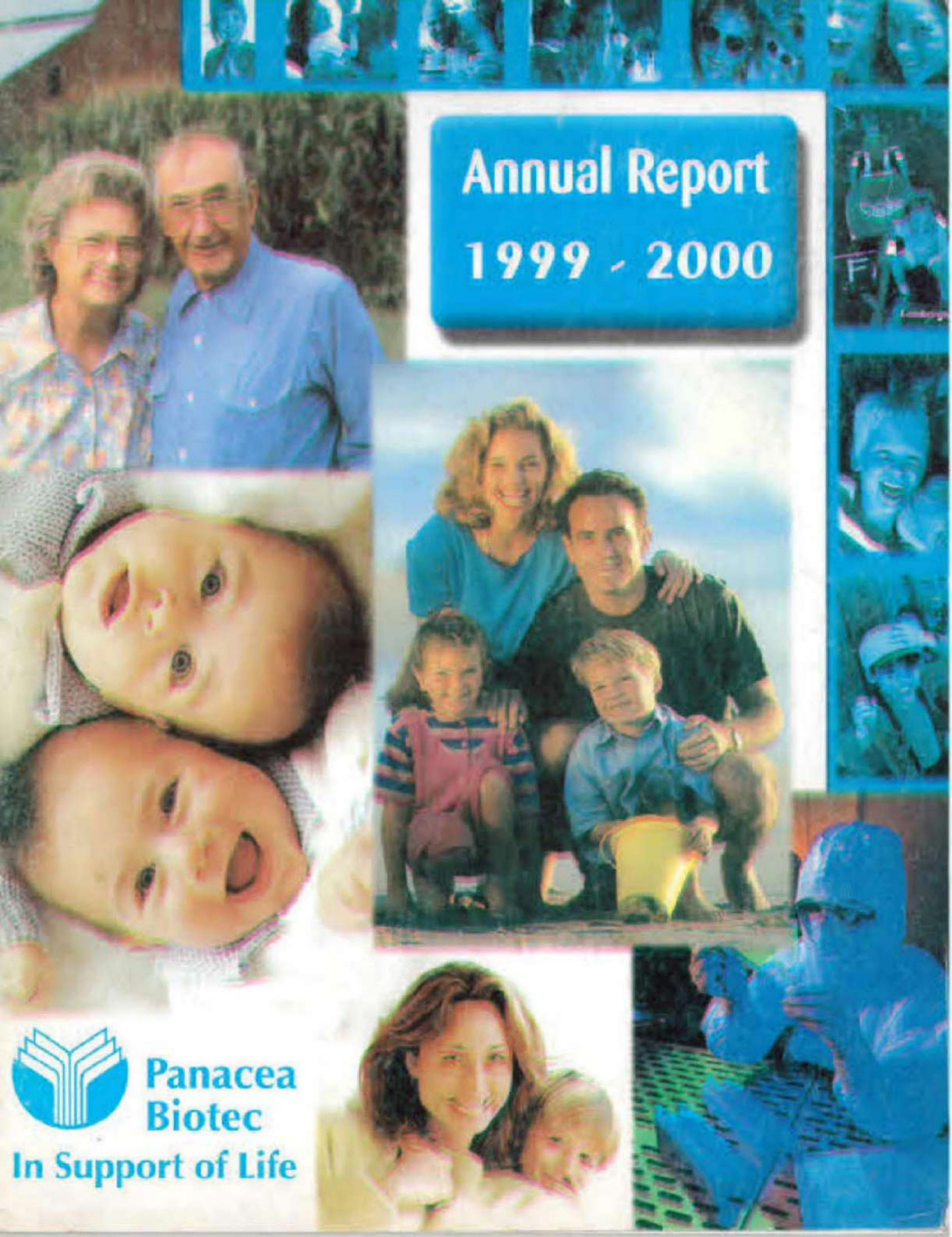


# Annual Report 1999 - 2000

Panacea Biotec

In Support of Life

# A VISION FOR THE NEW MILLENNIUM...

*.....at Panacea Biotec we are working towards alleviating pain and disease by harnessing frontlines of medical sciences to human benefit...*

**Soshil Kumar Jain**
**Chairman**

*.....supporting life through better health management, not merely the absence of disease, is our aim and in this we are partners in Doctors' vision of a disease free world....*

**Ravinder Jain**
**Managing Director**

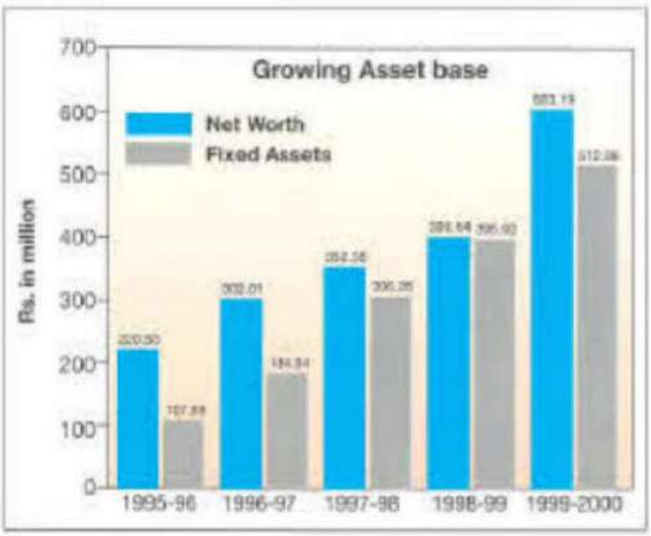
*........efficient management of financial and other resources with a view to enhance Shareholders' Value has always been the prime focus of all our activities at Panacea Biotec.......*

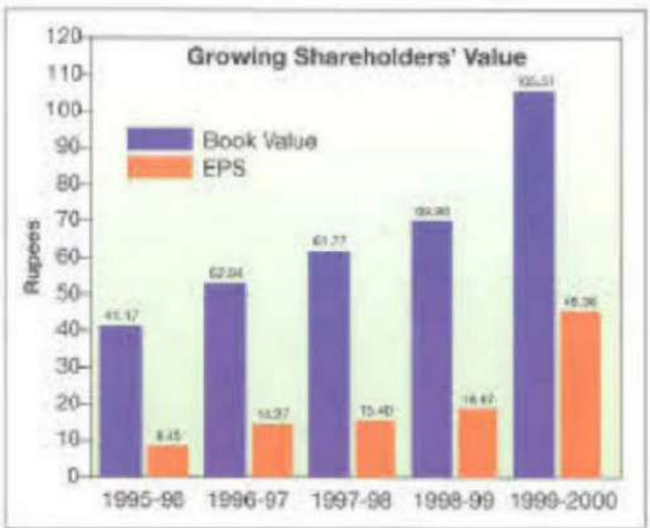
**Jai Bhushan Jain**
**Director - Finance**

# FINANCIAL HIGHLIGHTS

(Rs. in million)

| Particulars | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|---|---|---|---|---|---|
| Paid-up Share Capital - Equity | 53.56 | 57.04 | 57.08 | 57.11 | **57.17** |
| - Preference | - | - | - | 50.00 | **100.00** |
| Reserves and Surplus | 199.10 | 291.11 | 361.94 | 435.54 | **546.02** |
| **Net Worth** | **220.53** | **302.01** | **352.55** | **399.64** | **603.19** |
| Gross Fixed Assets | 107.89 | 184.04 | 306.26 | 395.92 | **512.86** |
| Loan Funds | 94.80 | 111.18 | 343.45 | 372.95 | **703.51** |
| Current Assets | 295.14 | 357.41 | 583.22 | 673.68 | **1,209.87** |
| Current Liabilities | 70.00 | 95.41 | 119.68 | 152.88 | **229.63** |
| **Sales** | **604.18** | **916.61** | **925.36** | **1,135.40** | **1,942.38** |
| Total Income | 605.08 | 918.30 | 926.77 | 1139.26 | **1,951.25** |
| **Profit Before Interest, Depreciation & Tax** | **62.87** | **128.96** | **142.41** | **177.43** | **427.47** |
| ***As % of Sales*** | *10.41%* | *14.07%* | *15.39%* | *15.63%* | ***22.01%*** |
| Profit Before Tax | 45.27 | 91.61 | 95.43 | 115.09 | **329.34** |
| **Profit After Tax** | **45.27** | **81.41** | **87.93** | **106.59** | **259.34** |
| ***As % of Sales*** | *7.49%* | *8.88%* | *9.51%* | *9.39%* | ***13.35%*** |
| Cash Accruals | 56.68 | 100.99 | 108.92 | 137.41 | **303.16** |
| **Dividend (%) - Equity** | **15%** | **20%** | **30%** | **30%** | **100%** |
| Book Value (Rs.) | 41.17 | 52.94 | 61.77 | 69.98 | **105.51** |
| **Earning Per Share (EPS)** | **8.45** | **14.27** | **15.40** | **18.67** | **45.36** |
| Cash EPS | 10.58 | 17.70 | 19.08 | 24.06 | **53.03** |
| Current Ratio | 2.08 | 1.97 | 1.65 | 2.35 | **2.10** |
| Debt Equity Ratio | 0.10 | 0.08 | 0.31 | 0.60 | **0.59** |
| Return on Net Worth | 20.53% | 26.96% | 24.94% | 26.67% | **42.99%** |
| Return on Capital Employed | 18.04% | 27.49% | 18.13% | 19.76% | **30.29%** |



# Panacea Biotec Limited
**ANNUAL REPORT 1999 - 2000**

## BOARD OF DIRECTORS

| | |
|---|---|
| *Chairman* | **Sh. Soshil Kumar Jain** |
| *Managing Director* | **Sh. Ravinder Jain** |
| *Director - Marketing & IT* | **Sh. Rajesh Jain** |
| *Director - Exports* | **Sh. Sandeep Jain** |
| *Director - Finance* | **Sh. Jai Bhushan Jain** |
| *Director - Operations & Projects* | **Sh. Ashwani Jain** |
| *Director - Logistics* | **Sh. Gurmeet Singh** |
| *Director - R & D & Quality Assurance* | **Dr. Amarjit Singh** |

## 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 - 44.

## 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 Sudhir Sunil & Co., Chartered Accountants

## FINANCIAL INSTITUTIONS
Industrial Development Bank of India
ICICI Ltd.
Life Insurance Coporation of India
LIC Mutual Fund

## SHARES LISTED AT
Ludhiana Stock Exchange Assn. Ltd., Feroze Gandhi Market, Ludhiana.
The Delhi Stock Exchange Assn. Ltd., DSE House, Asaf Ali Road, N. Delhi.
The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
National Stock Exchange, Trade World, S. B. Marg, Lower Parel, Mumbai.
The Madras Stock Exchange, P. Box No.183, 11, Second Line Beach, Madras.
The Calcutta Stock Exchange Assn. Ltd., 7, Lyons Range, Calcutta.

## BANKERS
ANZ Grindlays Bank
Canara Bank
IDBI Bank Ltd.
Punjab National Bank
State Bank of India

| Contents | Page No. |
|---|---|

# DIRECTORS' REPORT

**Dear Members,**

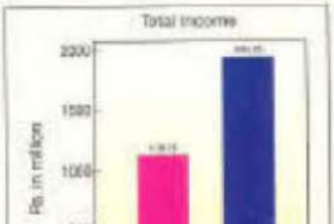
The Directors of your Company have pleasure in presenting the Sixteenth Annual Report together with the Audited Annual Accounts of the Company for the year ended 31st March, 2000 and Auditors' Report thereon.

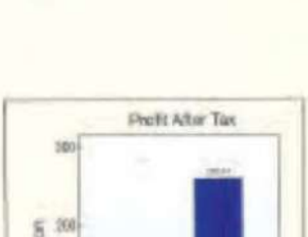
## Performance Review

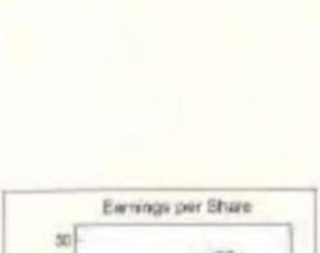
Your Directors are pleased to inform that your Company has continued its trend of steady and consistent growth over the years and has achieved greater heights during the year under review.

(Rs. in million)

| Particulars | For the year ended 31st March, 2000 | For the year ended 31st March, 1999 |
|---|---|---|
| **Total Income** | **1951.25** | 1139.26 |
| Gross Profit before Interest, Depreciation & Tax | **427.47** | 177.43 |
| Financial Expenses | **66.44** | 37.54 |
| Gross Profit before Depreciation & Tax | **361.03** | 139.89 |
| Depreciation | **31.69** | 24.80 |
| Profit before Tax | **329.34** | 115.09 |
| Provision for Taxation | **70.00** | 8.50 |
| **Profit after Tax** | **259.34** | 106.59 |
| **Appropriation :** | | |
| Dividend Paid/Proposed | | |
| - On Equity Shares | **57.08** | 17.12 |
| - On Preference Shares | **8.26** | 4.89 |
| Tax on Dividend | **7.19** | 2.20 |
| Transfer to Capital Redemption Reserve | **12.50** | - |
| Transfer to Debenture Redemption Reserve | **15.00** | 15.00 |
| Transfer to General Reserve | **60.00** | 40.00 |
| **Earnings per Share (EPS)** (Rs.) | **45.36** | 18.67 |
| Book Value per Share (Rs.) | **105.51** | 69.98 |
| Dividend (%) | **100** | 30 |




## Share Capital

During the year 1,250,000 – 12% Redeemable Preference Shares (RCPS) of Rs.10/-each aggregating Rs.12.50 million, issued and allotted to Industrial Development Bank of India, were redeemed as per the terms of their issue.

Further, with a view to part finance the long term funds requirements of your Company, your Directors have, alongwith their relatives and associates, placed an amount of Rs. 62.50 million with the Company and accordingly your Company had, during the year under review, issued and allotted 6,250,000 – 12% Redeemable Preference Shares of Rs.10/-each for cash at par aggregating Rs. 62.50 million to them. These shares are redeemable after the expiry of five years from the date of allotment with a put option with the Company to redeem them at any time after one year from the date of allotment.

# Dividend

As you are aware, considering the adequacy of profits, an Interim Dividend @ 50% was declared by the Board at its meeting held on January 31, 2000, on the Equity Shares and the same has since been paid.

In view of the much improved financial performance of the company your Directors are pleased to recommend a final Dividend @ 50% on the Equity Shares of the Company. Inclusive of the interim dividend of 50% declared and paid earlier, the total dividend for the year comes to **100%**, which is much higher than the dividend declared @ 30% last year.

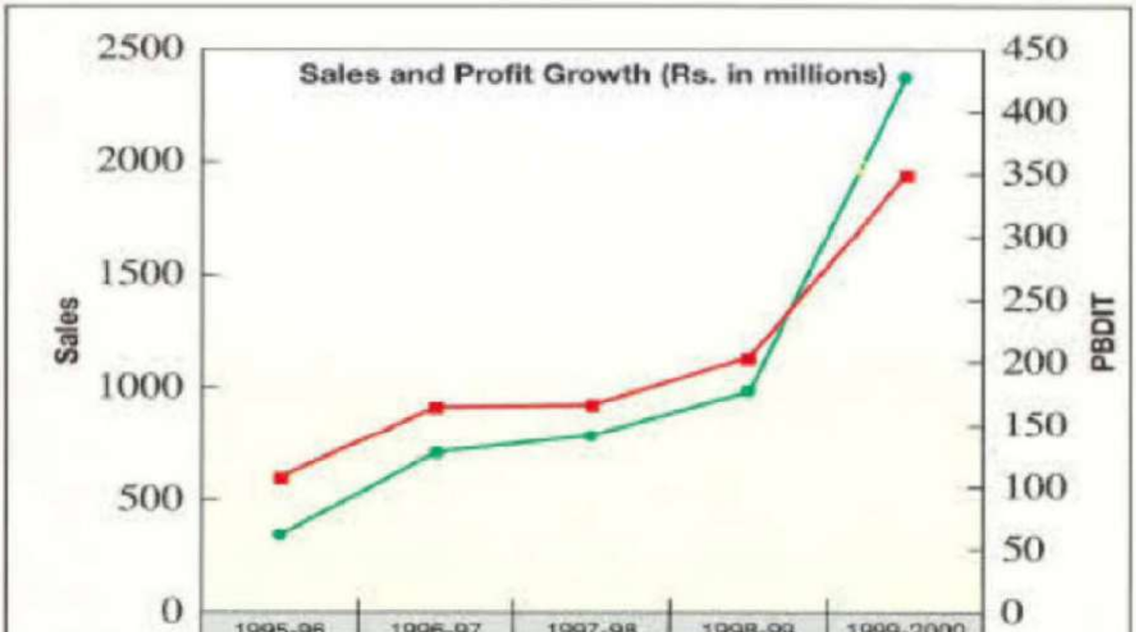
Further, as per the terms of their issue, Dividend on the Redeemable Cumulative Preference Shares issued on Private Placement basis, has been paid by way of Interim Dividends (pro-rata) @ 3% and 9% (12% on RCPS allotted on 19.2.2000) as declared by your Directors at their meetings held on 13.09.1999 and 31.03.2000, respectively, and as such no further Dividend has been recommended on the Preference Shares as final Dividend.

The Dividend as above on the Equity and Preference Shares, is placed before you for your approval at the forthcoming Annual General Meeting and, if approved, will absorb an amount of Rs.57.10 million and Rs.8.3 million, respectively.

# Sales & Profit Growth

**Panacea Biotec Ltd.** has recorded another year of superlative performance during 1999-2000 with total income of Rs. 1951.25 million as against Rs. 1139.26 million in the previous year, recording 71 per cent growth over the previous year.

This sales growth has been achieved amidst general recessionary conditions and cut throat competition in the pharma market and price deflation and over capacity which is plaguing the industry in India and abroad. Both the branded formulations and Vaccines segments have recorded significant increases in sales during the year.




| | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|---|---|---|---|---|---|
| Sales | 604.18 | 916.61 | 925.36 | 1135.40 | 1942.38 |
| PBDIT | 62.87 | 128.96 | 142.41 | 177.43 | 427.47 |

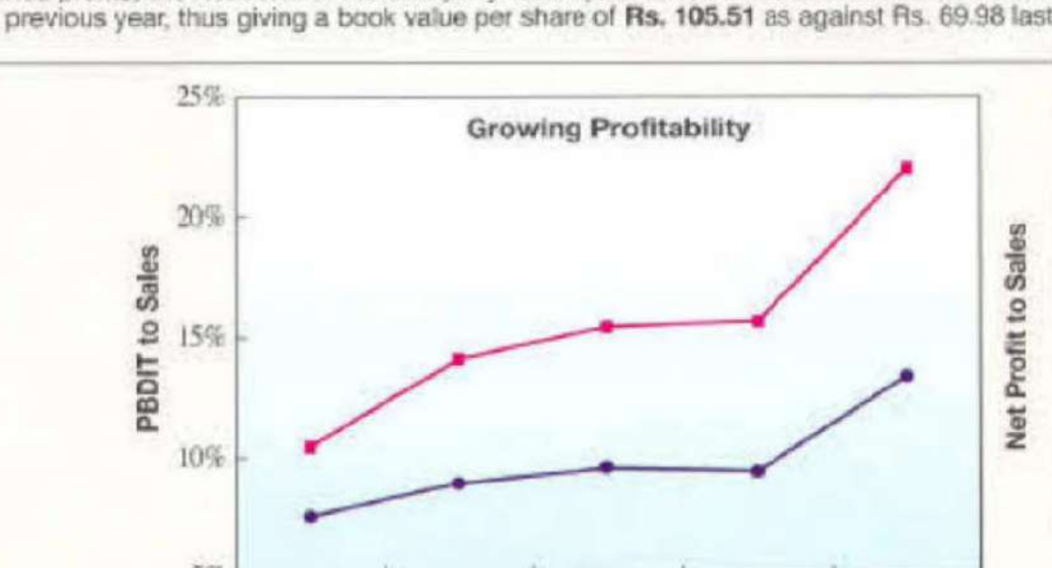
# Improved Profits

More than the sales growth, the PBDIT for the year has jumped more than 141 per cent to Rs. 427.47 million as against Rs. 177.43 million in the previous year. Even after accounting for a much higher tax outgo, the Net Profits and Cash Accruals at Rs. 259.34 million and Rs. 303.16 million are 143 per cent and 121 per cent higher, respectively, compared to last year.

Achievement of this level of profits is a reason for all the more satisfaction when viewed in the light of the fact that during 1999-2000, the company has invested heavily in market development and brand building which are expected to yield results over a longer period. Moreover, as a matter of prudence the entire Research and Development expense has been charged to the Profit and Loss account. Had the revenue recognition policy continued as hitherto, the profits would have been higher by Rs. 36.37 million. Even the market development expenditure deferred in the earlier years and lying unamortised has been been fully charged to the Profit and Loss account this year. But for this change, the profits would have been higher by Rs. 6.10 million.

As a matter of conservative prudence, the export incentives receivable are being charged on receipt basis. The balance sheet of the company is thus in a vastly improved position with the needed resilience and strength. Inspite of a heavy inventory holding needed to tackle the bunched supply needs of UNICEF and Govt. of India, the interest cost has been contained.

With higher retained profits, the Networth of the Company has improved to **Rs. 603.19 million** from Rs. 399.64 million as at the end of previous year, thus giving a book value per share of **Rs. 105.51** as against Rs. 69.98 last year.




| | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|---|---|---|---|---|---|
| PBDIT % | 10.41% | 14.07% | 15.39% | 15.63% | 22.01% |
| Net Profit % | 7.49% | 8.88% | 9.51% | 9.39% | 13.35% |

# Comfortable liquidity and leverage

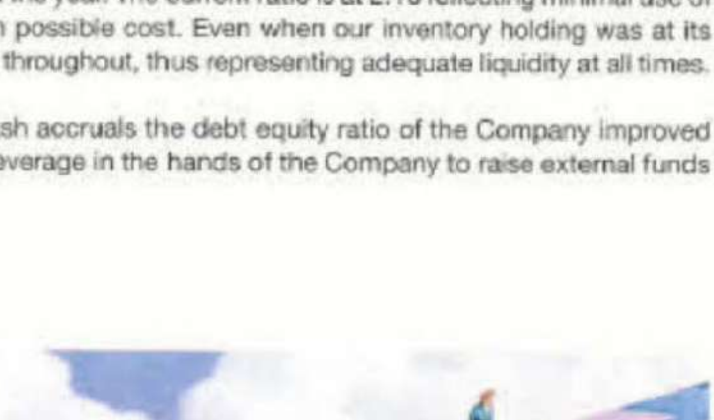
There has been a net increase of Rs. 357.58 million in cash or cash equivalents during the year compared to an increase of only Rs. 22.88 million in the previous year. Net cash from operating activities has gone up to Rs. 196.77 million from Rs. 86.64 million in the previous year.

The liquidity position has remained comfortable throughout the year. The current ratio is at 2.10 reflecting minimal use of outside funds except when they are available at minimum possible cost. Even when our inventory holding was at its peak during the year, the Current ratio remained above 1.5 throughout, thus representing adequate liquidity at all times.

With most of the fixed assets creation financed out of cash accruals the debt equity ratio of the Company improved further and is very healthy at 0.59, thus leaving sufficient leverage in the hands of the Company to raise external funds for any future expansions.

# Operational Ef ficiency

In terms of efficiency of total operations, Return on Net Worth has improved from 27 per cent in 1998-99 to 43 per cent in 1999-2000. During the same period Return on Capital Employed has also gone up from 20 per cent in 1998-99 to 30 per cent in 1999-2000. Net Earnings per Share has gone up from Rs. 18.67 in 1998-99 to Rs. 45.36 in 1999-2000, and Cash Earnings per Share from Rs. 24.06 in 1998-99 to Rs. 53.03 in 1999-2000.



Some other significant financial achievements of the financial year 1999-2000 are listed below:

- Based on its financial performance and impeccable record of accounting excellence, Panacea Biotec has been able to leverage the highest possible rating from the banking system
- Debtors cycle has been substantially reduced in respect of domestic sales, and is now at levels favourably comparable to the best in the industry.
- Panacea Biotec has been successful in retiring some of the old high cost debt at favourable terms.
- The fresh debt raised during the year has been at rates lower than the Prime Lending Rates of the commercial banks.
- Credit lines from international sources have also been available and utilised during the year at rates only a shade above LIBOR.

# Medium Term Trends

Aggressive marketing strategy of positioning our products to fill specific therapeutic gaps has led to a vastly improved financial performance of the Company. **Over the medium term of five years, sales have recorded a compounded annual growth rate of 37 per cent compared to the industry average of about 16 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 100 per cent in the last five years.** Although a relatively young company, Panacea Biotec's profitability has been consistently above industry averages and favourably matches the profitability of the best known companies in the industry.

Compared to other players in the industry, including the MNCs and other established players, **our turnover growth rate and profitability margins are much better and improving**. The liquidity position as indicated by **Current Ratio has consistently been above 1.50**. With the retention of higher profits in the system and prudence in terms of debt accumulation, the debt equity of the Company is also very comfortable inspite of the Company having taken up major expansions during this period.

While the cash flow is more than sufficient to meet the short and long term requirements of the company, it has been further strengthened by promoters injecting additional funds on a continuous basis.

# Marketing and Sales Perfromance

The 1990s saw the emergence of Panacea Biotec as a force to reckon with on the pharmaceutical firmament of the country. Starting in a small way, without any hype or blowing the trumpet, your company started identifying definite therapeutic gaps in disease management.

Chemical synthesis, formulation development, launch of brand extensions and spread of **Nimulid** as a brand and Nimesulide as a salt has already become a case study for all entrants into the pharmaceutical industry within five years of its introduction in the Indian market.

The originally launched tablet and later added paediatric suspension and Transgel (patented by Panacea Biotec), continue to be among the market leaders amidst cut throat competition. Launch of **Nimulid** in the Indian market by Panacea Biotec represented a quantum jump in disease management in terms of better efficacy and safety profile, besides convenience of dosage.

Similar is the story of **Panimun Bioral** – the immuno-suppressant Cyclosporine formulation for critical use in Nephrology and Oncology. Not only is the drug competing successfully against a long entrenched monopoly brand, but is growing on the strength of its better clinical efficacy. Having substantially improved the formulation and armed with a US Patent for this drug, Panacea Biotec is on the verge of global launch of this drug, with a potential for churning in the huge US $ 2.5 billion world market.

On the sales side, your company has developed an all India network of skilled and trained management graduates drawn from the best of management schools of the country and covering practically each of the 450 odd districts of the country and a Doctor population of about 90,000. On the logistics side, we have presence in all the States of the Country in the form of our own Depots/C&F Agents who in-turn supply material to stockists.

Marketing and logistics working in tandem has ensured quick market report and a much improved debtors cycle (better than the industry average).

# Manufacturing Operations

The Company has invested heavily in its existing facilities for Vaccine and Pharmaceutical Production in New Delhi. The modernisation and investment in machinery has enabled your company to obtain GMP Certification as per WHO guidelines and accreditation by WHO for vaccine plant for procurement by UNICEF.

**Formulations Production Facility:** With a view to commercially exploit the new products being made available by the Research facility of the Company, the production facility now coming up fast at Lalru is going to match the MCA standards of EU and FDA standards of US. High value products would be produced at Lalru both for the domestic and export markets.

Production facilities at Lalru for liquids and capsules (phase-1) have been commissioned during the year. The production facilities for other products and categories are at various stages of completion. The civil works is about 75 per cent complete. Some buildings are practically within a few weeks of being completed.

**Hepatitis B Production Facility:**

First stage backward integration having been achieved at the Company's works at Okhla, New Delhi in July 1998, detailed working into full technology transfer and raw material production were initiated with the Cuban technology at the Lalru site. The civil work has been more or less completed, orders for machinery have been placed, and as per present estimates, commercial production is estimated to start in Jan-Feb 2001. Although funding arrangements from Financial Institutions/Banks have been concluded, the company proposes to draw on loans only in an exigency.

# New Products

Your company created another first in the Indian market by launching **Nimulid MD** (mouth dissolving) in June 1999. A sophisticated technology wherein the specially formulated tablet under specialised conditions of manufacturing dissolves on the tongue without the need of water and provides quick relief to the patients in all situations where access to hygienic/clean drinking water is difficult. The tablet leaves a very pleasant taste after it dissolves in the mouth. Your company has **filed global Patent on this technology.**


Your company has launched three new Brands in April, 2000 **Kondro** for Arthritic patients, **Giro** for Dysentry and Diarrhoea and **Nimulid DS**, a brand extension for acute cases of pain. **Nimulid Injectable** (patented by Panacea Biotec) and **Nimulid EF** (effervescent) would be the next in line to make available the complete stable of NSAID therapy for the medical fraternity.



With a fertile ground already in place, we have lined up at least 10 new product launches in the next 12 months, thus more than doubling our branded product portfolio and entrenching our presence in some areas such as Orthopaedics, Diabetology and ENT, while opening up fresh avenues in newer therapeutic areas such as Gynaecology, Gastroenterology and Dentistry. Each of the products under launch is a marked improvement over the existing therapy and with proper information dissemination and response system with the medical practitioners in place, they are going to enhance the revenue and profitability of the company over the years to come on a sustained basis.

# Exports

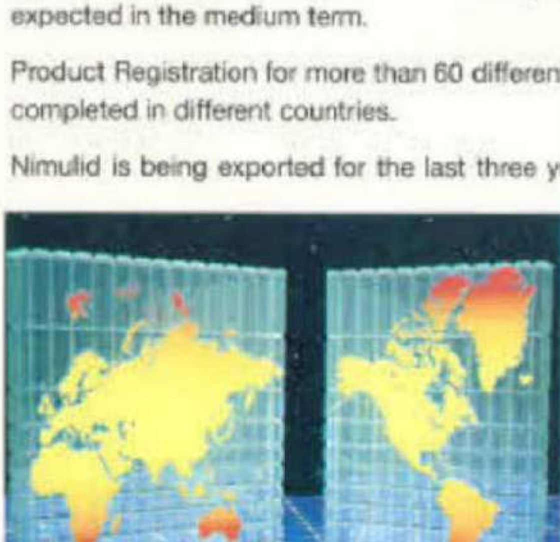
Having excelled in the domestic market with the sheer momentum of our excellence in marketing and technological prowess in terms of newer products, as a natural process of our horizontal spread, Exports has been identified as the thrust area of operation by Panacea Biotec.

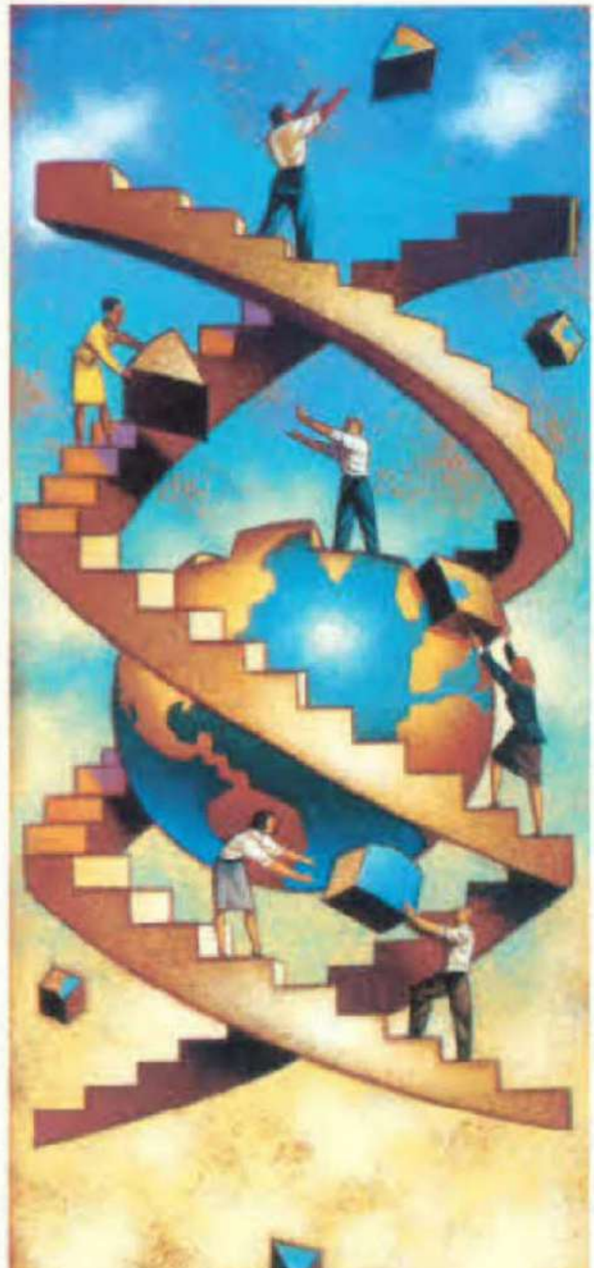
It is being taken up on a two pronged strategy, viz.

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

To make a beginning on our long term strategy for higher revenue generation and margins for our patented products, details are being worked out for licensed production of our own patented products in Europe. The pre-operative part in this has been completed and actual revenue generation should start next year, with big increases expected in the medium term.

Product Registration for more than 60 different products has been completed in different countries.





Nimulid is being exported for the last three years on a long term supply contract basis. After a brief gap, earlier this year, the export of Panimun Bioral (Cyclosporine) has again started. The spread and volume is expected to grow immediately in both these products.

Having initially tested the market dynamics and logistics, we have reached a stage when all the fresh exports are now on firmed up basis. To take care of material availability, our own stock holding points are proposed abroad. Offices at Moscow, Belgrade and Ashgabat are already operational and the Lagos office is expected to be opened shortly. Representatives for Tanzania, Uganda and Sri Lanka have been appointed and placed.

# Research and Development

As early as 1993 Panacea Biotec could see the writing on the wall with stricter product patent regime on the horizon with the then ongoing GATT accord signed and as a deliberate strategic decision, decided to build a grassroot Research and Development set up of its own. Initially the emphasis was on getting the things together and forming functional groups. With core manpower recruited and goals defined, beginning 1996 the emphasis shifted to building the required infrastructure for the same with a view to secure the Intellectual Property Rights by patenting the researched innovative pharmaceutical products and processes.

Your Company has successfully set up a state-of-the-art 20,000 sq.ft. ultra modern Research and Development Centre at Lalru - Punjab. The Research and Development facility has been so built that in terms of environmental controls it matches the best laboratories in the world. Advanced equipments for in-house testings and trials have been procured to add teeth to the performance. This is expected to yield immediate returns in terms of improved products and processes for the Indian and the International markets. **The research conducted in the Lalru labs has led to successful filing and grant of product patents world wide in nine different categories.**

The R&D centre is manned by 60 full time Scientists with advanced degrees in Chemistry, Biology, Pharmaceutical Sciences, Biotechnology, Plant Sciences, Analytical Sciences, Pharmacology, Medical Sciences and Vaccinology.

As the emphasis is more on short period commercial viability, the immediate route of core R&D has been to research new drug delivery systems and a fair amount of success has been achieved in this regard.

**Commercial Success**

In commercial terms, the Research facilities of the Company are expected to yield long term sales revenue with high profitability margins as the products so manufactured would be patented with exclusive marketing rights available to your company all over the world. In certain categories the revenue stream is expected to be by way of royalty earnings and license fee.

# Knowledge Resource

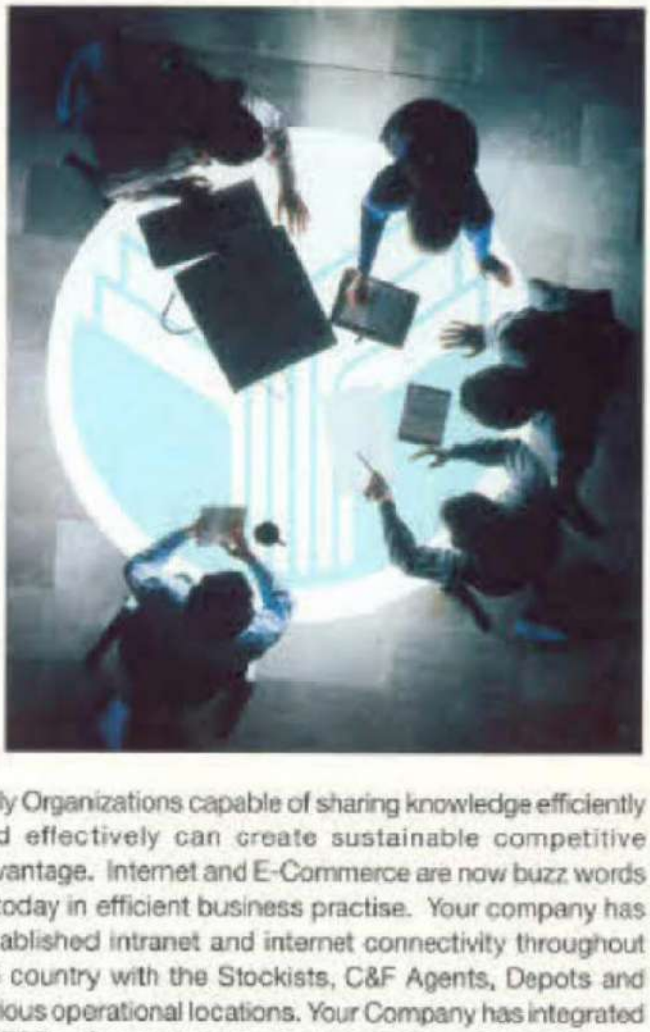
**We follow the principle "Hire for attitude and Train for Skill".**

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.

Your company organised 20 advanced courses on selling skills for our Sales Department across the ranks during the year.

Your company organised a 3 day GMP workshop for Production, Quality Control and Quality Assurance staff conducted by a European company, in addition to once a quarter interactive workshops for entire operations staff through a consultant.

Your company organised a lecture by an eminent American Scientist for your R & D Scientists. In addition, several Scientists were sent to International Conferences on Advanced Drug Research in USA & Germany.



# Information T echnology

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 practise. Your company has established intranet and internet connectivity throughout the country with the Stockists, C&F Agents, Depots and various operational locations. Your Company has integrated an ERP software in the entire functioning of the company. The year 2000 will see the entire field force of your Company getting linked to this set-up.

Your company visualizes that in few years from now knowledge will be created, stored, disseminated and accessed without any apparent complex interfaces.

**Your company has additionally undertaken an Information Technology Venture to host several portals in the field of total healthcare, scheduled to be operational in the year 2000.**

# Employee Relations

The company continued to have very good relations with all its employees except few untoward incidents in the field which have been resolved with a mix of carrot & stick.

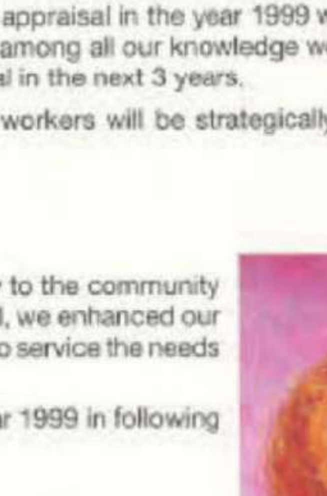
Your company recognises that tomorrow's worker will be a knowledge worker and a knowledge worker is an asset, people are providers of human capital like banks provide financial capital. Your company not only believes in it but knows how to treat these assets.

Your company introduced a system of self appraisal in the year 1999 which we intend to market aggressively even in the year 2000 among all our knowledge workers and plan to prepare everybody for 360 degree appraisal in the next 3 years.

Our future investments in our knowledge workers will be strategically aligned with our business goals.

# Social Responsibility

Your company recognises its responsibility to the community in which it operates. At the production level, we enhanced our vaccine manufacturing capacity to be able to service the needs of country for the pulse polio immunization programme.

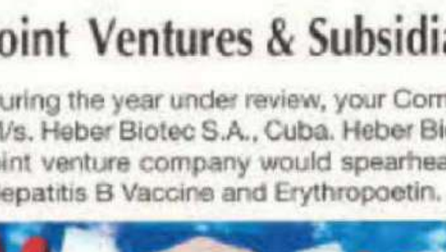


Your company conducted several free Health Camps throughout the year 1999 in following diseased areas :

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.

# Joint Ventures & Subsidiaries

During the year under review, your Company has formed a Joint Venture Company namely **Panheber Biotec Ltd.**, with M/s. Heber Biotec S.A., Cuba. Heber Biotec is an arm of the world renowned biotechnology research facility, 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 has also acquired substantial interest in Radicura & Co. Ltd. and Maxwell Impex (India) Pvt. Ltd. by acquiring almost 100% Equity Share Capital of these Companies. Radicura & Co. Ltd. is an existing profit-making Company engaged in the trading and distribution of pharmaceutical products. Taking the Company into Panacea Biotec fold would make available the existing trading strengths of Radicura and Co. Ltd. besides allowing us a ready outlet for sales. Maxwell Impex (India) Pvt. Ltd. owns a prime immovable property in close proximity to the existing Corporate Office of the Company. Locational synergies of this building would greatly help Panacea Biotec in housing its expanded corporate operations.

Your Directors are also exploring possibilities of setting up joint venture Companies abroad with overseas entities for setting up manufacturing and marketing facilities for technology driven pharmaceutical and other products. The discussions are at advanced stage and some finality should emerge during the coming few months.

## Energy Conservation, T echnology 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.

## 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

Research and Development being the focus of your company, and in recognition of his contribution to development of cutting edge R&D capability in your Company, besides personal achievement of a very high order, Dr. Amarjit Singh, hitherto working as Vice President (Research and Operations), has been appointed as a whole time Director on the Board of Dierctors of the Company w.e.f. January 01, 2000.

In accordance with the provisions of the Companies Act, 1956, Shri Gurmeet Singh, Shri Soshil Kumar Jain and Shri Rajesh Jain, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

## 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. 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 referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

## Cost Auditors

As directed by the Central Government pursuant to the provisions of Section 233B of the Companies Act, 1956, M/s J.P. Gupta & Associates, Cost Accountants, were appointed as Cost Auditors to conduct the audit of the Company's Cost Records in respect of pharmaceutical formulations for the year ended 31st March, 2000. They are proposed to be re-appointed as Cost Auditors to conduct the Audit of the Company's Cost Records for the year ending 31st March, 2001, subject to the approval of the Central Government.

## Listing of Shares

The Equity Shares of your Company are presently listed at National Stock Exchange and Stock Exchanges at Ludhiana, Delhi, Mumbai, Calcutta and Madras, 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 Annual Listing Fee for the current financial year shall be paid to the Stock Exchanges well before the last date for payment thereof, i.e. $30^{th}$ April, 2000.

## Acknowledgements

Your Directors place on record their deep appreciation of the assistance, support and co-operation extended by all Financial Institutions, Banks, Government Agencies, Customers and Suppliers during the year under review. Your Directors owe special thanks to all the shareholders of the Company, for their 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
15th day of April, 2000

**SOSHIL KUMAR JAIN**
**Chairman**

# ANNEXURES TO THE DIRECTORS' REPORT

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

## ANNEXURE A

### FORM A

**ENERGY CONSERVATION**

Quality products through efficient production lines - the policy of the Company, is of according highest priority to the energy conservation, which is in the best interests of the Industry and the nation. The Company has so devised its production lines which results in minimum energy losses. The employees of the Company are as well oriented to accord priority to energy conservation, at all times & places.

| | Current Year | Previous Year |
|---|---|---|
| A. Power and Fuel Cunsumption | | |
| 1. Electricity | | |
| (a) Purchased | | |
| Units (Nos.) | 4,12,724 | 2,70,773 |
| Total Amount (Rs.) | 23,11,256 | 11,50,786 |
| Rate/Unit (Rs.) | 5.60 | 4.25 |
| (b) Own generation | | |
| (i) Through Diesel Generator | | |
| Units (Nos.) | 11,08,107 | 8,64,380 |
| Unit per litre of Diesel Oil | 1.42 | 1.75 |
| Cost/Unit (Rs.) | 8.57 | 5.48 |
| (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 | 2,87,714 | 6,24,218 |
| Electricity | 1.08 | 0.94 |
| **SYRUPS** | | |
| Production | 2,30,743 | 2,73,414 |
| Electricity | 1.11 | 0.97 |
| **CAPSULES** | | |
| Production | 47,713 | 54,984 |
| Electricity | 1.35 | 0.94 |
| **GELS** | | |
| Production | 20,740 | 25,220 |
| Electricity | 0.96 | 0.77 |
| **VACCINE** | | |
| Production | 20,706 | 7,069 |
| Electricity | 42 | 30 |

### FORM B

**Form for disclosure of particulars with respect to Technology Absorption**

**Research & Development (R&D)**

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

   The Research is being pursued by the Company in the following areas :

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

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

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

3. Future plan of Action :

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

   - Analytical Research
   - Pharmaceutical Research
   - Chemical Research
   - Natural Products Research
   - Viral Vaccine Research

# ANNEXURE TO THE DIRECTORS REPORT (Contd...)

4. Expenditure on R & D during 1999 - 2000

(Rs. in million)

| | 1999-2000 | 1998-99 |
|---|---|---|
| Capital | 87.6 | 46.4 |
| Recurring | 38.3 | 32.6 |
| Total | 125.9 | 79.0 |
| Total R&D expenditure as a percentage of total turnover | 6.48% | 6.96% |

### 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<br>- Product Improvement<br>- Product Development<br>- 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 much needed liberalised policy of the Government of India in investments outside India for trade promotion is going to help our Company to get better organised and equipped to promote image of Company, increase service to customer, create demand for Company's quality products thus increasing better revenues/sales.

Panacea's export base has expanded considerably over the years and our presence is being felt in the markets through our Branch Offices/Representative Offices abroad.

During the year 1999-2000 the exports were to the tune of Rs.732.42 million.

Our Company has taken concrete steps for product registration and patent filing abroad so as to cross the entry barriers of international markets and establish ourselves. Panacea is thus fully geared to compete in the International market.

The desire to be a truly worthy partner of the doctors in their battle against disease in India and abroad will remain, forever, ours.

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

(Rs. in million)

| | Current Year | Previous Year |
|---|---|---|
| Earnings | 720.56 | 105.44 |
| Outgo | 571.87 | 468.57 |

For and on behalf of the Board

New Delhi,
the 15th day of April, 2000

**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, 2000

| S. No. | Name | Designation & Nature of Duties | Gross Remuneration (Rs.) | Qualification | Experience (Years) | Date of Commencement of Employment | Age | Particulars of Last Employment |
|---|---|---|---|---|---|---|---|---|
| **A.** | **Persons employed throughout the Financial Year ended 31st March, 2000, who were in receipt of remuneration for the year in which the aggregate was not less than Rs.6,00,000/-** | | | | | | | |
| 1. | Shri Soshil Kumar Jain | Chairman | 30,00,000 | Pharmacist | 45 | 02.02.84 | 69 | Business |
| 2. | Shri Ravinder Jain | Managing Director | 30,99,810 | Matriculate | 20 | 15.11.84 | 43 | Business |
| 3. | Shri Rajesh Jain | Director Marketing & IT | 30,00,000 | B.Sc. | 13 | 15.11.84 | 36 | Business |
| 4. | Shri Sandeep Jain | Director Exports | 30,00,000 | B.Com. | 11 | 15.11.84 | 34 | Business |
| 5. | Shri Jai Bhushan Jain | Director Finance | 15,00,000 | B.Com.(Hons.), FCS | 27 | 01.04.92 | 49 | Self employed |
| 6. | Shri Ashwani Jain | Director Operations & Projects | 15,00,000 | Chartered Engineer Mechanical | 20 | 01.04.93 | 42 | GM, Radicura Pharma |
| 7. | Shri Gurmeet Singh | Director Logistics | 15,00,000 | B.Com. | 20 | 29.06.96 | 38 | Director, Radicura & Co. Ltd. |
| 8. | Dr. Amarjit Singh | Director R & D and Quality Assurance | 22,00,000 | M.Pharm., Ph.D. | 20 | 31.12.93 | 42 | Sr. Manager, Max India Ltd. |
| 9. | Shri K.V. Gopalakrishnan | General Manager Mktg. | 6,80,000 | B.Sc. | 24 | 15.11.93 | 47 | GM Sales, Magnachem P. Ltd. |

**B. Persons employed for a part of the Financial Year ended 31st March, 2000, who were in receipt of remuneration for any part of the year, at the rate which in the aggregate was not less than Rs.50,000/- per month.**

NIL

**Notes:**

1. Remuneration includes salary, house rent allowance, bonus, Company's contribution to Provident Fund, Leave Travel allowance, medical assistance, royalty and all allowances paid in cash and taxable value of perquisites wherever applicable.
2. All appointments are non-contractual except that of Directors mentioned at Sl. No. 1 to 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.
4. Dr. Amarjit Singh who was working as Vice President (R & D) has been appointed as Whole-time Director w.e.f. 1st January, 2000.

For and on behalf of the Board

New Delhi
15th April, 2000

**SOSHIL KUMAR JAIN**
**Chairman**

# AUDITORS' REPORT

**TO THE MEMBERS OF PANACEA BIOTEC LTD.,**

We have audited the attached Balance Sheet of PANACEA BIOTEC LIMITED as at 31st March, 2000 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 give 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 Accounts dealt with by this report are in agreement with the books of accounts ;

   d) In our opinion, the Profit & Loss Account and the Balance Sheet comply 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 and Profit & Loss Account read together with 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, 2000, and

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

For **SUDHIR SUNIL & CO.,**
*Chartered Accountants*

Place : New Delhi
Dated : 15th April, 2000

**SUDHIR KAPOOR**
Partner

## Annexure to the Auditors' Report

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

i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed, if any, on comparison between book records and physical inventory were not material and have been properly dealt with in the books of accounts.

ii) None of the fixed assets has been revalued during the year.

iii) As explained to us, the stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year at the Company's factory premises, godowns/ warehouses, branches and C & F agents/consignees as also Loan License manufacturers. In our opinion, the frequency of such verifications is reasonable having regard to size of the Company and nature of its business.

iv) In our opinion and according to the information and explanations given to us, the procedure 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.

v) As explained to us, there are no material discrepancies noticed on physical verification of the stocks of raw materials, stores and spares and finished goods having regard to the size of the operations of the Company.

vi) In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles. The valuation of stocks is on the same basis as in the previous year.

vii) 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, or from Companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.

viii) The Comapny has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in

# Annexure to the Auditors' Report (Contd...)

the Register maintained under Section 301 of the Companies Act, 1956, and/or to the Companies under the same management within the meaning of section 370(1-B) of the Companies Act, 1956.

ix) In respect of the loans and advances in the nature of loans given by the Company to employees and others, they are generally repaying the principal amount as stipulated and are also generally regular in payment of interest.

x) 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 for the purchases of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.

xi) In our opinion and according to the information and explanations given to us there are no transactions of purchases of goods and raw materials and sale of goods, materials and services made in pursuance of contracts or arrangements 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 only), or more in respect of any party.

xii) According to the information and explanations given to us, the Company has reasonable system for the 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.

xiii) Accordimg to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning and scope of provisions of section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable byproducts and scrap wherever significant.

xv) 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 and a senior functionary is in charge of the Internal Audit functions of the Company.

xvi) 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.

xvii) According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.

xviii) According to information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which have remained outstanding as at 31st March, 2000, for a period of more than six months from the date of their becoming payable.

xix) According to the information and explanations given to us, and on the basis of records examined by us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under any contractual obligation or in accordance with generally accepted business practice.

xx) 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

Place : New Delhi
Dated : 15th April, 2000

**SUDHIR KAPOOR**
Partner

# BALANCE SHEET
## As at 31st March, 2000

(Amount in Rs.)

| | Schedule | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **SHARE HOLDERS' FUNDS** | | | | | |
| Share Capital - Equity | I | 57,169,166 | | 57,105,300 | |
| - Preference | | 100,000,000 | | 50,000,000 | |
| Share Application Money (for Preference Shares) | | - | | 21,511,200 | |
| Reserves & Surplus | II | 546,016,086 | 703,185,252 | 435,545,115 | 564,161,615 |
| **LOAN FUNDS** | | | | | |
| Secured Loans | III | 463,511,886 | | 349,229,626 | |
| Unsecured Loans | IV | 239,995,111 | 703,506,997 | 23,716,500 | 372,946,126 |
| | | | 1,406,692,249 | | 937,107,741 |
| **APPLICATION OF FUNDS** | | | | | |
| **Fixed Assets** | | | | | |
| Gross Block | V | 512,860,957 | | 395,918,158 | |
| Less : Depreciation | | 104,491,969 | | 73,465,843 | |
| **Net Block** | | | 408,368,988 | | 322,452,315 |
| **Investments** | VI | | 18,082,920 | | 844,200 |
| **Current Assets, Loans & Advances** | VII | 1,209,869,572 | | 665,182,018 | |
| Less : **Current Liabilities & Provisions** | VIII | 229,629,559 | | 144,379,543 | |
| **Net Current Assets** | | | 980,240,013 | | 520,802,475 |
| **Miscellaneous Expenditure** (To the extent not written off or adjusted) | IX | | 328 | | 93,008,751 |
| | | | 1,406,692,249 | | 937,107,741 |
| Significant Accounting Policies, Notes to Accounts & Abstracts of Balance Sheet forming part of the Accounts | XVI | | | | |

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

As per our seperate report of even date attached

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

For and on behalf of the Board

| | | | |
|---|---|---|---|
| **SUDHIR KAPOOR**<br>Partner | **SOSHIL KUMAR JAIN**<br>Chairman | **RAVINDER JAIN**<br>Managing Director | **JAI BHUSHAN JAIN**<br>Director - Finance |
| Place : New Delhi<br>Date : 15th April, 2000 | **RAJIV GIROTRA**<br>G.M. - Finance | **SANJAY JAIN**<br>D.G.M. - Accounts | **VINOD GOEL**<br>Company Secretary |

# PROFIT & LOSS ACCOUNT

## For the year ended 31st March, 2000

(Amount in Rs.)

| | Schedule | | For the year ended 31st March, 2000 | | For the year ended 31st March, 1999 |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Domestic Sales | | 1,209,955,035 | | 1,015,498,135 | |
| Exports | | 732,422,099 | | 119,900,842 | |
| **Total Sales** | | | 1,942,377,134 | | 1,135,398,977 |
| Other Income | X | | 8,872,207 | | 3,856,433 |
| Increase/(Decrease) in Stock | XI | | 112,883,774 | | 70,311,564 |
| | | | 2,064,133,115 | | 1,209,566,974 |
| **EXPENDITURE** | | | | | |
| Cost of Production | | | 1,327,648,074 | | 822,475,572 |
| Personnel Expenses | XII | | 99,723,926 | | 69,301,303 |
| Administration Expenses | XIII | | 112,593,731 | | 75,860,479 |
| Financial Expenses | XIV | | 66,441,002 | | 37,541,550 |
| Selling Expenses | XV | | 83,683,355 | | 58,074,347 |
| Miscellaneous Expenditure written off during the year | IX | | 12,125,357 | | 6,022,736 |
| Depreciation | V | | 31,693,450 | | 24,801,404 |
| | | | 1,733,908,895 | | 1,094,077,391 |
| **Profit for the year** | | | 330,224,220 | | 115,489,583 |
| Less : Prior Period Adjustments | | | 888,380 | | 401,182 |
| **Profit Before Tax** | | | 329,335,840 | | 115,088,401 |
| Provision for Income Tax | | | 70,000,000 | | 8,500,000 |
| **Profit After Tax** | | | 259,335,840 | | 106,588,401 |
| **APPROPRIATION :** | | | | | |
| Dividend - Equity Shares | | | 57,076,600 | | 17,121,180 |
| Dividend - Preference Shares | | | 8,258,902 | | 4,890,411 |
| Dividend Tax | | | 7,186,952 | | 2,201,160 |
| Transfer to Capital Redemption Reserve | | | 12,500,000 | | - |
| Transfer to Debenture Redemption Reserve | | | 15,000,000 | | 15,000,000 |
| Transfer to General Reserve | | | 60,000,000 | | 40,000,000 |
| Balance of Profit carried forward | | | 99,313,386 | | 27,375,650 |

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

As per our seperate report of even date attached

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

For and on behalf of the Board

**SUDHIR KAPOOR**
Partner

**SOSHIL KUMAR JAIN**
Chairman

**RAVINDER JAIN**
Managing Director

**JAI BHUSHAN JAIN**
Director - Finance

Place : New Delhi
Date : 15th April, 2000

**RAJIV GIROTRA**
G.M. - Finance

**SANJAY JAIN**
D.G.M. - Accounts

**VINOD GOEL**
Company Secretary

# SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Amount in Rs.)

| | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|
| **SCHEDULE - I SHARE CAPITAL** | | | | |
| **AUTHORISED** | | | | |
| Comprising of | | | | |
| i) 12,500,000 Equity Shares of Rs.10/- each | | 125,000,000 | | 125,000,000 |
| ii) 10,000,000 Preference Shares of Rs.10/- each (Previous year 5,000,000 Preference Shares of Rs. 10/- each) | | 100,000,000 | | 50,000,000 |
| | | 225,000,000 | | 175,000,000 |
| **ISSUED, SUBSCRIBED & PAID UP** | | | | |
| 5,707,660 Equity Shares of Rs. 10/- each (Previous Year 5,722,560 Equity Shares) | 57,076,600 | | 57,225,600 | |
| Less: Allotment Money in arrears on Equity Shares (from other than Directors) | - | | 120,300 | |
| Add: Forfieted Shares | 92,566 | 57,169,166 | - | 57,105,300 |
| (Out of the above Equity Shares, 1,814,240 Equity Shares were issued as fully paid up Bonus Shares during 1994-95 by capitalisation of General Reserve) | | | | |
| 12% Redeemable Cumulative Preference Shares (RCPS) of Rs.10/- each | | | | |
| Series - I | | | | |
| 3,750,000 Preference Shares (Previous Year 5,000,000) | 37,500,000 | | 50,000,000 | |
| Series - II | | | | |
| 6,250,000 Preference Shares (Previous Year Nil) | 62,500,000 | | - | |
| | | 100,000,000 | | 50,000,000 |
| | | 157,169,166 | | 107,105,300 |

**Notes:**

1. RCPS Series - I are redeemable in five unequal instalments payable after every 12 months from the date of allotment with 2% premium to be paid alongwith last instalment on initial allotted amount.
2. RCPS Series - II are redeemable 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.

# SCHEDULES (Contd.)

(Amount in Rs.)

| | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|
| **SCHEDULE - II RESERVES AND SURPLUS** | | | | |
| **1) CAPITAL REDEMPTION RESERVE** | | | | |
| Amount as per last Balance Sheet | - | | - | |
| Add : Transfer from Profit & Loss A/c | 12,500,000 | 12,500,000 | - | - |
| **2) DEBENTURE REDEMPTION RESERVE** | | | | |
| Amount as per last Balance Sheet | 15,000,000 | | - | |
| Add : Transfer from Profit & Loss A/c | 15,000,000 | 30,000,000 | 15,000,000 | 15,000,000 |
| **3) SHARE PREMIUM** | | | | |
| Amount as per last Balance Sheet | 160,920,226 | | 160,732,976 | |
| Addition during the year | 447,138 | 161,367,364 | 187,250 | 160,920,226 |
| **4) GENERAL RESERVE** | | | | |
| Amount as per last Balance Sheet | 225,847,155 | | 185,847,155 | |
| Add :Transfer from Profit & Loss A/c | 60,000,000 | 285,847,155 | 40,000,000 | 225,847,155 |
| **5) PROFIT & LOSS ACCOUNT** | | | | |
| Amount as per last Balance Sheet | 33,777,734 | | 15,363,732 | |
| Add : | | | | |
| Excess provision of Dividend for earlier years | 1,980 | | 3,800 | |
| Net Income Tax adjustment for earlier years | 4,324,837 | | -2,661,258 | |
| Transfer from Profit & Loss A/c | 99,313,386 | | 27,375,650 | |
| | 103,640,203 | | 24,718,192 | |
| Less : | | | | |
| Dividend final 97-98 | - | | 5,710,335 | |
| Short Prov.of Dividend Tax for earlier years | 233,304 | | 593,855 | |
| Deferred R & D Expenses w/off | 80,883,066 | | - | |
| | 81,116,370 | 56,301,567 | 6,304,190 | 33,777,734 |
| | | 546,016,086 | | 435,545,115 |

# SCHEDULES (Contd.)

(Amount in Rs.)

| | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|
| **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. | 40,000,000 | | 40,000,000 | |
| - 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. | 20,000,000 | 60,000,000 | 20,000,000 | 60,000,000 |
| **2). TERM LOANS** | | | | |
| ANZ Grindlays Bank | - | | 30,000,000 | |
| Industrial Development Bank of India | 58,330,000 | 58,330,000 | 77,500,070 | 107,500,070 |
| **3). WORKING CAPITAL LOANS** | | | | |
| Balance in Cash Credit accounts with : | | | | |
| Punjab National Bank | 7,603,563 | | 65,762,981 | |
| ANZ Grindlays Bank | 1,398,117 | | 38,393,620 | |
| Canara Bank | 47,387,621 | | 14,702,517 | |
| IDBI Bank Limited | 8,220,317 | | 1,133,933 | |
| State Bank of India | 2,736,236 | 67,345,854 | 14,277,389 | 134,270,440 |
| **4). OTHER LOANS** | | | | |
| Loan against EEFC Deposits : | | | | |
| ANZ Grindlays Bank (Foreign Currency Loan) | 173,964,000 | | - | |
| Canara Bank | 48,172,032 | | - | |
| IDBI Bank Limited | 55,700,000 | 277,836,032 | - | - |
| Other Loans | | - | | 47,459,116 |
| | | 463,511,886 | | 349,229,626 |

**Notes :**

1. Debentures are to be secured by way of charge (under process) on the fixed assets of the Company, ranking pari-passu with term lending Institutions/Banks.
2. Term Loan from IDBI is secured by charge on all the fixed assets of the Company at Lalru (Punjab).
3. Working Capital Loans from Banks are 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.
4. Loans against EEFC Deposits are secured by way of pledge of EEFC Deposits.
5. The above loans are also collaterally secured by personal guarantees of the Promoter Directors of the Company.

## SCHEDULE - IV UNSECURED LOANS

| | As at 31st March, 2000 | As at 31st March, 1999 |
|---|---|---|
| Bank / Institutional Loans : | | |
| Industrial Development Bank of India (Foreign Currency Loan) | 217,762,500 | - |
| C & F Agents' and Contractors' Deposits (in the nature of Trade Deposits) | 22,232,611 | 23,716,500 |
| | 239,995,111 | 23,716,500 |

## SCHEDULE - V FIXED ASSETS

(Amount in Rs.)

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 1999 | Additions During the year | Sales/ Adjustment | As at 31st March, 2000 | As at 1st April, 1999 | Provided during the year | Sales/ Adjustment | As at 31st March, 2000 | As at 31st March, 2000 | As at 31st March, 1999 |
| Land | 13,533,458 | 12,312,074 | - | 25,845,532 | - | - | - | - | 25,845,532 | 13,533,458 |
| Buildings | 62,061,174 | 86,916,045 | - | 148,997,219 | 14,832,609 | 6,079,548 | - | 20,912,157 | 128,085,062 | 47,248,565 |
| Patents & Trade Mark | 22,940,608 | 7,701,323 | - | 30,641,929 | 2,261,948 | 1,542,156 | - | 3,804,106 | 26,837,823 | 20,678,657 |
| Furniture & Fittings | 9,759,011 | 4,463,436 | - | 14,222,447 | 3,722,255 | 1,372,599 | - | 5,094,854 | 9,127,593 | 6,036,757 |
| Plant & Machinery | 96,600,643 | 85,387,588 | 209,720 | 181,778,511 | 31,064,918 | 12,254,827 | 45,823 | 43,274,022 | 138,504,489 | 65,535,724 |
| Office Equipments | 7,228,531 | 2,481,434 | - | 9,709,965 | 2,383,227 | 862,799 | - | 3,246,026 | 6,463,939 | 4,845,304 |
| Vehicles | 31,514,823 | 8,087,256 | 1,111,069 | 38,491,010 | 12,581,229 | 5,684,524 | 621,501 | 17,644,252 | 20,846,758 | 18,933,594 |
| Computer Equipments | 12,744,003 | 7,867,353 | - | 20,611,356 | 6,619,657 | 3,896,895 | - | 10,516,552 | 10,094,804 | 6,124,347 |
| Capital W.I.P.* | 139,515,909 | (96,952,921) | - | 42,562,988 | - | - | - | - | 42,562,988 | 139,515,909 |
| **Current Year** | **395,918,158** | **118,263,588** | **1,320,789** | **512,860,957** | **73,465,843** | **31,693,450** | **667,324** | **104,491,969** | **408,368,988** | **322,452,315** |
| Previous Year | 306,264,211 | 89,833,447 | 179,500 | 395,918,158 | 48,806,048 | 24,801,404 | 141,609 | 73,465,843 | 322,452,315 | 257,458,183 |

*Addition in Capital Work in Progress is net of capitalisation made during the year

# SCHEDULES (Contd.)

(Amount in Rs.)

| | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|
| **SCHEDULE - VI INVESTMENTS** | | | | |
| **Quoted (At Cost)** | | | | |
| 46,900 Equity Shares of Rs.10/- each fully paid of IDBI Bank Ltd. (Previous year 46,900 ) Market Value Rs.1,385,895/- (Previous year - unquoted) | 844,200 | | 844,200 | |
| | | 844,200 | | 844,200 |
| **Unquoted (At Cost)** | | | | |
| **1) Subsidiary Companies :** | | | | |
| A) 105,700 Equity Shares of Rs.10/-each fully paid of Radicura & Co. Ltd. (Previous year Nil) | 5,813,500 | | - | |
| B) 95,206 Equity Shares of Rs.10/-each fully paid of Maxwell Impex (India) Pvt. Ltd. (Previous year Nil) | 11,424,720 | | - | |
| | | 17,238,220 | | - |
| **2) Other Investments :** | | | | |
| 50 Equity Shares of Rs.10/-each fully paid of Panheber Biotec Ltd. (Previous year Nil) | | 500 | | - |
| | | 18,082,920 | | 844,200 |

# SCHEDULES (Contd.)

(Amount in Rs.)

| | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|
| **SCHEDULE - VII CURRENT ASSETS, LOANS & ADVANCES** | | | | |
| **CURRENT ASSETS** | | | | |
| **INVENTORIES** | | | | |
| (Valued at cost or net realisable value, whichever is lower, as certified by the management) | | | | |
| i) Raw & Packing Materials | 174,701,395 | | 103,483,407 | |
| ii) Finished goods | 255,530,786 | | 169,963,784 | |
| iii) Stock in Process | 10,452,870 | | 54,354,086 | |
| iv) Stock in Transit | - | 440,685,051 | 2,160,000 | 329,961,277 |
| **SUNDRY DEBTORS** | | | | |
| (Unsecured but considered good) | | | | |
| Outstanding for period exceeding six months | 27,178,280 | | 61,598,325 | |
| Others | 177,495,306 | 204,673,586 | 120,472,781 | 182,071,106 |
| **Note :** | | | | |
| Out of debtors outstanding for more than six months, Rs.15,005,673/- has already been realised as on the date of signing of this Balance Sheet | | | | |
| **CASH & BANK BALANCES** | | | | |
| i) Cash in Hand | 1,029,766 | | 1,229,112 | |
| ii) Balances with Schedule Banks : | | | | |
| a) In CC/Current Accounts | 24,175,305 | | 22,984,728 | |
| b) In Fixed / Term Deposits | 68,208,966 | | 196,476 | |
| c) In EEFC Current / Fixed Deposits | 371,621,570 | | 50,147,631 | |
| iii) Cheques in Hand | 337,688 | 465,373,295 | 33,233,485 | 107,791,432 |
| **LOANS & ADVANCES** | | | | |
| Advances recoverable in cash or in kind or for value to be received (unsecured, considered good) | | | | |
| Advances to Subsidiaries | 11,400,333 | | - | |
| Advances to Suppliers | 15,518,258 | | 9,111,210 | |
| Staff Advances | 6,931,748 | | 6,037,307 | |
| Security Deposits | 13,450,720 | | 9,460,495 | |
| Advance Income Tax | 40,114,423 | | 12,960,073 | |
| Balance with Excise Authorities | 4,363,091 | | 850,080 | |
| Prepaid Expenses | 3,538,927 | | 3,046,846 | |
| Other Advances | 3,820,140 | 99,137,640 | 3,892,192 | 45,358,203 |
| | | 1,209,869,572 | | 665,182,018 |

# SCHEDULES (Contd.)

(Amount in Rs.)

| | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|
| **SCHEDULE - VIII CURRENT LIABILITIES & PROVISIONS** | | | | |
| **CURRENT LIABILITIES** | | | | |
| i) Total outstanding dues of SSI undertakings | 4,917,972 | | 1,604,844 | |
| ii) Total outstanding dues of Creditors other than SSI undertakings | 148,795,631 | | 95,861,470 | |
| iii) Taxes Payable | 4,768,219 | | 2,930,061 | |
| iv) Expenses Payable | 23,611,472 | | 10,740,641 | |
| v) Other Liabilities | 678,789 | | 634,446 | |
| vi) Unclaimed Dividend | 562,850 | 183,334,933 | 198,856 | 111,970,318 |
| There are no creditors which are covered under SSI undertakings to which company owes a sum exceeding Rs.1.00 lac which is outstanding for more than 30 days. | | | | |
| **PROVISIONS** | | | | |
| i) Dividend on Equity Shares | 28,538,300 | | 17,121,180 | |
| ii) Dividend on Preference Shares | - | | 4,890,411 | |
| iii) Provision for Dividend Tax | 3,139,213 | | 2,201,160 | |
| iv) Provision for Gratuity/Leave encashment | 14,617,113 | 46,294,626 | 8,196,474 | 32,409,225 |
| | | 229,629,559 | | 144,379,543 |

## SCHEDULE - IX MISCELLANEOUS EXPENDITURE

| | | | | |
|---|---|---|---|---|
| **(To the extent not written off or adjusted)** | | | | |
| i) Preliminary Expenses | | | | |
| As per last Balance Sheet | 810 | | 1,292 | |
| Less : Written off during the year | 482 | 328 | 482 | 810 |
| ii) Deferred Revenue Expenditure | | | | |
| As per last Balance Sheet | 7,323,145 | | 8,543,669 | |
| Less : Written off during the year | 7,323,145 | - | 1,220,524 | 7,323,145 |
| iii) Research & Development Expenses | | | | |
| As per last Balance Sheet | 85,684,796 | | 57,928,805 | |
| Add : Additions during the year | - | | 32,557,721 | |
| | 85,684,796 | | 90,486,526 | |
| Less : Written off during the year | 4,801 ,730 | | 4,801,730 | |
| Transfer to Reserves & Surplus | 80,883,066 | - | - | 85,684,796 |
| | | 328 | | 93,008,751 |

# SCHEDULES (Contd.)

(Amount in Rs.)

| | For the year ended 31st March, 2000 | For the year ended 31st March, 1999 |
|---|---|---|

## SCHEDULE - X OTHER INCOME

| | | |
|---|---|---|
| Export Incentives | 6,163,848 | 1,396,934 |
| Interest on Fixed Deposits | 453,663 | 930,986 |
| Interest on Allotment Money | 57,238 | 92,599 |
| Interest on Loans to Employees | 272,931 | 214,491 |
| Interest - Others | 600,021 | 832,311 |
| Forex Gain on EEFC Deposits | 1,322,193 | 389,112 |
| Dividend on Investments | 2,313 | - |
| | 8,872,207 | 3,856,433 |

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

| | | | | |
|---|---|---|---|---|
| **CLOSING STOCK** | | | | |
| Finished Goods | 255,530,786 | | 169,963,784 | |
| Raw Material & Packing Material | 174,701,395 | | 103,483,407 | |
| Stock in Process | 10,452,870 | 440,685,051 | 54,354,086 | 327,801,277 |
| **LESS : OPENING STOCK** | | | | |
| Finished Goods | 169,963,784 | | 125,302,236 | |
| Raw Material & Packing Material | 103,483,407 | | 121,868,441 | |
| Stock In Process | 54,354,086 | 327,801,277 | 10,319,036 | 257,489,713 |
| | | 112,883,774 | | 70,311,564 |

## SCHEDULE - XII PERSONNEL EXPENSES

| | | |
|---|---|---|
| Salary | 81,496,755 | 57,477,352 |
| Contribution to P.F. and other funds | 5,619,887 | 4,074,777 |
| Bonus & Ex-gratia | 3,809,647 | 3,596,464 |
| Staff Welfare Expenses | 8,797,637 | 4,152,710 |
| | 99,723,926 | 69,301,303 |

# SCHEDULES (Contd.)

(Amount in Rs.)

| | | For the year ended 31st March, 2000 | | For the year ended 31st March, 1999 |
|---|---|---|---|---|
| **SCHEDULE - XIII ADMINISTRATIVE EXPENSES** | | | | |
| Rent | | 4,640,820 | | 1,757,407 |
| Directors' Remuneration | | 16,974,810 | | 9,000,000 |
| Printing & Stationery | | 6,198,591 | | 4,223,005 |
| Postage & Telecommunications | | 13,266,120 | | 10,128,067 |
| Insurance | | 2,899,845 | | 2,553,752 |
| Conveyance | | 6,526,486 | | 7,584,167 |
| Travelling Expenses | | 17,889,985 | | 17,994,042 |
| Books & Periodicals | | 935,603 | | 481,045 |
| Professional & Consultancy Charges | | 12,023,220 | | 6,741,395 |
| Vehicle Running & Maintenance | | 5,257,691 | | 3,577,955 |
| Repair & Maintenance | | 7,433,596 | | 3,261,840 |
| Auditors' Remuneration : | | | | |
| Statutory Audit Fee | 150,000 | | 100,000 | |
| Tax Audit Fee | 25,000 | | 25,000 | |
| Fee for other services | 25,000 | 2,00,000 | 25,000 | 150,000 |
| Fees & Taxes | | 3,516,825 | | 3,253,917 |
| Donation | | 830,250 | | 180,469 |
| Subscription | | 989,446 | | 729,206 |
| Electricity & Water Charges | | 8,274,808 | | 1,531,111 |
| Directors' Travelling | | 4,097,035 | | 2,517,364 |
| Sundry Expenses | | 375,197 | | 172,846 |
| Bad Debts written off | | 261,020 | | - |
| Loss on sale of Fixed Assets | | 2,383 | | 22,891 |
| | | 112,593,731 | | 75,860,479 |
| **SCHEDULE - XIV FINANCIAL EXPENSES** | | | | |
| Interest | | 59,273,334 | | 30,473,688 |
| Bank Charges | | 7,167,668 | | 7,067,862 |
| | | 66,441,002 | | 37,541,550 |
| **SCHEDULE - XV SELLING EXPENSES** | | | | |
| Advertising | | 2,728,924 | | 3,916,749 |
| Meeting & Conference | | 14,785,729 | | 9,372,628 |
| Sales Promotion | | 15,836,747 | | 5,375,185 |
| Sales Incentive | | 2,241,811 | | 2,198,722 |
| Freight & Cartage | | 19,497,436 | | 13,111,995 |
| Commission on Sales | | 7,513,293 | | 9,989,753 |
| Rent for Cold Storage & Depots | | 9,107,001 | | 3,574,575 |
| Marketing Expenses | | 11,972,414 | | 10,534,740 |
| | | 83,683,355 | | 58,074,347 |

# SCHEDULES (Contd.)

## SCHEDULE XVI

## 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, as amended upto date.

b) Accounting policies not specifically referred to, are otherwise consistent and in accordance with the generally accepted accounting principles.

### 2) 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.

### 3) DEPRECIATION

Depreciation on all items of fixed assets is provided on Written Down Value method as per rates and manner prescribed in Schedule XIV to the Companies Act, 1956. However, depreciation on "Patents and Trade Marks", has been charged at 5 per cent per annum, by estimating the life of a patent to be 20 years.

### 4) FOREIGN CURRENCY TRANSACTIONS

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date and time of specific transactions.

b) Outstanding items of liabilities and assets in foreign exchange on the date of this Balance Sheet, have been converted to Indian Rupees at the rate of exchange prevailing on said date and any resultant foreign exchange conversion gain or loss has been accounted for. In case where transactions are covered by a forward contract, the resultant exchange difference is spread over the life of the contract.

### 5) EMPLOYEE TERMINAL BENEFITS

Company's contribution to Employees Provident Fund and ESI is charged to the Profit and Loss Account. Provision for Gratuity and Leave Encashment is accounted for on accrual basis.

### 6) INVENTORY VALUATION

| | |
|---|---|
| i) Raw materials, packing material and stores & spares | : at lower of cost or net realisable value |
| ii) Finished Goods | : at lower of cost or net realisable value |
| iii) Work/Stocks in Process | : at lower of cost or net realisable value. |

### 7) SALES

Domestic Sales are stated net of returns and Sales Tax but inclusive of excise duty.

### 8) DEFERRED REVENUE EXPENDITURE

Till last year the amount transferred to Deferred Revenue Expenditure was being written off over a period of ten years. However, during the year, the Company has reviewed the policy and has debited the entire unamortised balance of Deferred Revenue Expenditure to its Profit & Loss Account.

# SCHEDULES (Contd.)

### 9) RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on Research & Development upto March 1999 was being deferred and written off over a period of 20 years, being the period for which patents are valid in the pharmaceutical industry. However, from current year, the company has treated entire revenue expenses on Research & Development as expenses for the year. Further, the unamortised R & D expenditure as on 31st March, 2000, pertaining to earlier years has been set off against Reserves & Surplus.

Capital Expenditure on Research & Development is included in the gross block of fixed assets and depreciation thereon has been provided in the usual manner as per the provisions of the Companies Act, 1956, as amended upto date.

### 10) DUTY DRAW BACK AND OTHER EXPORT BENEFITS

Duty draw back and other export benefits from the Govt. of India in respect of Company's exports have been accounted for on receipt basis.

## B. NOTES TO ACCOUNTS

### 1) CONTINGENT LIABILITIES

(Rs. in million)

| | Current Year | Previous Year |
|---|---|---|
| i. For bank guarantees outstanding | 31.12 | 43.65 |
| ii. Disputed Claims of Sales Tax | - | 2.45 |
| iii. Estimated amount of contracts remaining to be executed on Capital Account, net of advances. | 125.00 | 47.50 |
| iv. Contingent liability against disputed demand of Delhi Vidyut Board | - | 1.76 |
| v. Contingent liability against customs for import under E.P.C.G. | 4.99 | - |

2) Outstanding balances of Sundry Debtors, Advances and Creditors are subject to confirmation.

3) Managerial Remuneration

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

(Rs. in million)

| | Current year | Previous Year |
|---|---|---|
| Profit as per Profit & loss account (before taxes) | 330.22 | 115.49 |
| Add: | | |
| Depreciation | 31.69 | 24.80 |
| Directors' Remuneration | 16.98* | 11.40* |
| Provision for Bad Debts | 0.26 | - |
| Loss on sale of Assets | - | 0.02 |
| | 379.15 | 151.71 |
| Less : Depreciation under section 350 | 31.69 | 24.80 |
| Net profit in accordance with section 349 of Companies Act,1956 | 347.46 | 126.91 |
| Maximum amount permissible under section 309 of the Companies Act,1956 | 34.75 | 12.69 |

* Including Directors' remuneration Nil (Previous year Rs. 2.40 million) debited as deferred R&D expenditure.

# SCHEDULES (Contd.)

4) Remittance in Foreign Currency on Account of Dividend paid during the year (for 1998-99 & Interim Dividend 1999-2000 already paid) :

| No. of Share Holders | No. of Shares held | Dividend Due | Amount remitted |
|---|---|---|---|
| 04 | 574,100 | Rs.4,592,800 | Rs.4,592,800 |

5) Export Sales of Rs. 732.42 million are inclusive of Export Sales worth Rs. 8.40 million to Nepal (Previous year Rs. 2.22 million), deemed exports and Exchange fluctuation on Export realisation.

6) On account of change in the policy of treatment of revenue expenditure on Research & Development, the profit for the year is lower by Rs. 36.37 million.

7) On account of change in the policy of writing off Deferred Revenue Expenditure, the profit for the year is lower by Rs.6.10 million.

8) During the year, two companies were taken over as subsidiary companies, keeping in view of Company's expansion and distribution requirements.

9) Advance tax is shown net of estimated Income Tax payable for the year.

10) Net tax credit for earlier years includes Rs.7.63 million (Previous year Nil) on account of minimum alternate tax in respect of financial year 1996-97 & 1997-98.

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

13) 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 – N.A.**

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

| | Current Year | Previous Year |
|---|---|---|
| Vaccine | **720 million doses** | 720 million doses |
| Tablets | **550 million** | 550 million |
| Capsules | **90 million** | 60 million |
| Gels | **4.2 million tubes** | 4.2 million tubes |
| Liquids | **3.75 million bottles** | 2.5 million bottles |

**c. Production**

| Particulars | Units | Quantity | |
|---|---|---|---|
| | | Current Year | Previous Year |
| Tablets | Nos. | **287,713,981** | 624,217,908 |
| Syrups/Liquids | ml. | **230,743,150** | 273,413,720 |
| Capsules | Nos. | **47,712,850** | 54,984,232 |
| Gels | gms. | **20,740,120** | 25,219,845 |
| Vaccine | Vials | **20,705,927** | 7,069,453 |

# SCHEDULES (Contd.)

B. **Particulars of Stocks & Sales (including Samples)**

| PARTICULARS | UNITS | STOCK | | | | SALES | |
|---|---|---|---|---|---|---|---|
| | | Current Year Opening | Previous Year Opening | Current Year Closing | Previous Year Closing | Current Year | Previous Year |
| i. Tablets | Nos. | 117,378,840 | 209,721,703 | 81,605,664 | 117,378,840 | 323,487,157 | 718,560,771 |
| | Rs. in million | 75.90 | 49.94 | 89.55 | 75.90 | 386.94 | 332.22 |
| ii. Capsules | Nos. | 25,996,253 | 40,896,726 | 28,228,880 | 25,996,253 | 45,480,223 | 69,884,705 |
| | Rs. in million | 26.55 | 33.26 | 14.37 | 26.55 | 27.37 | 101.13 |
| iii. Syrup/Liquids | Ml. | 64,063,360 | 40,400,160 | 71,708,010 | 64,063,360 | 223,098,500 | 249,750,520 |
| | Rs. in million | 17.71 | 7.48 | 15.99 | 17.71 | 75.05 | 68.85 |
| iv. Gels | Gms. | 5,360,975 | 2,921,030 | 5,160,745 | 5,360,975 | 20,940,350 | 22,779,900 |
| | Rs. in million | 3.96 | 1.96 | 2.85 | 3.96 | 18.38 | 20.25 |
| v. Vaccine | Nos. (Vials) | 298,894 | 24,410 | 371,992 | 298,894 | 20,632,829 | 5,794,969 |
| | Rs. in million | 33.08 | 0.98 | 108.85 | 33.08 | 1,319.54 | 536.17 |
| vi. Others* | Rs. in million | 12.76 | 31.68 | 23.91 | 12.76 | 115.10 | 76.77 |
| Total | Rs. in million | 169.96 | 125.30 | 255.53 | 169.96 | 1,942.38 | 1,135.39 |

* 'Others' includes products which are being manufactured by third parties for the Company under the supervision of & technology provided by Panacea Biotec Ltd.

| Particulars | Current Year | (Rs. in million) Previous Year |
|---|---|---|
| **C. Particulars of Raw Material Consumed** | | |
| Opening Balance | 91.05 | 121.87 |
| Add : Purchases | 841.58 | 553.13 |
| Less : Closing Stock | 148.60 | 91.05 |
| Raw Material consumed* | 784.03 | 583.95 |
| *Item wise quantitative details of raw materials consumed are not provided on account of the very large number items of raw materials. | | |
| **D. Value of Import on CIF basis** | | |
| Machinery, Spares, | 21.10 | 3.68 |
| Technical Know how/Patents | 11.77 | 9.97 |
| **E. Expenditure in Foreign Currency** | | |
| Expenses (travel, dividend, rent, books, etc) | 17.32 | 12.50 |
| Purchases | 521.68 | 442.41 |
| **F. Earnings in Foreign Currency (F.O.B.)** | | |
| Export Sales (realisable in convertible FOREX) | 714.59 | 104.51 |
| Interest on EEFC Deposits (In convertible FOREX) | 5.97 | 0.93 |

**G. Value of Imported/Indigenous Raw Material consumed:**

| Particulars | Current Year | | Previous Year | |
|---|---|---|---|---|
| | Rs. in million | % age | Rs. in million | % age |
| Indigenous | 341.09 | 43.50 | 122.90 | 21.05 |
| Imported | 442.94 | 56.50 | 461.05 | 78.95 |

# SCHEDULES (Contd.)

## SCHEDULE XVI (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 | 31/03/2000 | | |
| 2. | **Capital Raised during the year** (Amount in Rs. Thousands) | | | |
| | Public Issue (pending allotment money) | 64 | Right Issue | Nil |
| | Bonus Issue | Nil | Private Placement (Cumulative Redeemable Preference Shares) | 50000 |
| 3. | **Position of Mobilisation and Deployment of Funds** (Amount in Rs.Thousands) | | | |
| | Total Liabilities | 1,406,692 | Total Assets | 1,406,692 |
| | Source of Funds | | | |
| | Paid up capital | 157,169 | Reserves & Surplus | 546,016 |
| | Secured Loans | 463,512 | Unsecured Loans | 239,995 |
| | Application of Funds | | | |
| | Net Fixed Assets | 408,369 | Investments | 18,083 |
| | Net current assets | 980,240 | | |
| | Accumulated Losses | Nil | Misc. Expenditure (To the extent not W/off) | - |
| 4. | **Performance of Company** (Amount in Rs. Thousands) | | | |
| | Turnover (including other income) | 1,951,249 | Total Expenditure | 1,621,913 |
| | Profit/Loss Before Tax | 329,336 | Profit/Loss after Tax | 259,336 |
| | Earnings per Share | Rs. 45.36 | 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 - Hepatitisl B | | |
| | Item Code No. (ITC Code) | 3003.2 | | |
| | Product Description | Nimuleside Tab | | |

Signature to Schedule I to XVI

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**<br>Partner | **SOSHIL KUMAR JAIN**<br>Chairman | **RAVINDER JAIN**<br>Managing Director | **JAI BHUSHAN JAIN**<br>Director - Finance |
| Place : New Delhi<br>Date : 15th April, 2000 | **RAJIV GIROTRA**<br>G.M. - Finance | **SANJAY JAIN**<br>D.G.M. - Accounts | **VINOD GOEL**<br>Company Secretary |

# CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED MARCH, 2000

(Amount in Rs. '000)

| Particulars | Current Year | | Previous Year | |
|---|---|---|---|---|
| **A. Cash Flow From Operating Activities** | | | | |
| Net Profit before Tax and Extra-ordinary items | | 329,336 | | 115,088 |
| Add : Adjustments for : | | | | |
| Depreciation | 31,693 | | 24,801 | |
| Interest Expenses | 66,441 | | 37,542 | |
| Interest Income | -1,383 | | -2,070 | |
| Dividend received | -2 | | - | |
| Deferred Expenditure written off | 12,125 | 108,874 | 6,023 | 66,296 |
| **Operating Profit Before Working Capital Changes** | | 438,210 | | 181,384 |
| Add : Adjustments for : | | | | |
| Trade & Other Receivables | -49,228 | | 4,711 | |
| Inventories | -110,724 | | -67,370 | |
| Trade payables | 77,786 | -82,166 | 20,546 | -42,113 |
| **Cash Generated From Operations** | | 356,044 | | 139,271 |
| Interest paid | -66,441 | | -37,542 | |
| Net Direct Taxes paid | -92,830 | -159,271 | -15,088 | -52,630 |
| **Cash Flow before Extra Ordinary Items** | | 196,773 | | 86,641 |
| Less : Extra Ordinary Items | | - | | - |
| **Net Cash From Operating Activities** | | 196,773 | | 86,641 |
| **B. Cash Flow from Investing Activities** | | | | |
| Purchase of Fixed Assets | -118,263 | | -89,833 | |
| Addition to investments | -17,238 | | -844 | |
| Sale of Fixed Assets | 653 | | 38 | |
| Increase in Deferred Revenue Expenditure | 0 | | -32,558 | |
| Interest Received | 1,383 | | 2,070 | |
| Dividend Received | 2 | - | - | |
| **Net Cash used in Investing Activities** | | -133,463 | | -121,127 |
| | | 63,310 | | -34,486 |
| **C. Cash Flow From Financing Activities** | | | | |
| Proceeds from Arrears & Fresh Issue of Capital (Net) | 50,511 | | 25,214 | |
| Proceeds from Preference Share Application Money | -21,511 | | 21,511 | |
| Net Increase in Working Capital borrowings | 210,911 | | -98,580 | |
| Net Increase in Long term borrowings | 121,133 | | 115,685 | |
| Net Increase in Deposits & Securities | -1,484 | | 12,395 | |
| Dividend & Income Tax on Dividend paid | -65,288 | | -18,862 | |
| **Net Cash from Financing Activities** | | 294,272 | | 57,363 |
| **Net Increase in Cash & Cash Equivalent** | | 357,582 | | 22,877 |
| **Opening Balance of Cash & Cash Equivalent** | | 107,791 | | 84,914 |
| **Closing Balance of Cash & Cash Equivalent** | | 465,373 | | 107,791 |

For and on behalf of the Board

| | | | |
|---|---|---|---|
| | **SOSHIL KUMAR JAIN**<br>Chairman | **RAVINDER JAIN**<br>Managing Director | **JAI BHUSHAN JAIN**<br>Director - Finance |
| Place : New Delhi<br>Date : 15th April, 2000 | **RAJIV GIROTRA**<br>G.M. - Finance | **SANJAY JAIN**<br>D.G.M. - Accounts | **VINOD GOEL**<br>Company Secretary |

## AUDITORS' REPORT

We have verified the attached Cash Flow Statement of Panacea Biotec Limited, derived from audited financial statements and the books and records maintained by the company for the year ended 31st March, 2000.

For SUDHIR SUNIL & CO.
Chartered Accountants

SUDHIR KAPOOR
Partner

Place : New Delhi
Date : 15th April, 2000

# Statement under Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

| | | |
|---|---|---|
| 1. Name of the Company | **Radicura & Company Ltd.** | **Maxwell Impex (India) P. Ltd.** |
| 2. Date from which they became subsidiary companies | 16-07-1999 | 15-03-2000 |
| 3. Financial Year of the Susidiary ended on | 31st March'2000 | 31st March'2000 |
| 4. Shares of the subsidiary held by Panacea Biotec Ltd on the above dates | | |
| i) Number & face value | 105,700 face value Rs 10/- | 95,206 face value Rs 10/- |
| ii) Extent of holding | 99.98% | 99.99% |
| 5. Net aggregate Profit & Loss for the current year | Rs. 4,51,759/- | N.A. |
| 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 |
| 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. |

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

For and on behalf of the Board

**SUDHIR KAPOOR**
Partner

**SOSHIL KUMAR JAIN**
Chairman

**RAVINDER JAIN**
Managing Director

**JAI BHUSHAN JAIN**
Director - Finance

Place : New Delhi
Date : 15th April, 2000

**RAJIV GIROTRA**
G.M. - Finance

**SANJAY JAIN**
D.G.M. - Accounts

**VINOD GOEL**
Company Secretary

# RADICURA & COMPANY LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors feel pleasure in presenting their seventh Annual Report of the affairs of the Company, for the year ended on 31st March, 2000.

### OPERATIONS

Your Directors are pleased to inform you that your Company has performed satisfactorily during the year under review. The Directors are hopeful of 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, 2000 | For the year ended 31st March, 1999 |
|---|---|---|
| Sales | 4,36,68,257 | 4,31,51,439 |
| Purchases | 3,90,28,178 | 4,24,02,267 |
| Personnel Expenses | 13,06,918 | 13,79,006 |
| Administrative Expenses | 5,07,372 | 8,41,972 |
| Financial Expenses | 54,765 | 92,084 |
| Depreciation | 4,53,826 | 5,04,762 |
| Profit Before Tax | 5,26,760 | 6,01,513 |
| Profit After Tax | 4,51,760 | 3,96,513 |

### SHARE CAPITAL

During the year under review, the Company has issued and allotted 60,000 Equity Shares of Rs.10/- each at a premium of Rs.45/- per Share aggregating Rs.33,00,000/- to Panacea Biotec Ltd., an Indian Company engaged in the manufacture of pharmaceutical products.

### 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.

During the year under review, Panacea Biotec Ltd. has acquired substantial shareholding in the company and accordingly your company has become its subsidiary company.

There are no other 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

Shri Soshil Kumar Jain, Shri Sumit Jain and Shri Rohit Jain being additional Directors appointed by the Board, w.e.f. 1st April, 1999, hold office upto the date of the forthcoming Annual General Meeting. The notices in writing under Section 257 of the Companies Act, 1956, have been received from some members of the Company proposing the appointment of the said Directors liable to retire by rotation.

Further Shri Soshil Kumar Jain was appointed as Chairman and Managing Director and Shri Sumit Jain and Shri Rohit Jain were appointed as Whole-time Directors of the Company for a period of five years w.e.f 1st July, 1999 and their appointments were approved by the shareholders at their Extra-Ordinary General Meeting held on 29th July, 1999.

Due to their other pre-occupations, Mrs. Sunanda Jain, Mrs. Meena Jain, Mrs. Pamilla Jain and Ms. Meenu Parti, who were re-appointed as Whole-time Directors of the Company w.e.f. 1st April, 1999, relinquished their office as Directors of the Company w.e.f. 1st July, 1999. Your Directors wish to record their appreciation for the valuable guidance rendered by them during their tenure of office as Whole-time Directors of the Company.

### AUDITORS

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

### AUDITORS' REPORT

The observations made in the Auditors' report are self explanatory and do not call for any 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 EARNING & 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
10th day of April, 2000

**Sumit Jain**
Director

**Rohit Jain**
Director

# RADICURA & COMPANY LIMITED

## AUDITORS' REPORT

**To the Members of Radicura & Co. Ltd.**

We have audited the attached Balance Sheet of **M/s RADICURA & CO. LTD.** as on 31st March, 2000 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 enclose in the Annexure a Statement of 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 the 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 and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view :-
      i. In so far as it relates to the Balance sheet, the state of affairs of the Company as at 31-03-2000 and :
      ii. in so far as it relates to the Profit and Loss Account, of the Profits of the Company, for the year ended on that date.

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

New Delhi
April 10, 2000

**Deepak Dubey**
Proprietor

## ANNEXURE TO THE AUDITORS' REPORT

**Referred to in paragraph I of our report of even date.**

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. We have been informed that these Assets have been physically verified by the Management.
2. None of the fixed Assets has been revalued during the year.
3. As explained to us, the stocks of finished goods, stores, spare parts and raw materials 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 the nature of its business.
5. The discrepancies noticed 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 listed in the register maintained u/s 301 of the Companies Act, 1956, and/ or from the under the same mangement as defined under sub-section (I-B) 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, firm or other parties listed in register maintained u/s 301 and or to the companies under the same management as defined under sub-section (IB) of section 370 of the Companies Act, 1956.
9. As per the information and explanations given to us the parties to whom the loans, or advances in the nature of loans, have been given by the company are repaying the principal amount as stipulated and are also regular in payment of the interest and if not, adequate steps have been taken by the company for recovery of the Principal and interest.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of stores, raw materials including components, Plant and machinery equipment and other assets and for the 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 Employee State Insurance dues with the appropriate authorities.
18. To the best of our knowledge and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, outstanding as on 31st March, 2000 for a period of more than six months from the date they become payable.
19. During the course of our examinations 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 obligation.
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 provision) Act 1985.

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

New Delhi
April 10, 2000

**Deepak Dubey**
Proprietor

# RADICURA & COMPANY LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2000

(Amount in Rs.)

| | Schedule | As at 31st March, 2000 | | As at 31st March, 1999 | |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **Share Holders' Funds** | | | | | |
| Share Capital | I | 1,057,200 | | 457,200 | |
| Share Application Money | | - | | 3,294,160 | |
| Reserves & Surplus | II | 4,817,798 | 5,874,998 | 1,616,052 | 5,367,412 |
| **Loan Funds** | | | | | |
| Secured Loans | III | | 115,807 | | 702,403 |
| Total | | | 5,990,805 | | 6,069,815 |
| **APPLICATION OF FUNDS** | | | | | |
| **Fixed Assets** | IV | | | | |
| Gross Block | | 6,262,258 | | 6,111,458 | |
| Less Depreciation | | 1,866,736 | | 1,412,911 | |
| **Net Block** | | | 4,395,522 | | 4,698,547 |
| **Investments** | V | | 100,000 | | 100,000 |
| **Current Assets, Loans & Advances** | VI | 8,654,901 | | 9,479,774 | |
| Less : **Current Liabilities & Provisions** | VII | 7,202,759 | | 8,294,788 | |
| **Net Current Assets** | | | 1,452,142 | | 1,184,986 |
| **Miscellaneous Expenditure** (To the extent not written off or adjusted) | VIII | | 43,141 | | 86,282 |
| Total | | | 5,990,805 | | 6,069,815 |
| 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 : 10th April, 2000

For and on behalf of the Board

**SUMIT JAIN**
**Director**

**ROHIT JAIN**
**Director**

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

(Amount in Rs.)

| | Schedule | Year ended 31st March, 2000 | Year ended 31st March, 1999 |
|---|---|---|---|
| **Income** | | | |
| Sales | | 43,668,257 | 43,151,439 |
| Increase (Decrease) in stock | IX | (1,472,639) | 2,858,880 |
| | | 42,195,618 | 46,010,319 |
| **Expenditure** | | | |
| Purchases | | 39,028,178 | 42,402,267 |
| Personnel Expenses | X | 1,306,918 | 1,379,006 |
| Administrative Expenses | XI | 507,372 | 841,972 |
| Financial Expenses | XII | 54,765 | 92,084 |
| Selling Expenses | XIII | 152,108 | 145,574 |
| Miscellaneous Expenditure (written off during the year) | VIII | 43,141 | 43,141 |
| Depreciation | IV | 453,826 | 504,762 |
| | | 41,546,308 | 45,408,806 |
| Profit for the year | | 649,310 | 601,513 |
| Less : Prior period Adjustment | | 22,550 | - |
| **Profit Before Tax** | | 626,760 | 601,513 |
| Provision for Income Tax | | 175,000 | 205,000 |
| **Balance Profit carried to the balance sheet** | | 451,760 | 396,513 |

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 : 10th April, 2000

For and on behalf of the Board

**SUMIT JAIN**
**Director**

**ROHIT JAIN**
**Director**

# RADICURA & CO. LTD.

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

| SCHEDULE - I SHARE CAPITAL | | As at 31st March, 2000 (Rs.) | | As at 31st March, 1999 (Rs.) |
|---|---|---|---|---|
| **AUTHORISED** | | | | |
| 2,00,000 Equity Shares of Rs. 10/- each | | 2,000,000 | | 2,000,000 |
| **ISSUED, SUBSCRIBED & PAID UP** | | | | |
| 105,720 (Previous year 45,720) Equity Shares of Rs. 10/- each fully paid-up | | 1,057,200 | | 457,200 |
| | | 1,057,200 | | 457,200 |
| **SCHEDULE - II RESERVES AND SURPLUS** | | | | |
| **Share Premium** | | | | |
| Opening Balance | - | | - | |
| Add : During the Year | 2,700,000 | 2,700,000 | - | - |
| **Profit & Loss Account** | | | | |
| Opening Balance | 1,616,052 | | 1,219,131 | |
| Add: Transfer from Profit & Loss A/c. | 451,760 | | 396,513 | |
| Add: Income Tax Adjusted for earlier years | 49,986 | 2,117,798 | 408 | 1,616,052 |
| | | 4,817,798 | | 1,616,052 |
| **SCHEDULE - III SECURED LOANS** | | | | |
| **Working Capital Loans** | | | | |
| Balance in Cash Credit Account with Corporation Bank | | - | | 444,499 |
| **Others Loans** | | | | |
| ANZ Grindlays Bank | | 115,807 | | 257,904 |
| **Notes :** | | 115,807 | | 702,403 |

1. Working Capital Loans are secured by the hypothecation of present & future stocks.
2. Other Loans are secured by way of hypothecation of vehicle financed by the Bank.

**SCHEDULE - IV FIXED ASSETS**

| DESCRIPTION | Depreciation Rate | GROSS BLOCK As at 01/04/99 | GROSS BLOCK Additions during the year | GROSS BLOCK As at 31/03/2000 | DEPRECIATION As at 01/04/99 | DEPRECIATION Provided during the year | DEPRECIATION As at 31/03/2000 | NET BLOCK As at 31/03/2000 | NET BLOCK As at 01/04/99 |
|---|---|---|---|---|---|---|---|---|---|
| Building | 5.00% | 3,079,000 | - | 3,079,000 | 202,433 | 143,828 | 346,261 | 2,732,739 | 2,876,567 |
| Furniture & Fixture | 18.10% | 262,810 | - | 262,810 | 72,015 | 34,534 | 106,549 | 156,261 | 190,795 |
| Plant & Machinery | 13.91% | 180,183 | 13,500 | 193,683 | 39,695 | 19,902 | 59,597 | 134,086 | 140,488 |
| Office Equipment | 13.91% | 1,538,053 | 74,580 | 1,612,633 | 636,570 | 133,882 | 770,452 | 842,181 | 901,483 |
| Refrigeration & Cooler | 13.91% | 397,139 | 62,720 | 459,859 | 131,298 | 37,958 | 169,256 | 290,603 | 265,841 |
| Vehicle | 25.89% | 654,273 | - | 654,273 | 330,899 | 83,722 | 414,621 | 239,652 | 323,374 |
| Total | | 6,111,458 | 150,800 | 6,262,258 | 1,412,910 | 453,826 | 1,866,736 | 4,395,522 | 4,698,547 |
| Previous year | | 5,844,233 | 267,225 | 6,111,458 | 908,149 | 504,762 | 1,412,911 | 4,698,547 | 4,936,084 |

| SCHEDULE - V INVESTMENTS | | As at 31st March, 2000 (Rs.) | | As at 31st March, 1999 (Rs.) |
|---|---|---|---|---|
| **Quoted** (at cost) | | | | |
| 10,000 Equity Shares of Rs. 10/- each (Previous year 10,000 Equity Shares) fully paid of Medicamen Biotec Ltd. Market Value Rs.104,000/-(Previous year Market value Rs.43,000/-) | | 100,000 | | 100,000 |
| **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 | 4,642,441 | | 6,115,080 | |
| Stock - in - Transit | 796,919 | | 139,283 | |
| | | 5,439,360 | | 6,254,363 |
| **SUNDRY DEBTORS** | | | | |
| (Unsecured but considered Good) | | 2,711,597 | | 2,863,392 |
| **CASH & BANK BALANCES** | | | | |
| i) Cash in Hand | 157,647 | | 200,141 | |
| ii) Balance with Schedule Banks - in CC / Current Accounts | 114,595 | | 10,849 | |
| | | 272,242 | | 210,990 |
| **LOANS & ADVANCES** | | | | |
| (Unsecured but considered good) | | | | |
| Security Deposit | | 10,500 | | 10,500 |
| Advance Income Tax | | 199,986 | | 130,000 |
| Staff Advances | | 16,800 | | 5,300 |
| Prepaid Expenses | | 4,416 | | 5,229 |
| | | 8,654,901 | | 9,479,774 |

# RADICURA & CO. LTD.

## SCHEDULES (Contd.)

| | | As at 31st March, 2000 (Rs.) | | As at 31st March, 1999 (Rs.) |
|---|---|---|---|---|
| **SCHEDULE - VII CURRENT LIABILITIES & PROVISIONS** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Total outstanding dues of SSI undertakings | | - | | - |
| Total outstanding of Creditors other than SSI undertaking | | 6,922,001 | | 7,964,619 |
| Expenses Payable | | 105,758 | | 125,169 |
| **PROVISIONS** | | | | |
| Provision for Income Tax | | 175,000 | | 205,000 |
| | | 7,202,759 | | 8,294,788 |
| **SCHEDULE - VIII MISCELLANEOUS EXPENDITURE** | | | | |
| **Deferred Revenue Expenses** | | | | |
| (To the extent not written off or adjusted) | | | | |
| Deferred Expenditure | 86,282 | | 129,423 | |
| Less : Written off during the year | 43,141 | 43,141 | 43,141 | 86,282 |
| **SCHEDULE - IX INCREASE/(DECREASE) IN STOCK** | | | | |
| Closing Stock | 4,642,441 | | 6,115,080 | |
| Less : Opening Stock | 6,115,080 | (1,472,639) | 3,256,200 | 2,858,880 |

| | Year ended 31st March, 2000 (Rs.) | Year ended 31st March, 1999 (Rs.) |
|---|---|---|
| **SCHEDULE - X PERSONNEL EXPENSES** | | |
| Salary & Wages | 819,821 | 778,077 |
| Contribution to Provident and other funds | 99,130 | 94,750 |
| Directors Remuneration | 208,800 | 360,000 |
| Bonus | 90,758 | 65,000 |
| Staff Welfare Expenses | 88,409 | 81,180 |
| | 1,306,918 | 1,379,006 |
| **SCHEDULE - XI ADMINISTRATIVE EXPENSES** | | |
| Printing & Stationery | 34,251 | 83,025 |
| Electricity & Water Charges | 69,591 | 142,206 |
| Repair & Maintenance | 45,517 | 90,803 |
| Insurance | 43,486 | 73,616 |
| Professional Charges | 5,500 | 5,000 |
| Legal Charges | 27,650 | 10,000 |
| Auditors Remuneration | | |
| - Audit Fees | 11,000 | 11,000 |
| - Tax Audit Fees | 4,000 | 4,000 |
| Office Expenses | 12,181 | 50,194 |
| Postage, Telephone & Telex | 76,835 | 190,179 |
| Newspapers, Books & Periodicals | 1,165 | 5,655 |
| Conveyance | 78,707 | 75,445 |
| Miscellaneous Expenses | 58,913 | 84,570 |
| Vehicle Maintenance | 38,576 | 16,279 |
| | 507,372 | 841,972 |
| **SCHEDULE - XII FINANCIAL EXPENSES** | | |
| Bank Interest | 48,345 | 82,852 |
| Bank Charges | 6,420 | 9,232 |
| | 54,765 | 92,084 |
| **SCHEDULE - XIII SELLING EXPENSES** | | |
| Advertisement Expenses | 84,979 | 1,500 |
| Packing & Forwarding | 22,062 | 20,474 |
| Tours & Travelling | 39,559 | 117,128 |
| Freight & Cartage | 5,508 | 6,472 |
| | 152,108 | 145,574 |

### SCHEDULE : XIV

### 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 otherwise are consistent and in accordance with generally accepted accounting principles.

# RADICURA & CO. LTD.

## SCHEDULES (Contd.)

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 Assets is provided on Written Down Value method at rates prescribed and in accordance with Schedule XIV of the Companies Act, 1956.
4. **Inventories** - Inventory purchased by the company are carried at lower of cost or market value.
5. **Gratuity** - The company does not have any gratuity scheme on the basis of actuarial valuation. 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 A/c 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 of 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 : 10th April, 2000

For and on behalf of the Board

**SUMIT JAIN**
**Director**

**ROHIT JAIN**
**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. | 56882 | State code | 55 |
| | Balance Sheet Date | 31/03/2000 | | |
| ii) | **Capital raised during the year (Amount in Rs.)** | | | |
| | Public Issue | NIL | Right Issue | NIL |
| | Bonus Issue | NIL | Private Placement | Rs.6,00,000/- |
| iii) | **Position of Mobilisation and Deployment of Funds (Amount in Rs.)** | | | |
| | Total Liabilities | 59, 90,805 | Total Assets | 59,90,805 |
| | **Source of Funds** | | | |
| | Paid-up Capital | 10,57,200 | Reserves & Surplus | 48,17,798 |
| | Secured Loan | 1,15,807 | Unsecured Loan | NIL |
| | **Application of Funds** | | | |
| | Net Fixed Assets | 43,95,522 | Investments | 1,00,000 |
| | Net Current Assets | 14,52,142 | Misc. Expenditure (To the extent not W/ off) | 43,141 |
| | Accumulated Losses | NIL | | |
| iv) | **Performance of Company** | | | |
| | Turn Over | 4,36,68,257 | Total expenditure | 4,15,46,308 |
| | Profit / Loss before Tax | 6,26,760 | Profit / Loss after Tax | 4,51,760 |
| | Earning per share in Rs. | 4.27 | 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 : 10th April, 2000

For and on behalf of the Board

**SUMIT JAIN**
**Director**

**ROHIT JAIN**
**Director**

# MAXWELL IMPEX (INDIA) PVT. LTD.
## DIRECTORS' REPORT

**Dear Members,**

Your directors feel pleasure in presenting their Fifth Annual Report of the affairs of the Company, for the year ended on 31st March, 2000.

### OPERATIONS

There was no business activity during the year and as a result there was no income during the year under review.

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

There are no other 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.

During the year under review, Panacea Biotec Ltd. has acquired substantial shareholding in the Company and accordingly your Company has become its subsidiary Company.

There are no other 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. Ravinder Jain and Mr. Sumit Jain were appointed as additional Directors w.e.f. 15th March, 2000 and hold their office upto the date of the forthcoming Annual General Meeting. The Notices in writing u/s 257 of the companies act 1956, have been received from some members proposing the appointment of the said Directors. Further, due to their other pre-occupations, Mrs. Madhu Gupta and Mrs. Amita Kapoor resigned from the Board w.e.f. 15th March, 2000. Your Directors wish to place on record their thanks and gratitude to the services provided by them during the tenure of their office as Directors of the Company.

### AUDITORS

Due to their other pre-occupations M/s. Mehrotra Seth & Associates, Chartered Accountants, the Auditors of the Company had resigned from their office w.e.f. 15th March, 2000 and in their place, M/s. Sudhir Sunil & Co., Chartered Accountants were appointed by the shareholders in their Extra-ordinary General meeting. M/s. Sudhir Sunil & Co. hold office as Statutory Auditors of your Company till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors seek your approval for their appointment.

### AUDITORS' REPORT

The observations made in the Auditors report are self-explanatory and do not call for any 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 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 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<br>13th day of April, 2000 | **Ravinder Jain**<br>**Director** | **Sumit Jain**<br>**Director** |

# MAXWELL IMPEX (INDIA) PVT. LTD.
## AUDITORS' REPORT

**To The Members of Maxwell Impex (India) Pvt. Ltd.**

We have audited the attached Balance Sheet of M/s Maxwell Impex (India) Pvt. Ltd. as at 31st March, 2000 annexed thereto and report that :-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of account as required under Companies Act, 1956, have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet dealt with by this report are in agreement with books of accounts.
4. In our opinion and to the best of our knowledge and according to the explanations given to us, the accounts gives the information required by the companies Act, 1956, in the manner so required and give a true and fair view:-

   i) in case of Balance Sheet, of the state of affairs of theCompany as at 31st March, 2000.
5. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 and on the basis of such checks as were considered appropriate, we further report that:

i) 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.

ii) None of the fixed Assets have been revalued during the year.

iii) The Company has not taken loans, secured or unsecured from the Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act,1956 and/or from the Companies under the same management as defined under Section 370(1B) of the Companies Act,1956.

iv) The Company has not granted any loans secured or unsecured to Companies, firms or other parties registered in the registers maintained under section 301 and/or to the Companies under the same management as defined under section 1(B) of Section 370 of the Companies Act, 1956.

v) The Company has not given loans or advances in the nature of loans.

vi) The Company has not accepted any deposits from Public during the period.

vii) The Company is not engaged in manufacturing. It does not generate any scrap or by product.

viii) The Company does not have an internal audit system as the requirement is not applicable to the Company.

ix) Provision of Section 209(1) (d) of Companies Act, 1956, regarding maintenance of cost records do not apply to the Company.

x) The provision of Employees' State Insurance Act and Provident Fund & Misc. Provisions Act, are not yet applicable to the Company.

xi) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty were outstanding as on 31.03.2000.

xii) To the best of our information, no personal expenses have been charged to the revenue account of the company.

xiii) The Company is not sick industrial Company within the meaning clause (o) of the Section 3(1) of Sick Industrial Companies (Special Provisions) Act, 1985.

xiv) As explained to us, the Company did not take up any manufacturing, trading, service or financial activity during the year.

In our opinion and according to the information and explanations given to us, the other Clauses of the aforesaid Order are not applicable to the company.

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

Place : New Delhi
Date : 13.04.2000

**SUDHIR KAPOOR**
**Partner**

# MAXWELL IMPEX (INDIA) PVT. LTD.

## BALANCE SHEET AS AT 31ST MARCH, 2000

(Amount in Rs.)

| | SCHEDULES | | AS AT 31.03.2000 | | AS AT 31.03.1999 |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **Share Holders' Funds** | | | | | |
| Share Capital | I | | 952,160 | | 952,160 |
| **Loan Funds** | | | | | |
| Unsecured Loans | II | | 11,400,333 | | - |
| **Total** | | | 12,352,493 | | 952,160 |
| **APPLICATION OF FUNDS** | | | | | |
| **Fixed Assets** | | | | | |
| Gross Block | III | | 11,812,868 | | 11,800,848 |
| Current Assets, Loans & Advances | IV | 9,772 | | 10,792 | |
| Less : Current Liabilities & Provisions | V | 16,000 | | 10,879,200 | |
| **Net Current Assets** | | | (6,228) | | (10,868,408) |
| **Miscellaneous Expenditure** (To the extent not written off or adjusted) | VI | | 545,853 | | 19,720 |
| **Total** | | | 12,352,493 | | 952,160 |
| Notes to Accounts & Significant Accounting Policies forming part of Accounts | VII | | | | |

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**
Partner

**RAVINDER JAIN**
DIRECTOR

**SUMIT JAIN**
DIRECTOR

PLACE : NEW DELHI
DATE : 13.04.2000

## SCHEDULES TO BALANCE SHEET

| | As at 31st March, 2000 | As at 31st March, 1999 |
|---|---|---|
| **SCHEDULE - I SHARE CAPITAL** | | |
| **Authorised** | | |
| 1,50,000 (Previous year - 1,50,000) Equity Shares of Rs. 10/- each | 1,500,000 | 1,500,000 |
| **Issued, Subscribed and paid-up** | | |
| 95,216 (Previous year - 95,216) Equity shares of Rs. 10 each fully paid up. | 952,160 | 952,160 |
| | 952,160 | 952,160 |
| **SCHEDULE-II LOAN FUNDS** | | |
| **Unsecured Loans** | | |
| Loan from Panacea Biotec Limited | 11,400,333 | - |

**SCHEDULE - III FIXED ASSETS**

| PARTICULARS | GROSS BLOCK | | |
|---|---|---|---|
| | As at 01.04.99 | Additions during the year | As at 31.03.2000 |
| Building | 11,647,088 | 12020 | 11,659,108 |
| Land | 153,760 | - | 153,760 |
| Total | 11,800,848 | 12,020 | 11,812,868 |
| Previous Year Balance | 1,074,648 | 10,726,200 | 11,800,848 |

| | | |
|---|---|---|
| **SCHEDULE -IV** | | |
| **Current Assets, Loans & Advances** | | |
| **Current Assets** | | |
| Cash in Hand | 5,452 | 5,452 |
| Cash at Bank | 4,320 | 5,340 |
| | 9,772 | 10,792 |
| **SCHEDULE -V CURRENT LIABILITIES & PROVISIONS** | | |
| Sundry Creditors | 11,000 | 10,879,200 |
| Expense Payable | 5,000 | - |
| | 16,000 | 10,879,200 |

# MAXWELL IMPEX (INDIA) PVT. LTD.

## SCHEDULES (Contd.)

(Amount in Rs.)

| | | As at 31st March, 2000 | | As at 31st March, 1999 |
|---|---|---|---|---|
| **SCHEDULE-VI MISCELLANEOUS EXPENDITURE** | | | | |
| Preliminary Expenses | | 19,720 | | 19,720 |
| Deferred Revenue Expenses | | | | |
| Opening Balance | Nil | | - | |
| Additions during the year | | | | |
| - Property Tax | 500,000 | | - | |
| - Ground Rent | 21,133 | | - | |
| - Audit Fees | 5,000 | 526,133 | - | - |
| | | 545,853 | | 19,720 |

**SCHEDULE - VII**

ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000

**A. SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

01. The company adopts the accrual concept in the preparation of accounts.
02. Fixed Assets are stated at cost.

**B. NOTES ON ACCOUNTS**

01. No Profit & Loss account has been prepared during the year as the business has not yet been commenced.
02. The credit balance in the account of various parties are subject to confirmation by the parties concerned.
03. As there is no business activity :-
    (a) Depreciation has not been charged on Fixed Assets.
    (b) No preliminary expenses have been written off during the year.
    (c) Fees & Taxes and Audit fees has been deferred till start of business.
04. Additional information pursuant to the provisions of the Companies act, 1956 :- Not Applicable.

Signature to schedule I to VII

As per our separate report of even date attached

For **M/s. SUDHIR SUNIL & CO.**
Chartered Accountants
**SUDHIR KAPOOR**
Partner
PLACE : NEW DELHI
DATE : 13.04.2000

For and on behalf of the Board

**RAVINDER JAIN**
DIRECTOR

**SUMIT JAIN**
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 | 31/03/2000 | | |
| **ii) Capital raised during the year (Amount in Rs.)** | | | |
| Public Issue | NIL | Right Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |
| **iii) Position of Mobilisation and Deployment of Funds (Amount in Rs.)** | | | |
| Total Liabilities | 1,23,52,493 | Total Assets | 1,23,52,493 |
| **Source of Funds** | | | |
| Paid-up Capital | 9,52,160 | Reserves & Surplus | NIL |
| Secured Loan | NIL | Unsecured Loan | 1,14,00,333 |
| **Application of Funds** | | | |
| Net Fixed Assets | 1,18,12,868 | Investments | NIL |
| Net Current Assets | (6,228) | Misc. Expenditure | |
| Accumulated Losses | NIL | (To the extent not W/ off) | 5,45,853 |
| **iv) Performance of Company:** Business not yet commenced | | | |
| Turn Over | NIL | Total expenditure | NIL |
| Profit / Loss before Tax | NIL | Profit / Loss after Tax | NIL |
| Earning per share in Rs. | NIL | Dividend @% | NIL |
| **v) Generic Name of three Principal Products / Services of Company** | | | |
| Item Code No. (ITC Code) | Not Classified | Product Description | Property Development |

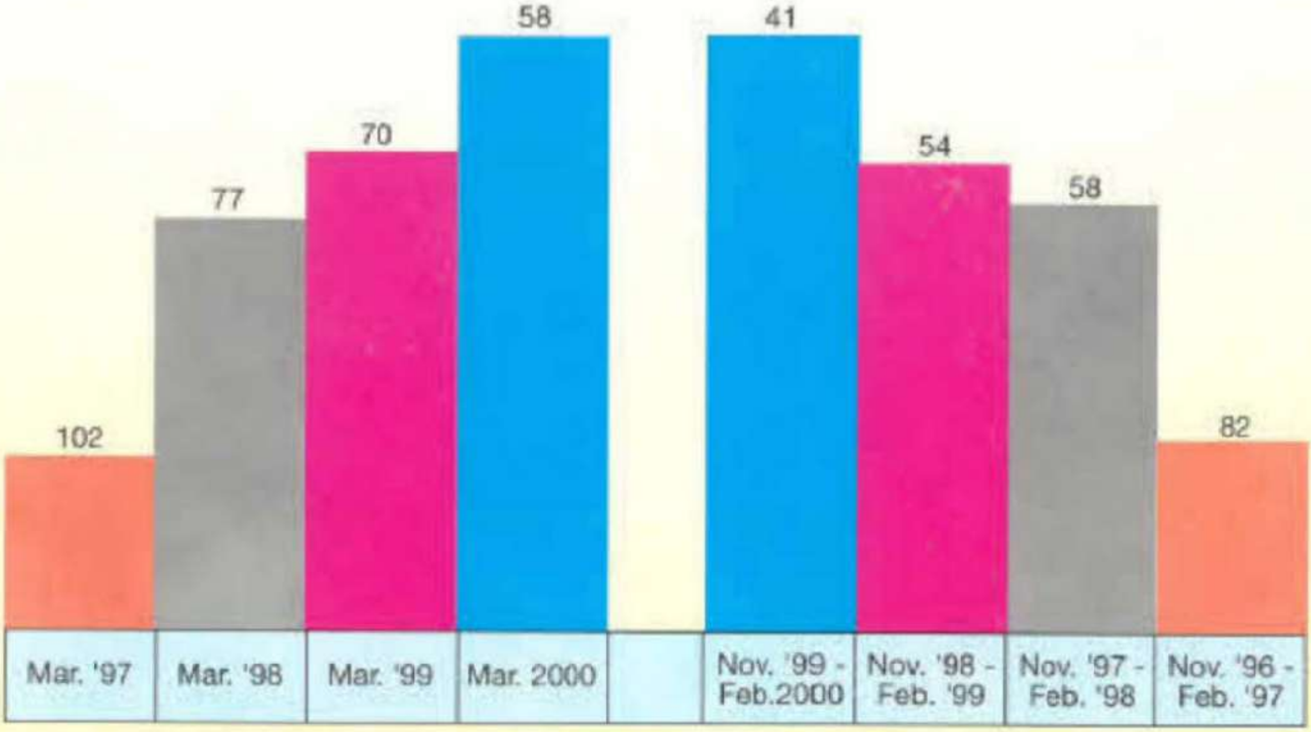
For **M/s. SUDHIR SUNIL & CO.**
Chartered Accountants
**SUDHIR KAPOOR**
Partner
PLACE : NEW DELHI
DATE : 13.04.2000

For and on behalf of the Board

**RAVINDER JAIN**
DIRECTOR

**SUMIT JAIN**
DIRECTOR

## STEPPING INTO MILESTONES OF SUCCESS




***March 2000 - ORG rated PBL as 58th Company***

***February 2000 - C-MARC rated PBL as 41st Company***

## The Bricks of Success

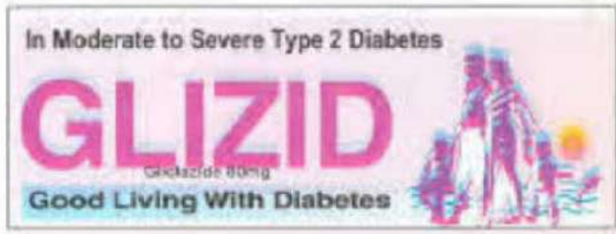
## THE MARKET MIRRORS OUR SUCCESS

Market acceptability of Panacea Biotec's prescription formulations is adquately reflected in the steady improvement in ranking of the Company 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 graphical representation above, we have been improving about 10 steps every year, and on a five year time scale, ours has been 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 a position that our formulation brands are going to keep growing in a fiercely competitive market. This is also an indicator of expected increased sales at the retail level.

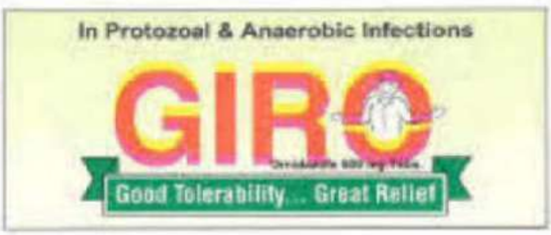
Although our ranking in both these surveys has been improving steadily, the two surveys cover only about 40 per cent of total sales.

# BRANDS...
# OUR GROWING ASSETS











Panacea Biotec
In Support of Life
B-1, Ext./A-27, Mohan Co-op. Indl. Estate,
Mathura Road, New Delhi-110 044
Visit us on Internet at : http://www.panacea-biotec.com