 (Previous Year Rs.6,024) are pledged with Sales Tax/ Excise/ Customs/ Other Government authorities.

7) The Company, during the current year, has reviewed and revised the estimated useful life of Patents from 20 years to 7 years. The unamortised depreciable amount will be charged over the revised remaining useful life of Patents. On account of such revision, the profit for the year is lower by Rs.4,709.

8) The Company has changed the policy in respect of estimates of Gratuity liability from "Total Liability" as per Gratuity Act, 1972 basis to "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 to change in policy, the profit for the year has been increased by Rs.3,030.

9) The Company has changed the policy in respect of estimates of leave encashment liability to "Actuarial Valuation" basis. Hitherto provision for accrued leaves to the employees was made on the basis of actual number of leaves standing to their credit as at the end of year. As a consequence, the profit for the year has been increased by Rs.7,498.

10) Interest charged on loan taken against Exchange Earners' Foreign Currency (EEFC) Fixed Deposits have been disclosed net of interest income amounting to Rs.9,579 (Previous Year 5,970) from such EEFC Fixed Deposits.

11) In the opinion of the management, all the current assets, loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

12) Appropriation on account of Preference Share Capital dividend includes Rs.4,296 paid during the year.

13) Net Loss on account of Foreign Exchange difference included in the net profit for the year amount to Rs.21,726 (Previous Year gains Rs.2,722).

14) The Company had invested Euro 100,000 (Rs.4,184) in 712,000 Equity Shares of Hongkong Dollar 1 each in Gianteen Limited, Hongkong, a 100% subsidiary of the Company. This investment was subsequently sold at a premium of Euro 750,000 (Rs.30,225) as of 30th September, 2000 as per RBI permission dated 4th April, 2001. Such premium received amounting to Rs.30,225 has been accounted for as profit on sale of investment in subsidiary company in the Profit and Loss Account for the year.

15) Export sales of Rs.1,116,143 are inclusive of deemed exports realised in foreign currency amounting to Rs.913,153 (Previous Year Rs.658,413) and exchange fluctuation on export realisation.

Panacea Biotec
In Support of Life

16) 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.

a. **Licensed Capacity** - Not Applicable

b. **Installed Capacity (Per annum)**

Products	Units of Measure	Current Year	Previous Year
Tablets	Nos./Lac	**5500.00**	5500.00
Syrups/ Liquids	Bottles/Lac	**37.50**	37.50
Capsules	Nos./Lac	**900.00**	900.00
Gels	Tubes/Lac	**42.00**	42.00
Vaccines	Doses/Lac	**7200.00**	7200.00

c. **Actual Production during the year**

Products	Units of Measure	Current Year*	Previous Year
Tablets	Nos.	**304,186,597**	287,713,981
Syrups/ Liquids	Ml.	**266,871,920**	230,743,150
Capsules	Nos.	**44,909,638**	47,712,850
Gels	Gms.	**26,538,680**	20,740,120
Vaccines	Vials	**19,823,425**	20,705,927

* Actual Production includes production at loan licensee location.

B. Particulars of Stocks & Sales

PARTICULARS	UNITS	STOCK				SALES	
		Current Year Opening	Previous Year Opening	Current Year Closing	Previous Year Closing	Current Year	Previous Year
a. Own Manufacturing:							
i. Tablets	Nos.	**81,605,664**	117,378,840	**112,261,599**	81,605,664	**252,929,061**	323,487,157
	(Rs. in '000)	**89,549**	75,902	**89,680**	89,549	**457,754**	389,825
ii. Capsules	Nos.	**28,228,880**	25,996,253	**19,012,034**	28,228,880	**49,274,720**	45,616,863
	(Rs. in '000)	**14,374**	26,551	**29,228**	14,374	**61,393**	31,258
iii. Syrup/Liquids	Ml.	**71,708,010**	64,104,237	**85,599,850**	71,708,010	**230,018,860**	223,262,713
	(Rs. in '000)	**15,993**	20,018	**26,172**	15,993	**117,745**	93,091
iv. Gels	Gms.	**5,160,745**	5,360,975	**7,932,795**	5,160,745	**22,253,400**	20,940,350
	(Rs. in '000)	**2,851**	3,957	**4,179**	2,851	**20,652**	18,378
v. Vaccine	Nos. (Vials)	**371,992**	298,894	**274,367**	371,992	**19,812,898**	20,632,829
	(Rs. in '000)	**108,853**	33,081	**55,003**	108,853	**1,404,770**	1,317,165
vi. Others	(Rs. in '000)	**-**	-	**-**	-	**9,118**	-
Total	(Rs. in '000)	**231,620**	159,509	**204,261**	231,620	**2,071,432**	1,849,717
b. Trading activities:							
i. Capsules	Nos.	**5,815,218**	-	**7,757,395**	5,815,218	**16,306,955**	11,265,915
	(Rs. in '000)	**18,365**	-	**25,037**	18,365	**222,448**	85,833
ii. Injections	Nos.	**104,206**	82,468	**67,161**	104,206	**207,768**	108,122
	(Rs. in '000)	**5,546**	10,455	**4,051**	5,546	**15,957**	8,248
Total	(Rs. in '000)	**23,911**	10,455	**29,088**	23,911	**238,405**	94,081
Grand Total	(Rs. in '000)	**255,531**	169,964	**233,349**	255,531	**2,309,837**	1,943,798

Panacea Biotec
In Support of Life

C. Purchase of Finished Goods.

Products	Units	Current Year	Previous Year
Capsules	Nos.	22,999,260	16,291,160
	Rs. in '000	120,749	47,044
Injections	Nos.	197,250	203,830
	Rs. in '000	6,668	10,358
Total	Rs. in '000	127,417	57,402

Note : Differences in quantitative tally are on account of samples and shortages.

D. Consumption of Raw Materials & Packing Materials (Rs. in '000)

Particulars	Current Year		Previous Year	
	Qty. in doses	Value	Qty. in doses	Value
Polio Virus	380,552,667	549,205	414,118,540	258,236
Others		509,389		763,782
Total		1,058,594		1,022,018

E. Value of Import on CIF basis (Rs. in '000)

Particulars	Current Year	Previous Year
Raw Materials & Packing Materials	846,518	521,680
Capital Goods, Machinery & Spares	69,233	21,100
Finished Goods	1,738	1,036

F. Expenditure in Foreign Currency

Patents, Trade Marks & Product Registration	11,855	11,773
Interest	18,932	3,278
Professional & consultancy Fees	1,731	974
Other expenses	37,275	16,384

G. Earnings in Foreign Exchange

F.O. B. Value of Exports	1,067,414	714,586
Interest on Exchange Earners' Foreign Currency Deposits	9,579	5,970
Profit on Sale of Investments	30,225	-

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

Particulars	Current Year		Previous Year	
	Rs. in '000	% age	Rs. in '000	% age
Indigenous	276,621	26.13	551,404	53.95
Imported	781,973	73.87	470,614	46.05
Total	1,058,594	100.00	1,022,018	100.00

17) 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

Manoj Gupta
Partner

Place : New Delhi
Date : 14th July, 2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SANJAY JAIN
D.G.M. - Accounts

VINOD GOEL
Company Secretary

SCHEDULE XVII B (Contd.)

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

1. **Registration Details**

Registration No.	22350	State Code	16
Balance Sheet Date	31/03/2001		

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

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

3. **Position of Mobilisation and Deployment of Funds** (Amount in Rs.Thousands)

Total Liabilities	1,066,760	Total Assets	1,066,760
Source of Funds			
Paid up capital	125,134	Reserves & Surplus	701,634
Secured Loans	469,789	Unsecured Loans	275,613
Application of Funds			
Net Fixed Assets	565,252	Investments	47,137
Net current assets	955,474		
Accumulated Losses	Nil	Misc. Expenditure (To the extent not W/off)	4,307

4. **Performance of Company** (Amount in Rs. Thousands)

Turnover	2,309,837	Total Expenditure	1,913,153
Profit/Loss Before Tax	426,460	Profit/Loss after Tax	228,784
Earnings per Share	Rs. 38.28	Dividend @ %	100%

5. **Generic Name of Three principal Products/ Services of Company**

Item Code No. (ITC Code)	300220
Product Description	VACCINE - POLIO
Item Code No. (ITC Code)	300290
Product Description	VACCINE - HEPATITIS B
Item Code No. (ITC Code)	3003.2
Product Description	NIMULESIDE TAB

As per our attached report of even date

S.R. Batliboi & Associates
Chartered Accountants
Per

Manoj Gupta
Partner

Place : New Delhi
Date : 14th July, 2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SANJAY JAIN
D.G.M. - Accounts

VINOD GOEL
Company Secretary

CASH FLOW STATEMENT

Annexed to the Balance Sheet for the year ended March, 2001

Panacea Biotec
In Support of Life

(Amount in Rs. '000)

Particulars		Current Year		Previous Year
A. Cash Flow From Operating Activities				
Net operating Profit before tax		**387,428**		329,336
Adjustments for :				
Depreciation	**58,783**		31,694	
Interest Expenses	**83,787**		59,273	
Debts written off & provided for	**4,015**		261	
Interest Income	**(5,477)**		(1,384)	
Dividend received	**(56)**		(2)	
Loss on sale of Fixed Assets	**127**		2	
Increase in Deffered Revenue expinditure	**(5,384)**		-	
Deffered Revenue Expinditure written off during the year	**1,077**	**136,872**	12,125	101,969
Operating Profit Before Working Capital Changes		**524,300**		431,305
Increase in trade & other receivables	**(315,288)**		(44,422)	
Increase in inventories	**(133,502)**		(110,724)	
Increase in trade payables	**36,391**	**(412,399)**	55,027	(100,119)
Cash Generated From Operations		**111,901**		331,186
Interest paid	**(83,787)**		(59,273)	
Net Direct Taxes paid	**(140,642)**	**(224,429)**	(92,830)	(152,103)
Cash Flow before Extra Ordinary Items		**(112,528)**		179,083
Less : Excepttional itmes		**9,557**		-
Net Cash From Operating Activities		**(102,971)**		179,083
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	**(216,314)**		(118,263)	
Addition to investments	**(29,054)**		(17,239)	
Sale of Fixed Assets	**521**		651	
Interest Received	**5,477**		1,384	
Profit on sale of investment in subsidiary	**30,225**		-	
Dividend Received	**56**		2	
Net Cash used in Investing Activities		**209,090**		(133,465)
Net Cash from operating and investing activities		**312,061**		45,618
C. Cash Flow From Financing Activities				
Proceeds from fresh issue of capital	**-**		50,511	
Re-payment of Preference Share Capital	**(32,035)**		-	
Proceeds from Share Application Money	**-**		(21,511)	
Net Increase in Working Capital borrowings	**76,854**		210,911	
Net Increase in Long term borrowings	**(38,340)**		121,133	
Net Increase in Deposits & Borrowings	**3,380**		22,233	
Dividend & Tax on Dividend paid	**(36,456)**		(65,289)	
Net Cash from Financing Activities		**(26,597)**		317,988
Net Cash from operating, investing & financing activities		**(338,657)**		**363,606**
Net Increase in Cash & Cash Equivalent		**(338,657)**		363,606
Opening Balance of Cash & Cash Equivalent		**471,398**		107,792
Closing Balance of Cash & Cash Equivalent		**132,741**		471,398

As per our attached report of even date

S.R. Batliboi & Associates
Chartered Accountants
Per

Manoj Gupta
Partner

Place : New Delhi
Date : 14th July, 2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SANJAY JAIN
D.G.M. - Accounts

VINOD GOEL
Company Secretary

STATEMENT UNDER SECTION 212

of the Companies Act, 1956, relating to Subsidiary Companies

Panacea Biotec
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	Radicura & Company Ltd.	Maxwell Impex (India) Ltd.	Nuphar Alipro Ltd.	Tayonics Ltd.
1. Name of the Company	Radicura & Company Ltd.	Maxwell Impex (India) Ltd.	Nuphar Alipro Ltd.	Tayonics Ltd.
2. Date from which they became subsidiary companies	16.07.1999	15.03.2000	19.04.2000	07.12.2000
3. Financial Year of the Susidiary ended on	31st March, 2001	31st March, 2001	31st March, 2001	Not yet closed*
4. Shares of the subsidiary held by Panacea Biotec Ltd on the above dates				
i) Number & face value	105,700 face value Rs.10/-	190,156 face value Rs.10/-	500 face value Rs.100/-	200,000 face value GBP 1
ii) Extent of holding	99.98%	99.99%	96.15%	100%
5. Net aggregate Profit & Loss for the current year (Rs. in '000)	115	(1,524)	9	Not available**
6. Net aggregate Profits or Losses for the previous financial years since becoming subsidiary so far as it concerns the members of the holding company dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil	Nil
7. Net aggregate amount received as dividends for previous financial years since becoming Subsidiary dealt with in the accounts of the holding company in the financial year.	Nil	N.A.	Nil	Nil

* Tayonics Limited's first financial year shall be closed on 31st December, 2001.

** Since the first financial year/ period has not yet ended, the Company's financial statements have not been drafted. As a result profit or loss made by the subsidiary is not available.

As per our attached report of even date

S.R. Batliboi & Associates
Chartered Accountants
Per

Manoj Gupta
Partner

Place : New Delhi
Date : 14th July, 2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman

RAVINDER JAIN
Managing Director

SANJAY JAIN
D.G.M. - Accounts

VINOD GOEL
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors feel pleasure in presenting their Eighth Annual Report of the affairs of the Company, for the year ended on 31st March, 2001.

OPERATIONS

Your Directors are pleased to inform you that in spite of depressed market conditions and increased competition particularly in the pharmaceutical industry, the Company has performed satisfactorily during the year under review. Though the figures of sales and profits for the year have been lower than the previous year, your Directors would leave no stone unturned for achieving the improvement in business of the company and the better results in the next year. No dividend has been recommended in order to plough back the profits to strengthen the business of the company. The financial results for the period under review, are as detailed under:

(Amount in Rs.)

	For the year ended 31st March, 2001	For the year ended 31st March, 2000
Sales	**4,18,75,548**	4,36,68,257
Purchases	**3,89,20,508**	3,90,28,178
Personnel Expenses	**15,40,837**	13,06,918
Administrative Expenses	**7,06,637**	5,07,372
Financial Expenses	**14,162**	54,765
Depreciation	**4,31,920**	4,53,826
Profit Before Tax	**2,25,267**	6,26,760
Profit After Tax	**1,15,267**	4,51,760

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 chages 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 58 A of the Companies Act, 1956.

DIRECTORS

Mr. Gurmeet Singh was appointed by the Board of Directors as additional Direcctor of the Company. 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 members in the Annual General Meeting.

Further, due to his other pre-occupations, Mr. Rohit Jain, Director relinquished his office w.e.f. 30th April, 2001. Your Directors wish to place on record their appreciation for the services and support rendered by him during his tenure as a Director of the Company.

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm :

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

ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) that the directors had prepared the annual accounts on a going concern basis.

AUDITORS

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

AUDITORS' REPORT

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

SECRETARIAL COMPLIANCE CERTIFICATE

As required pursuant to the Proviso to Section 383 A of the Companies Act, 1956, the Company had obtained Secretarial Compliance Certificate from M/s. Rajeev Goel & Associates, Company Secretaries 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 year under review, there was neither inflow nor outflow of foreign exchange to/from the Company.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

New Delhi
30th day of June, 2001

Soshil Kumar Jain
Chairman

COMPLIANCE CERTIFICATE

To The Members **Radicura & Company Limited**

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, 2001. 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 4 (four) times on 10.04.2000, 10.07.2000, 20.12.2000 and 20.03.2001 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year. There are no Debenture holders in the Company.
6. The Annual General Meeting for the financial year ended on 31.03.2000 was held on 30.09.2000 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to in section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. There were no cases falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificate during the financial year.
13. (i) There was no allotment / transfer / transmission of securities during the financial year.
    (ii) The Company has not declared any dividend during the financial year.
    (iii) Since the Company has not declared any dividend during the financial year, postage of dividend warrants etc. is not applicable. There was no unclaimed/unpaid dividend in the Company.
    (iv) The Company was not required to transfer any amount to Investor Education and Protection Fund during the financial year under review.
    (v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no 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 not issued any shares, Debenture 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 31.03.2001.
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 Comapany'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.

For RAJEEV GOEL & ASSOCIATES
COMPANY SECRETARIES

RAJEEV K. GOEL
FCS NO. : 2823
C P NO. : 2571
Place : Delhi
Date : 30.06.2001

ANNEXURE A - REGISTERS MAINTAINED BY THE COMPANY

1. Register of Members u/s 150.
2. Minutes book of the meeting of the Board of Directors u/s 193.
3. Minutes book of the general body meeting of the members (AGM & EGM) u/s 193.
4. Copies of Annual Returns u/s 159.
5. Register of Share Transfer.
6. Books of Accounts u/s 209.
7. Register of particulars of Directors, Managing Director, Manager and Secretary u/s 303.
8. Register of Directors' shareholding u/s 307.
9. Register of Fixed Assets.
10. Register of Contracts, Companies and Firms in which Directors etc are interested u/s 301 of the Act.
11. Register of Investment u/s 372.
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 ending on 31st March, 2001.

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.	Annual Return	159	Annual General Meeting - 30.09.2000	30.10.2000	Yes	No
2.	Annual Accounts	220	Financial Year 1999-2000	30.10.2000	Yes	No

To the Members of Radicura & Co. Ltd.

We have audited the attached Balance Sheet of **RADICURA & CO. LTD.** as at 31st March, 2001 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 the Section 227(4A) of the Companies Act, 1956, we give in the Annexure hereto, a Statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
   b. In our opinion, proper books of accounts as required by Law have been kept by the Company, so far, as appears from our examination of such books;
   c. The Balance sheet and Profit & Loss Account referred to in this report are in agreement with the books of Accounts of the Company ;
   d. In our opinion, the Balance Sheet comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2001 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 information and according to the explanation given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give 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 31.03.2001, 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

Place : New Delhi
Date : 30.06.2001

Deepak Dubey
Proprietor

Annexure referred to in paragraph 1 of our report of even date on the Accounts for the year ended 31st March, 2001 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 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 expalanations 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 have 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 and 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 mangement 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 the 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 components, Plant and machinery equipment and other assets and for sale of goods.
11. In our opinion and according to the information and explanations 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. 50000/- in value for each party has been made at prices which are resonable 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 stores and finished goods.
13. As informed to us, the company has not accepted any deposits from the public.
14. According to the information and explanations 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 Employees' State Insurance dues with the appropriate authorities.
18. To the best of our knowledge and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, outstanding as on 31st March, 2001 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 any contractual obligation or in accordance with the generally accepted business practice.
20. The company is not a Sick Industrial Company within the meaning of clause (O) of Sub-section (1) of Section 3 of Sick Industrial Companies (Special provisions) Act, 1985.

For M/s. Dubey & Co.
Chartered Accountants

Place: New Delhi
Date : 30.06.2001

Deepak Dubey
Proprietor

RADICURA & COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2001

(Amount in Rs.)

	Schedule	As at 31st March, 2001		As at 31st March, 2000	
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	I	10,57,200		10,57,200	
Reserves & Surplus	II	48,98,021	59,55,221	48,17,798	58,74,998
Loan Funds					
Secured Loans	III		-		1,15,807
Total			59,55,221		59,90,805
APPLICATION OF FUNDS					
Fixed Assets	IV				
Gross Block		66,01,136		62,62,258	
Less Depreciation		22,98,656		18,66,736	
Net Block			43,02,480		43,95,522
Investments	V		1,00,000		1,00,000
Current Assets, Loans & Advances	VI	1,00,33,968		86,54,901	
Less : **Current Liabilities & Provisions**	VII	84,81,227		72,02,759	
Net Current Assets			15,52,741		14,52,142
Miscellaneous Expenditure	VIII				
(To the extent not written off or adjusted)			-		43,141
Total			59,55,221		59,90,805
Notes to Accounts & Significant Accounting Policies forming Part of the Accounts	XIV				

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

As per our separate report of even date attached
For **M/s. Dubey & Co.**
Chartered Accountants
DEEPAK DUBEY
Proprietor
Place : New Delhi
Date : 30.06.2001

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 2001

(Amount in Rs.)

	Schedule	Year ended 31st March, 2001	Year ended 31st March, 2000
Income			
Sales		4,18,75,548	4,36,68,257
Increase / (Decrease) in stock	IX	3,17,575	(14,72,639)
		4,21,93,122	4,21,95,618
Expenditure			
Purchases		3,89,20,508	3,90,28,178
Personnel Expenses	X	15,40,837	13,06,918
Administrative Expenses	XI	7,06,637	5,07,372
Financial Expenses	XII	14,162	54,765
Selling Expenses	XIII	1,45,931	1,52,108
Miscellaneous Expenditure (written off during the year)	VIII	43,141	43,141
Depreciation	IV	4,31,920	4,53,826
		4,18,03,137	4,15,46,308
Profit for the year		3,89,984	6,49,310
Less : Prior period Adjustment		1,64,717	22,550
Profit Before Tax		2,25,267	6,26,760
Provision for Income Tax		1,10,000	1,75,000
Proft after Tax		1,15,267	4,51,760
Balance of Profit carried forward to the balance sheet		1,15,267	4,51,760

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

As per our separate report of even date attached
For **M/s. Dubey & Co.**
Chartered Accountants
DEEPAK DUBEY
Proprietor
Place : New Delhi
Date : .30.06.2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman & Managing Director

SUMIT JAIN
Executive Director

SCHEDULE - I SHARE CAPITAL		As at 31st March, 2001 (Rs.)		As at 31st March, 2000 (Rs.)
AUTHORISED				
2,00,000 Equity Shares of Rs. 10/- each		**20,00,000**		20,00,000
ISSUED, SUBSCRIBED & PAID UP				
1,05,720 Equity Shares of Rs. 10/- each fully paid-up		**10,57,200**		10,57,200
		10,57,200		10,57,200
SCHEDULE - II RESERVES AND SURPLUS				
Share Premium				
Opening Balance	**27,00,000**		-	
Add : During the Year	**-**	**27,00,000**	27,00,000	27,00,000
Profit & Loss Account				
Opening Balance	**21,17,798**		16,16,052	
Add: Transfer from Profit & Loss A/c.	**1,15,267**		4,51,760	
Add : Income Tax adjusted for previous years	**(35,044)**	**21,98,021**	49,986	21,17,798
		48,98,021		48,17,798
SCHEDULE - III SECURED LOANS				
Loan from ANZ Grindlays Bank		-		1,15,807
Notes :		-		1,15,807

1. Loans were secured by way of hypothecation of vehicle financed by the Bank.

SCHEDULE - IV FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01/04/2000	Additions during the year	As at 31/03/2001	As at 01/04/2000	Provided during the year	As at 31/03/2001	As at 31/03/2001	As at 01/04/2000
Building	30,79,000	-	**30,79,000**	3,46,261	1,36,637	**4,82,898**	**25,96,102**	27,32,739
Furniture & Fixture	2,62,810	54,232	**3,17,042**	1,06,549	33,543	**1,40,092**	**1,76,950**	1,56,261
Office Equipment	18,06,316	2,12,210	**20,18,526**	8,30,049	1,54,945	**9,84,994**	**10,33,532**	9,76,267
Refrigeration & Cooler	4,59,859	72,436	**5,32,295**	1,69,256	44,749	**2,14,005**	**3,18,290**	2,90,603
Vehicle	6,54,273	-	**6,54,273**	4,14,621	62,046	**4,76,667**	**1,77,606**	2,39,652
Total	62,62,258	3,38,878	**66,01,136**	18,66,736	4,31,920	**22,98,656**	**43,02,481**	43,95,522
Previous year	61,11,458	1,50,800	62,62,258	14,12,910	4,53,826	18,66,736	43,95,522	46,98,548

SCHEDULE - V INVESTMENTS		As at 31st March, 2001 (Rs.)		As at 31st March, 2000 (Rs.)
Quoted (at cost)				
10,000 Equity Shares of Rs.10/- each (Previous year 10,000 Equity Shares) fully paid of Medicamen Biotec Ltd.		**100,000**		100,000
Market Value Rs.1,04,000/-(Previous year Market value Rs.1,04,000/-)				
SCHEDULE - VI 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	**49,60,016**		46,42,441	
Stock - in - Transit	**-**		7,96,919	
		49,60,016		54,39,360
SUNDRY DEBTORS				
(Unsecured but considered good)		**34,13,375**		27,11,597
CASH & BANK BALANCES				
i) Cash in Hand	**2,30,448**		1,57,647	
ii) Balance with Schedule Banks - in Current Accounts	**12,95,354**		1,14,595	
		15,25,802		2,72,242
LOANS & ADVANCES				
(Unsecured but considered good)				
Security Deposit		**10,500**		10,500
Advance Income Tax		**1,00,000**		1,99,986
Staff Advances		**15,300**		16,800
Prepaid Expenses		**8,975**		4,416
		1,00,33,968		86,54,901

	As at 31st March, 2001 (Rs.)		As at 31st March, 2000 (Rs.)	
SCHEDULE - VII CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Total outstanding dues of SSI undertakings		-		-
Total outstanding of Creditors other than SSI undertaking		82,21,237		69,22,001
Expenses Payable		1,47,840		1,05,758
Taxes Payable		2,150		-
PROVISIONS				
Provision for Income Tax		1,10,000		1,75,000
		84,81,227		72,02,759
SCHEDULE - VIII MISCELLANEOUS EXPENDITURE				
Deferred Revenue Expenses				
(To the extent not written off or adjusted)				
Deferred Expenditure	43,141		86,282	
Less : Written off during the year	43,141	-	43,141	43,141
SCHEDULE - IX INCREASE/(DECREASE) IN STOCK				
Closing Stock		49,60,016		46,42,441
Less : Opening Stock		46,42,441		61,15,080
		3,17,575		(14,72,639)

	Year ended 31st March, 2001 (Rs.)	Year ended 31st March, 2000 (Rs.)
SCHEDULE - X PERSONNEL EXPENSES		
Salary & Wages	10,62,139	8,19,821
Contribution to Provident and other funds	1,14,027	99,130
Directors' Remuneration	1,72,500	2,08,800
Bonus	99,296	90,758
Staff Welfare Expenses	92,875	88,409
	15,40,837	13,06,918
SCHEDULE - XI ADMINISTRATIVE EXPENSES		
Printing & Stationery	15,899	34,251
Electricity & Water Charges	19,819	69,591
Repair & Maintenance	1,63,215	45,517
Insurance	43,199	43,486
Professional Charges	1,45,600	5,500
Legal Charges	15,600	27,650
Auditors Remuneration		
- Audit Fees	11,000	11,000
- Tax Audit Fees & Other Services	9,000	4,000
Office Expenses	5,706	12,181
Postage, Telephone & Talex	1,17,417	76,835
Newspapers, Books & Periodicals	3,515	1,165
Conveyamce	105,572	78,707
Sundry Expenses	28,535	58,913
Vehicle Maintenance	22,561	38,576
	7,06,637	5,07,372
SCHEDULE - XII FINANCIAL EXPENSES		
Bank Interest	11,113	48,345
Bank Charges	3,049	6,420
	14,162	54,765
SCHEDULE - XIII SELLING EXPENSES		
Advertisement Expenses	-	84,979
Packing & Forwarding	21,131	22,062
Travelling Expenses	45,380	39,559
Freight & Cartage	11,090	5,508
Bad Debts written off	68,330	-
	1,45,931	1,52,108

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 the relevant accounting standards and provisions of the Companies Act, 1956 and as amended upto 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 the cost of acquisition and added by taxes, duties, freight and other incidental expenses related to acquisition.
3. **Depreciation** - Depreciation on all items of Fixed Assets is provided on Written Down Value method at 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. **Gratuity** - Gratuity is accounted for on cash basis.
6. **Deferred Expenditure** - There has been no deferred expenditure during the year and the amount written off in the Profit & Loss Account relates to previous year. The same is being written off in over a period of five years.

B. NOTES TO ACCOUNTS

1. Contingent Liabilities are not provided for in respect of :
   i) Claims against the Company not acknowledge as debts : NIL
   ii) Other money for which the Company is contingently liable : NIL
   iii) Estimated amount of contracts remaining to be executed on Capital account and not provided for : NIL
2. In the opinion of the Board, all the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
3. Additional information 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 not a manufacturing 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 have 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

Signature to Schedule I to XIV
In terms of our attached report of even date.

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

DEEPAK DUBEY
Proprietor
Place : New Delhi
Date : 30.06.2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman & Managing Director

SUMIT JAIN
Executive Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

i)	**Registration Details:**			
	Registration No.	56682	State code	55
	Balance Sheet Date	31/03/2001		
i)	**Capital raised during the year (Amount in Rs. Thousand)**			
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Private Placement	NIL
iii)	**Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**			
	Total Liabilities	5955	Total Assets	5955
	Source of Funds			
	Paid-up Capital	1057	Reserves & Surplus	4898
	Secured Loan	Nil	Unsecured Loan	NIL
	Application of Funds			
	Net Fixed Assets	4302	Investments	100
	Net Current Assets	1553	Misc. Expenditure (To the extent not W/ off)	Nil
	Accumulated Losses	NIL		
iv)	**Performance of Company:**			
	Turn Over	41875	Total expenditure	41650
	Profit / Loss before Tax	225	Profit / Loss after Tax	115
	Earning per share in Rs.	1.09	Dividend @%	NIL
v)	**Generic Name of three Principal Products / Services of Company**			
	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 : 30.06.2001

For and on behalf of the Board

SOSHIL KUMAR JAIN
Chairman & Managing Director

SUMIT JAIN
Executive Director

To the Members,
MAXWELL IMPEX (INDIA) LTD.

Your directors feel pleasure in presenting their Sixth Annual Report of the affairs of the Company, for the year ended on 31st March, 2001.

OPERATIONS

During the later part of the year under review, the Company has leased out its premises and earned an income of Rs. 9,60,000/-. The net profit for the year was Rs. 2,797/-. Your Directors are hopeful of the improved performance during the current financial year. Further, due to insufficiency of profits, your Directors are unable to 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 the necessary documents have been filed with the Registrar of Companies for getting the necessary amendment in the Certificate of Incorporation. 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 10th May, 2001, respectively. As per the provisions of the Companies Act, 1956, they hold office till the date of the ensuing Annual General Meeting and are proposed to be appointed as Director liable to retire by rotation with the approval of members in the Annual General Meeting.

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

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

AUDITORS' REPORT

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

SECRETARIAL COMPLIANCE CERTIFICATE

As required pursuant to the Proviso to Section 383A of the Companies Act, 1956, the Company had obtained Secretarial Compliance Certificate from M/s. Rajeev Goel & Associates, Company Secretaries 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	**Ravinder Jain**	**Meenu Parti**
25th day of June, 2001	**Director**	**Director**

ANNEXURE TO THE DIRECTORS' REPORT

COMPLIANCE CERTIFICATE

To The Members **MAXWELL IMPEX (INDIA) LIMITED**

We have examined the registers, records, books and papers of MAXWELL IMPEX (INDIA) 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, 2001. 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 was a Deemed Public Limited Company. However the Board of Directors of the Company in their meeting held on 22.03.2001 decided to convert the Company into a Public Limited Company and also convened an Extra Ordinary General Meeting of the members of the Company for that purpose.
4. The Board of Directors duly met 7 (seven) times on 13.04.2000, 11.08.2000, 24.08.2000, 11.09.2000, 05.10.2000, 13.02.2001 and 22.03.2001 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year. There are no Debenture holders in the Company.
6. The Annual General Meeting for the financial year ended on 31.03.2000 was held on 30.09.2000 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. 2 (Two) 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 certificates 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;

Panacea Biotec
In Support of Life

(ii) The Company has not declared any dividend during the financial year.

(iii) Since the Company has not declared any dividend during the financial year, postage of dividend warrants etc. is not applicable. There was no unclaimed/unpaid dividend in the Company.

(iv) The Company was not required to transfer any amount to Investor Education and Protection Fund during the financial year under review.

(v) The Company has duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. Mr. Sandeep Jain 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 became a deemed Public Company u/s 43A(1) on 15.03.2000 and the necessary endorsement on Certificate of Incorporation was made by the ROC during the year. No other approval was required to be obtained during the financial year from the Central Government, Company Law Board, Regional Director or other authorities prescribed under various provisions of the Act.
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 95,000 Equity Shares during the financial year and has complied with the provisions of the Act. The Company has not issued any Debenture or other securities.
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 31.03.2001.
25. The company has not made any loans or 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 not altered the provision of the Memorandum with respect to the objects of the Company during the year.
28. The word 'Private' was deleted from the name of the Company consequent upon change in its status from a private limited company to a deemed public limited company w.e.f. 15.03.2000 and endorsement on Certificate of incorporation was made by the ROC. Necessary provisions of the Act were complied with by the Company in this regard.
29. The Company has altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the financial year under review. However, the Board proposed to adopt a new set of Articles of Association in view of the proposed conversion of the Company from deemed public to a public Company subject to the approval of the members in the EGM.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any amount as security from its employees within the purview of Section 417(1) of the Act during the financial year under scrutiny.
33. Since the Company has not constituted any Provident Fund under Section 418 of the Act, provisions of Section 418 are not applicable.

For RAJEEV GOEL & ASSOCIATES
COMPANY SECRETARIES

Place : Delhi
Date : 25.06.2001

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

ANNEXURE A - REGISTERS MAINTAINED BY THE COMPANY

1. Register of Members u/s 150.
2. Minutes book of the meeting of the Board of Directors u/s 193.
3. Minutes book of the general body meeting of the members (AGM & 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 Director's shareholding u/s 307.
9. Register of Fixed Assets.
10. Register of Contracts, Companies and Firms in which Directors etc are interested u/s 301 of the Act.

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 ending on 31st March, 2001.

S. 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. Ravinder Jain and Mr. Sumit Jain as Additional Directors	13.04.2000	Yes	No
2.	32	303(2)	Resignation of Mrs. Madhu Gupta and Mrs. Amita Kapoor	18.04.2000	No	Yes
3.	Intimation	43A(1)	Change in status of the Company from Private to deemed Public Company	25.07.2000	No	Yes
4.	Intimation	43A(1)	Change in status of the Company from Private to deemed Public Company (under CLSS Scheme, 2000)	17.08.2000	No	Yes
5.	Annual Return	159	Annual General Meeting held on 30.09.2000	30.10.2000	Yes	No
6.	Annual Accounts	220	Financial Year 1999-2000	30.10.2000	Yes	No
7.	32	303(2)	Appointment of Mr. Ravinder Jain and Mr. Sumit Jain as Ordinary Directors	30.10.2000	Yes	No
8.	23	192	Issue of shares U/s 81(1A)	29.03.2001	No	Yes
9.	5	97	Increase in Authorised Share Capital	29.03.2001	No	Yes
10.	2	75(1)	Allotment of Shares	29.03.2001	No	Yes

AUDITORS' REPORT

To The Members of Maxwell Impex (India) Ltd.

We have audited the attached Balance Sheet of M/s Maxwell Impex (India) Ltd. as at 31st March, 2001 annexed thereto 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 enclose in the Annexure hereto statement on the matters specified in paragraph 4 and 5 of the said Order.
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 and Loss A/c dealt with by this report are in agreement with the books of accounts.
   d) In our opinion, the Balance Sheet complies with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read alongwith the Significant Accounting Policies and other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and also 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 31st March, 2001,
      ii) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Sudhir Sunil & Co.
Chartered Accountants

Sudhir Kapoor
Proprietor

Place : New Delhi
Date : 25.06.2001

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 Compnay was not engaged in any manufacturing, trading or service activities during the period no comments have been given in respect of Clause (iii), (iv), (v) & (vi) of the above said Order.
4. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act,1956, where the rates of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
5. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 where the rates of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company.
7. As explained to us, the Company has not accepted deposit from the Public during the period.
8. In our opinion, the Company has an internal audit system which is adequate in relation to the size of the Company and the nature of its business.
9. Maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 is not applicable.
10. According to the information and explanations given to us, the provisions of Employees' State Insurance Act and Provident Fund Act, are so far not applicable to the Company.
11. According to the information and explanations given to us, there are no material undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which are outstanding as on 31st March, 2001 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 A/c other than those payable under any contractual obligations.
13. In our opinion, the Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Sudhir Sunil & Co.
Chartered Accountants

Sudhir Kapoor
Proprietor

Place : New Delhi
Date : 25.06.2001

MAXWELL IMPEX (INDIA) LTD.

BALANCE SHEET AS AT 31ST MARCH, 2001

(Amount in Rs.)

	SCHEDULES		AS AT 31.03.2001		AS AT 31.03.2000
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	I	19,02,160		9,52,160	
Reserves & Surplus	II	1,04,50,000	1,23,52,160	-	9,52,160
Loan Funds					
Unsecured Loans	III		13,36,387		1,14,00,333
Total			1,36,88,547		1,23,52,493
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	IV	1,18,12,868		1,18,12,868	
Less: Depreciation		3,89,414	1,14,23,454	-	1,18,12,868
Current Assets, Loans & Advances	V	2,26,362		9,772	
Less : Current Liabilities & Provisions	VI	26,750		16,000	
Net Current Assets			1,99,612		(6,228)
Miscellaneous Expenditure	VII		15,776		5,45,853
(To the extent not written off or adjusted)					
Profit and Loss Account	VIII		20,49,705		-
Total			1,36,88,547		1,23,52,493
Notes to Accounts & Significant Accounting Policies forming part of Accounts	IX				

The Schedules referred to above and Notes thereon form integral part of the Balance Sheet.
As per our separate report of even date attached
For **M/s. SUDHIR SUNIL & CO.**
Chartered Accountants

For and on behalf of the Board

SUDHIR KAPOOR
Proprietor

RAVINDER JAIN
DIRECTOR

MEENU PARTI
DIRECTOR

PLACE : NEW DELHI
DATE : 25.06.2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

(Amount in Rs.)

	Schedule	For the Year ended 31st March, 2001
Income		
Rent received		9,60,000
Total		9,60,000
Expenditure		
Printing & Stationery		101
Fee & Taxes		15,168
Consultancy Charges		14,440
Property Tax		5,18,016
Bank Charges		370
Audit Fees		15,750
Preliminary Exp. w/off		3,944
Depreciation		3,89,414
Total		9,57,203
Profit/ (Loss) before Taxes		2,797
Less: Prior Period expenses		15,26,369
Provision for Income tax		-
Profit transferred to Reserves & Surplus		(15,23,572)

The Schedules referred to above and Notes thereon form integral part of the Balance Sheet.
As per our separate report of even date attached
For **M/s. SUDHIR SUNIL & CO.**
Chartered Accountants

For and on behalf of the Board

SUDHIR KAPOOR
Proprietor

RAVINDER JAIN
DIRECTOR

MEENU PARTI
DIRECTOR

PLACE : NEW DELHI
DATE : 25.06.2001

	As at 31st March, 2001	As at 31st March, 2000
SCHEDULE - I SHARE CAPITAL		
Authorised		
2,00,000 (Previous year - 1,50,000) Equity Shares of Rs. 10/- each.	20,00,000	15,00,000
Issued, Subscribed and paid-up		
1,90,216 (Previous year - 95,216) Equity shares of Rs. 10 each fully paid up.	19,02,160	9,52,160
	19,02,160	9,52,160
SCHEDULE-II RESERVES & SURPLUS		
Share Premium	1,04,50,000	-
	1,04,50,000	-
SCHEDULE-III LOAN FUNDS		
Unsecured Loans		
Loan from Holding Company - Panacea Biotec Ltd.	13,36,387	1,14,00,333

SCHEDULE - IV FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01/04/2000	Additions during the year	As at 31/03/2001	As at 01/04/2000	Provided during the year	As at 31/03/2001	As at 31/03/2001	As at 01/04/2000
Building	1,16,59,108	-	1,16,59,108	-	3,89,414	3,89,414	1,12,69,694	1,16,59,108
Land	1,53,760	-	1,53,760	-	-	-	1,53,760	1,53,760
	1,18,12,868	-	1,18,12,868	-	3,89,414	3,89,414	1,14,23,454	1,18,12,868
Previous year balance	1,18,00,848	12,020	1,18,12,868	-	-	-	1,18,12,868	1,18,00,848

	As at 31st March, 2001		As at 31st March, 2000	
SCHEDULE -V Current Assets, Loans & Advances				
Current Assets				
Cash & Bank Balances				
1. Cash in Hand	5,452		5,452	
2. Balances with Scheduled Banks - in Current Account	3,950	9,402	4,320	9,772
Tax deducted at source		2,16,960		-
		2,26,362		9,772
SCHEDULE -VI CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors		11,000		11,000
Expense Payable		15,750		5,000
		26,750		16,000
SCHEDULE-VII MISCELLANEOUS EXPENDITURE				
Preliminary Expenses		19,720		19,720
Deferred Revenue Expenses				
Opening Balance as per last Balance Sheet	5,26,133		5,26,133	
Less: Transferred to Profit & Loss Account	5,26,133	-	-	5,26,133
Less : Written off during the year		3,944		-
		15,776		5,45,853
SCHEDULE-VIII PROFIT & LOSS ACCOUNT				
Amount transferred from Miscellaneous Expenditure	5,26,133		-	-
Add: Transfer from Profit & Loss A/c	15,23,572	20,49,705	-	-
		20,49,705		

SCHEDULE IX - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. **System of Accounting** - The Accounts of the Company are prepared in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The Company follows accrual method of accounting and recognises all significant and ascertainable items of income and expenditure on accrual basis.
2. **Gratuity** - Since during the relevant period, there was no employee in the Company, no provision for gratuity liability has been made.
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 business activities, information regarding method of valuation of inventories is not applicable.

B. NOTES TO ACCOUNTS

		Current Year	Previous Year
1.	Contingent Liabilites exist in respect of :		
	a) Claims against the Company not acknowledged as debts	NIL	NIL
	b) Guarantees given by the company are outstanding to the extent of	NIL	NIL
	c) Estimated amount of contracts remaining to be executed on Capital account and not provided for	NIL	NIL

2. In the opinion of the Board, Current Assets, Loans & Advances have as value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
3. Since, during the previous year, there was no business activity nor any income to the Company, no Profit and Loss Account was prepared for the previous year and hence previous year's figures are not given in current year' Profit & Loss Account.
4. The word private has been deleted from the name of the Company u/s 43A(1) of the Companies Act, 1956 and the Company became deemed Public Company.
5. Previous year's figures have been reworked, re-arranged and re-classified wherever necessary to make them comparable with current year's figures.
6. The Company was incorporated on 24th May, 1995. This being the first year of operations, the preliminary expenses shall be written off in balance five years commencing from the year under consideration.

Signature to schedule I to IX
As per our separate report of even date attached
For **M/s. SUDHIR SUNIL & CO.**
Chartered Accountants
SUDHIR KAPOOR
Proprietor
PLACE : NEW DELHI
DATE : 25.06.2001

For and on behalf of the Board

RAVINDER JAIN
DIRECTOR

MEENU PARTI
DIRECTOR

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

i) Registration Details:			
Registration No.	68967	State code	55
Balance Sheet Date .	31/03/2001		
ii) Capital raised during the year (Amount in Rs. Thousand)			
Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	11,400
iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)			
Total Liabilities	13,688	Total Assets	13,688
Source of Funds			
Paid-up Capital	1,902	Reserves & Surplus	10,450
Secured Loan	NIL	Unsecured Loan	1,336
Application of Funds			
Net Fixed Assets	11,423	Investments	NIL
Net Current Assets	199	Misc. Expenditure	16
Accumulated Losses	2,050	(To the extent not W/ off)	
iv) Performance of Company:			
Turnover	960	Total expenditure	957
Profit / Loss before Tax	3	Profit / Loss after Tax	3
Earning per share in Rs.	0.01	Dividend @%	NIL
v) Generic Name of three Principal Products / Services of Company			
Item Code No. (ITC Code) : Not Classified		Product Description : Property Development	

For **M/s. SUDHIR SUNIL & CO.**
Chartered Accountants
SUDHIR KAPOOR
Proprietor
PLACE : NEW DELHI
DATE : 25.06.2001

For and on behalf of the Board

RAVINDER JAIN
DIRECTOR

MEENU PARTI
DIRECTOR

NUPHAR ALIPRO LIMITED

DIRECTORS' REPORT

Panacea Biotec
In Support of Life

Dear Members,

Your Directors feel pleasure in presenting their Fifteenth Annual Report of the affairs of the Company, for the year ended on 31st March, 2001.

OPERATIONS

Your Directors are pleased to inform that your Company has started business during the year under review and achieved a turnover of Rs.1,44,435. The net profit for the year was Rs.9,159/-. In view of insufficiency of profits, no dividend has been recommended on the Equity Shares 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.

As you are aware, your Company is a Subsidiary Company of M/s. Panacea Biotec Ltd. (a Public Limited Company registered under the Companies Act, 1956) since 19th April, 2000. In view of newly inserted clause (iv) of sub-section (1) of Section 3 of the Companies Act, 1956, your Company has been converted from deemed public company into public limited Company and necessary steps are being taken for getting necessary amendments in the Certificate of Incorporation in respect of such conversion from the Registrar of Companies.

There are no material chages 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 58 A of the Companies Act, 1956.

DIRECTORS

As per the provisions of the Companies Act, 1956 Shri Sandeep Jain retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm :

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

iii) 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 re-appointment.

AUDITORS' REPORT

As regards the observations made in the Auditors' report, the notes to accounts are self explanatory and do not calll for any further information.

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 year 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, customers and suppliers involved for granting their kind consents, continued support, co-operation and all time assistance.

For and on behalf of the Board

New Delhi
27th day of June, 2001

Sandeep Jain
Director

U.K. Verma
Director

To the Members of Nuphar Alipro Ltd.

Ladies and Gentlemen,

We have audited the attached Balance Sheet of **NUPHAR ALIPRO LTD.** as at 31st March, 2001 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto 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 enclose in the Annexure hereto, a Statement on the matters specified in paragraphs 4 and 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 the books ;
   c. The Balance sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts ;
   d. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956;
   e. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and also give 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 31st March, 2001, 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 Dubey & Co.
Chartered Accountants

Place : New Delhi
Dated : 27.06.2001

Deepak Dubey
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

1. As the Company does not have any fixed assets, Clause (i) & (ii) of the said Order regarding quantitative details, situation of fixed assets and revaluation of fixed assets are not applicable to the Company.
2. As explained to us, the stock of finished goods have been physically verified by the management at reasonable intervals during the year.
3. 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 the nature of the business.
4. As explained to us, no discrepancies were noted on verification between physical stock and book records.
5. In our opinion and on the basis of our examination, the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
6. 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 listed in the register maintained u/s 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.
7. 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 the register maintained u/s 301 or to the Companies under the same managment as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. 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 and the nature of its business.
9. In our opinion and according to information and explanations given to us, transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contract or arrangemtns 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 of such goods, materials and services or the prices at which transaction for similar goods had been made with other parties.
10. As informed to us, the Company has not accepted any deposits from the public.
11. According to the information and explanations given to us, the Company's operations don't generate any realisable scrap or by-products.
12. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
13. 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.
14. According to the information and explanations given to us, provisions of Employees' State Insurance Act and Provident Fund & Misc. Provisions Act, are so far not applicable to the Company.
15. To the best of our knowledge and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Custom Duty, Excise Duty outstanding as on 31st March, 2001 over a period of more than six months from the date they become payable.
16. During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses which has been charged to Profit and Loss Account other than those payable under contractual obligation.
17. 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. Dubey & Co.
Chartered Accountants

Place :New Delhi
Date : 27.06.2001

Deepak Dubey
Proprietor

BALANCE SHEET AS AT 31ST MARCH, 2001

(Amount in Rs.)

Particulars	Schedule	As at 31st March, 2001		As at 31st March, 2000	
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	I		62,000		12,000
			62,000		12,000
APPLICATION OF FUNDS					
Current Assets, Loans & Advances	II	62,896		2,002	
Less : **Current Liabilities & Provisions**	III	31,770		36,455	
Net Current Assets			31,126		(34,453)
Miscellaneous Expenditure (To the extent not written off or adjusted)	IV		-		6,420
Proft & Loss Account	V		30,874		40,033
Total			62,000		12,000
Significant Accounting Policies, Notes to Accounts & Abstract of Balance Sheet forming part of the accounts	VI				

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

As per our separate report of even date attached
For **M/s. Dubey & Co.**
Chartered Accountants
DEEPAK DUBEY
Proprietor
Place : New Delhi
Date : 27.06. 2001

For and on behalf of the Board

SANDEEP JAIN
Director

U.K. VERMA
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2001

(Amount in Rs.)

Particulars	Schedule	Forthe year ended 31st March, 2001	For the year ended 31st March, 2000
Income			
-Sales		1,44,435	-
-Increase / (Decrease) in stock		2,301	-
Total		1,46,736	-
Expenditure			
Purchases		1,24,728	-
Conveyance		265	-
Printing & Stationery		809	510
Fees & Taxes		2,170	27,170
Bank Charges		55	40
Freight & Cartage		30	-
Consultancy Charges		1,000	-
Auditors Remuneration		2,100	1,000
General Expenses		-	102
Miscellaneous Expenditure (written off during the year)	IV	6,420	-
		1,37,577	28,822
Profit for the year		9,159	(28,822)
Provision for Income tax		-	-
Profit transferred to Reserves & Surplus		9,159	(28,822)

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

As per our separate report of even date attached
For **M/s. Dubey & Co.**
Chartered Accountants
DEEPAK DUBEY
Proprietor
Place : New Delhi
Date : 27.06.2001

For and on behalf of the Board

SANDEEP JAIN
Director

U.K.VERMA
Director

SCHEDULE - I SHARE CAPITAL		As at 31st March, 2001 (Rs.)		As at 31st March, 2000 (Rs.)
AUTHORISED				
5,000 Equity Shares of Rs. 100/- each		**5,00,000**		5,00,000
ISSUED, SUBSCRIBED & PAID UP				
520 Equity Shares of Rs. 100/- each fully paid-up (Previous Year 20 Equity Shares of Rs.100/- each)		**52,000**		2,000
Share Application Money		**10,000**		10,000
		62,000		12,000
SCHEDULE - II CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
INVENTORIES				
(Valued at cost or net realisable value, whichever is lower)		2,301		-
CASH & BANK BALANCES				
Cash in Hand		16,166		852
Balance with Scheduled Bank		44,429		1,150
		62,896		2,002
SCHEDULE - III CURRENT LIABILITIES & PROVISIONS				
Auditors' Remuneration Payable		3,100		1,000
Other Liabilities		28,670		35,455
		31,770		36,455
SCHEDULE - IV MISCELLANEOUS EXPENDITURE				
(To the extent not w/ off or adjusted)				
As per last Balance Sheet	**6,420**		6,420	
Less : Written off during the year	**6,420**		-	
		-		6,420
SCHEDULE - V PROFIT & LOSS ACCOUNT				
Amount as per last Balance Sheet	**40,033**		11,211	
Add : Transfer from Profit & Loss A/c	**(9,159)**		28,822	
		30,874		40,033
		30,874		40,033

SCHEDULE : VI SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. **System of Accounting** The Accounts of the Company are prepared in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The Company follows accrual method of accounting and recognise all significant and ascertainable items of income and expenditure on accrual basis.
2. **Gratuity** - Since during the relevant period, there was no employee in the Company, no provision for gratuity liability to employees has been made.
3. **Inventory valuation** - Inventory purchased by the Company are carried at lower of cost or market value.
4. Accounting Policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

B. NOTES ON ACCOUNTS

	Amount in Rs. Current Year	Previous Year
1. Contingent Liabilites exist in respect of :		
a) Claims against the Company not acknowledged as debts	NIL	(NIL)
b) Guarantees given by the company are outstanding to the extent of	NIL	(NIL)
c) Estimated amount of contracts remaining to be executed on Capital account and not provided for	NIL	(NIL)

2. In the opinion of the Board, Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
3. Additional information as required pursuant to Para 3, 4A, 4B, 4C, 4D of Part II of Schedule VI of the Companies Act, 1956 is not given since the same is not applicable.
4. Figures in brackets are for previous year.

5. Previous year's figures have been re-grouped, re-arranged and re-classified wherever necessary to make them comparable with the current year's figure.
6. Since the Company was incorporated on 10th February, 1986, all the preliminary expenses hve been written off during the year.

Signature to schedule I toVI
As per our separate report of even date attached
For **M/s. Dubey & Co.**
Chartered Accountants

For and on behalf of the Board

(DEEPAK DUBEY)
Proprietor
Place : New Delhi
Date : 27.06.2001

SANDEEP JAIN
Director

U.K. VERMA
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

i)	**Registration Details:**			
	Registration No.	23296	State code	55
	Balance Sheet Date	31/03/2001		
ii)	**Capital raised during the year (Amount in Rs. Thousand)**			
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Private Placement	50
iii)	**Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**			
	Total Liabilities	62	Total Assets	62
	Source of Funds			
	Paid-up Capital	62*	Reserves & Surplus	NIL
	Secured Loan	Nil	Unsecured Loan	NIL
	Application of Funds			
	Net Fixed Assets	NIL	Investments	NIL
	Net Current Assets	31	Misc. Expenditure (To the extent not W/ off)	NIL
	Accumulated Losses	31		
iv)	**Performance of the Company:**			
	Turn Over	144	Total expenditure	135
	Profit / Loss before Tax	9	Profit / Loss after Tax	9
	Earning per share in Rs.	17.61	Dividend @%	NIL
	* (including Share Application Money of Rs.10,000/-)			
v)	**Generic Name of three Principal Products / Services of Company**			
	Item Code No. (ITC Code)		300290	902214
	Product Description		Medicine	X-ray Films

Signature to ANNEXURE B
As per our report of even date attached.

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

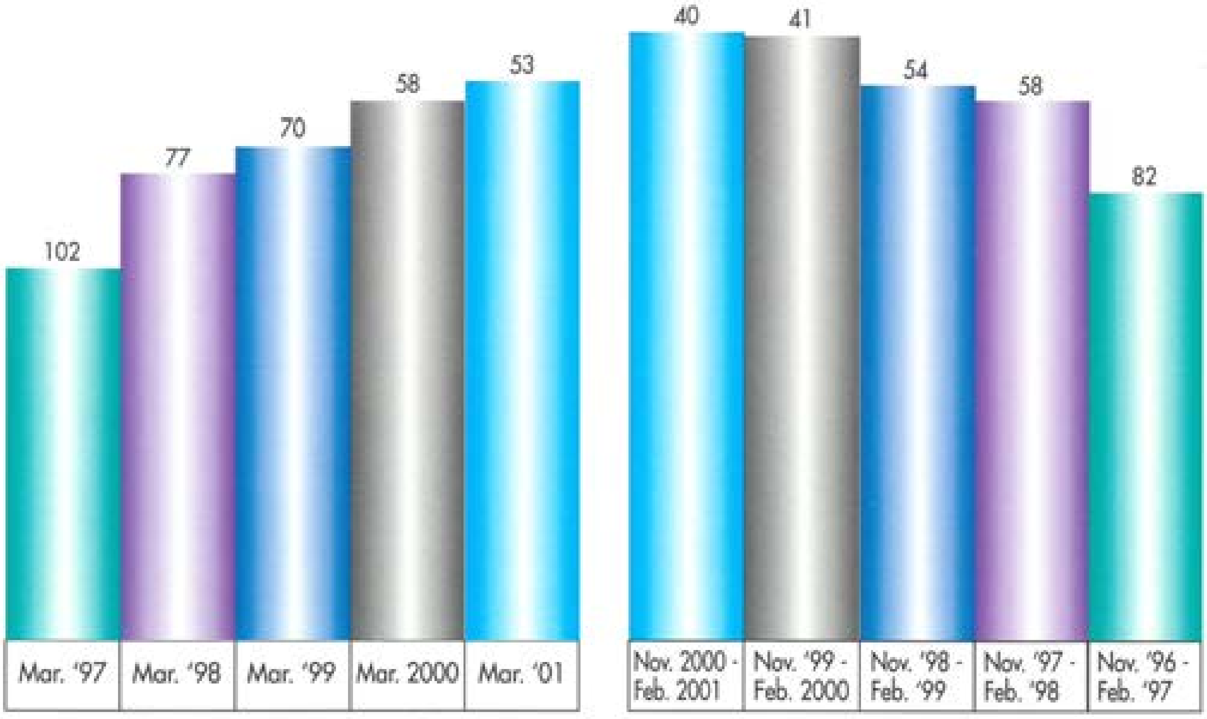
For and on behalf of the Board

DEEPAK DUBEY
Proprietor
Place : New Delhi
Date : 27.06.2001

SANDEEP JAIN
Director

U.K. VERMA
Director

STEPPING INTO MILESTONES OF SUCCESS



March 2001 - ORG rated PBL as 53rd Company

February 2001 - C-MARC rated PBL as 40th Company

Market Mirrors our Success

Market acceptability of Panacea Biotec's formulations is adequately reflected in the continuous improvement in the Company's ranking in two benchmark surveys of the Pharmaceutical Industry, viz. ORG Survey of Retail Sales and C-MARC Survey (Audit) of Prescription Generation.

As is evident from the above graphical presentation, the Company has been improving every year and on a five year time scale, the Company has achieved the fastest improvement amongst the top 200 Companies in the industry. Another factor worth noting is that our ranking in C-MARC's Prescription Audit is higher than the ORG ranking, thus reflecting the position that our formulation brands are continuing to grow in a fiercely competitive market. This also indicates the expected increased sales at the retail level.

Although our ranking in both these surveys has been improving steadily, the two surveys cover only about 40 percent of total sales in the Pharmaceutical Industry.

Panacea Biotec
In Support of Life

PAIN MANAGEMENT

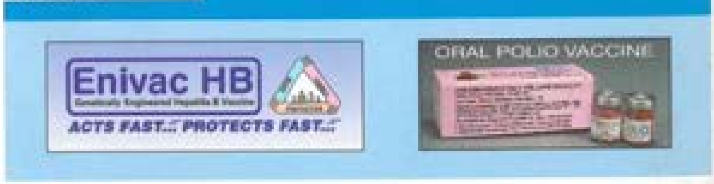
ANTI - DIABETICS

ANTI-ARTHRITICS

ANTI-OSTEOPOROTICS

IMMUNOSUPRESSANTS

VACCINES



Panacea Biotec Ltd.

Head Office : B-1 Extn./A-27, Mohan Co-op. Indl. Estate, Mathura Road, New Delhi - 110 044, INDIA.
Post Box No. : 3805, New Delhi - 110 049 **Phone** : 91-11-6945270 **Fax** : 91-11-6940199, 6940621
E-mail : corporate@panaceabiotec.com **Website** : www.panaceabiotec.com
Registered Office : Lalru, Ambala-Chandigarh Highway, Punjab - 140 501, INDIA.