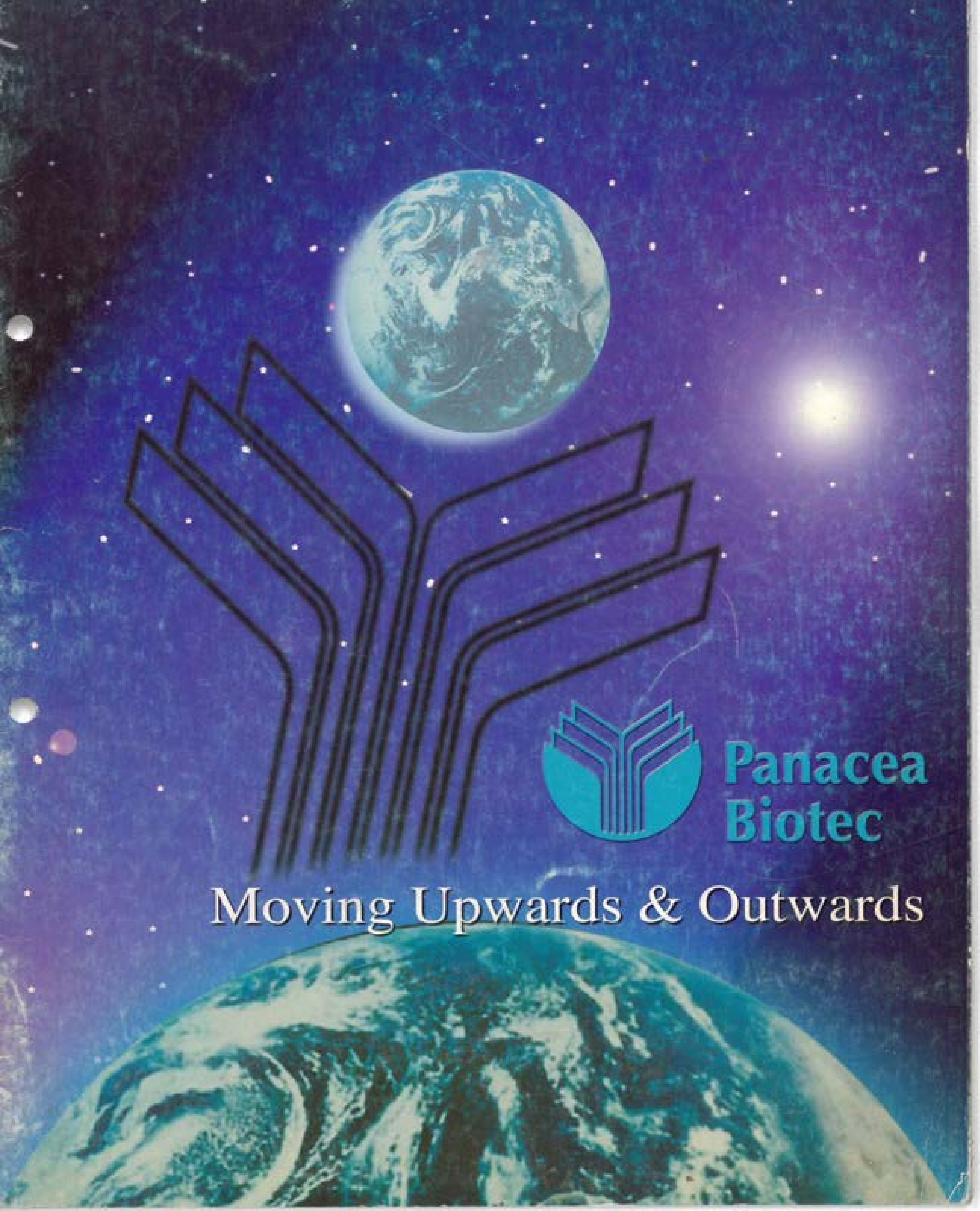
Annual Report 1998-99



Panacea Biotec

Moving Upwards & Outwards

ENGINEERING SUCCESS

(Rs. in lacs)

Particulars	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Paid-up Share Capital - Equity	90.71	272.13	535.64	570.43	570.78	**571.05**
- Preference	-	-	-	-	-	**500.00**
Reserves & Surplus	460.97	350.59	1991.02	2911.09	3619.44	**4355.45**
Gross Fixed Assets	358.52	475.88	1078.86	1840.39	3062.64	**3959.18**
Loan Funds:						
Secured - Short Term	586.34	601.20	720.31	859.41	2328.50	**1342.70**
- Long Term	50.92	104.14	185.99	189.81	992.74	**2149.60**
Unsecured Loan	0.00	8.52	41.71	62.59	113.22	**237.16**
Total	637.26	713.86	948.01	1111.81	3434.46	**3729.46**
Current Assets	1100.60	1494.37	2951.44	3574.07	5832.19	**6736.82**
Current Liabilities	235.53	613.58	700.03	954.08	1196.82	**1528.80**
Sales	**3123.44**	**4361.73**	**6041.82**	**9166.06**	**9253.64**	**11353.99**
Other Income	2.42	2.03	8.99	16.98	14.02	**38.56**
Total Income	3125.86	4363.76	6050.81	9183.04	9267.66	**11392.55**
Cost of Production	2564.21	3532.08	4810.86	6909.10	6167.59	**7521.64**
Gross Profit	561.65	831.68	1239.94	2273.94	3100.07	**3870.91**
Profit before Interest, Dep. & Tax	**252.27**	**385.06**	**628.66**	**1289.57**	**1424.14**	**1774.31**
As % of Sales	**8.08%**	**8.83%**	**10.41%**	**14.07%**	**15.39%**	**15.63%**
Financial Expenses	95.22	159.22	116.27	219.91	307.87	**375.42**
Depreciation	30.72	43.07	59.67	153.58	162.01	**248.01**
Profit before Tax	126.33	182.77	452.72	916.08	954.26	**1150.88**
Provision for Taxation	40.00	55.00	-	102.00	75.00	**85.00**
Profit After Tax	**86.33**	**127.77**	**452.72**	**814.08**	**879.26**	**1065.88**
As % of Sales	**2.76%**	**2.93%**	**7.49%**	**8.88%**	**9.51%**	**9.39%**
Cash Accruals	131.84	204.89	566.76	1009.88	1089.24	**1374.13**
Dividend (Value) - Equity	10.88	24.95	54.78	113.92	171.21	**171.21**
- Preference	-	-	-	-	-	**48.90**
Dividend (%) - Equity	**15%**	**15%**	**15%**	**20%**	**30%**	**30%**
Net Worth	**551.68**	**622.72**	**2526.66**	**3481.52**	**4190.22**	**4926.50**
Book Value	60.82	22.88	47.17	61.03	73.41	**86.27**
Earning Per Share (EPS)	**9.52**	**4.70**	**8.45**	**14.27**	**15.40**	**17.81**
Cash EPS	14.53	7.53	10.58	17.70	19.08	**24.06**
Current Ratio	1.34	1.23	2.08	1.97	1.65	**2.35**
Debt Equity Ratio*	0.09	0.18	0.09	0.07	0.26	**0.44**

*For calculation of debt equity ratio, Preference Share Capital has been treated as Equity.

Panacea Biotec Limited
ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Sh. Soshil Kumar Jain	*Chairman*
Sh. Ravinder Jain	*Managing Director*
Sh. Rajesh Jain	*Director - Marketing and R & D*
Sh. Sandeep Jain	*Director - Exports*
Sh. Jai Bhushan Jain	*Director - Finance*
Sh. Ashwani Jain	*Director - Production & Projects*
Sh. Gurmeet Singh	*Director - Sales*

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

CORPORATE, ADMINISTRATIVE & SECRETARIAL OFFICE
B 1 Extn. /A-27, Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi 110 044.

CITY OFFICE
102, Ashok Plaza, 24 School Lane,
New Delhi - 110 001

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

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

AUDITORS
M/s Sudhir Sunil & Co., Chartered Accountants

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

FINANCIAL INSTITUTION
Industrial Development Bank of India

SHARES LISTED AT
1. Ludhiana Stock Exchange Association Ltd., Feroze Gandhi Market, Ludhiana.
2. The Delhi Stock Exchange Association Ltd., West Plaza, I.G. Stadium, Indraprastha Estate, New Delhi.
3. The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
4. The National Stock Exchange, Capital Market - Listing, Trade World, Senapati Bapat Marg, Lower Parel, Mumbai.
5. The Madras Stock Exchange, Post Box No.183, 11 Second Line Beach, Madras.
6. The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Calcutta.

DIRECTORS' REPORT

Dear Members,

It is my pleasure to place on behalf of the Board, the Fifteenth Annual Report together with the Audited Annual Accounts of the Company for the year ended 31st March, 1999 and Auditors' Report thereon.

FINANCIAL PERFORMANCE

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

(Rs. In lacs)

Particulars	For the year ended 31st March, 1999	For the year ended 31st March, 1998
Total Income	**11393**	9268
Gross Profit before Interest, Depreciation & Tax	**1774**	1424
Financial Expenses	**375**	308
Gross Profit before Depreciation & Tax	**1399**	1116
Depreciation	**248**	162
Profit before Tax	**1151**	954
Provision for Taxation	**85**	75
Profit after Tax	**1066**	879
Appropriations :		
Proposed Dividend	**220**	171
Tax on Proposed Dividend	**22**	11
Transfer to Debenture Redemption Reserve	**150**	-
Transfer to General Reserve	**400**	600
EPS (Rs.)	**17.81**	15.40
Book Value per Share (Rs.)	**86.27**	73.41
Dividend (%)	**30**	30

Thus it is evident from the above that your Company has achieved new scales of growth in sales and profitability performance during the year. The Sales turnover of the Company has grown consistently from Rs.43.62 Crores in 1993-94 to Rs.92.54 Crores during 1997-98 and Rs.113.54 Crores during the year under review, registering an increase of over 22% as compared to the last year. The net Profit has also jumped from Rs.1.83 Crores in 1994-95 to Rs.8.79 Crores in 1997-98 and reached a record level of Rs.10.66 Crores for the year under review, registering an increase of more than 21% over last year.

SHARE CAPITAL

During the year under review, your Company had allotted 50,00,000 - 12% Redeemable Cumulative Preference Shares of Rs.10/- each aggregating Rs.5.00 Crores to Industrial Development Bank of India on private placement basis. These Shares are redeemable in five unequal annual instalments after every twelve months from the date of allotment with 2% Redemption Premium payable alongwith the last redemption instalment.

Despite the best efforts and persuasion by the company, the allotment money in respect of 15,500 Equity Shares remained unpaid. As sufficient time and opportunity had been given to the holders of these shares the company was left with no other alternative but to forfeit these shares. Accordingly, the Directors had, in their meeting held on 15th May, 1999, forfeited 15,500 Equity Shares for non-payment of allotment money thereon.

DIVIDEND

Your Directors are pleased to recommend a Dividend, for the financial year ended 31st March, 1999, @ 30% on the Equity Shares and 12% on Redeemable Cumulative Preference Shares [issued to Industrial Development Bank of India (IDBI) on private placement basis]. The dividend as above, is placed before you for your approval in the forthcoming Annual General Meeting and if approved, will absorb an amount of Rs.2.20 Crores.

PERFORMANCE DURING THE YEAR

Your Company has maintained a constant profusion of quality drugs and formulations, ranging from tablets, hard gelatin capsules, soft gelatin capsules, dry powder injectables, liquid parenterals, vaccines, transdermal gels etc. The success of your Company lies in its belief that it is the adherence to stringent international quality, that makes the difference. The state of art manufacturing facilities at New Delhi comply with the WHO GMP norms, representing a world class manufacturing facility. Your Company meet rigorous standards of quality, right from the raw material stage upto the final packaging and leaves no room for compliance.

The adherence to rigorous quality standards and aggressive marketing strategy of manufacturing and marketing of branded formulations adopted by the Company since 1995-96, has resulted into the improved performance of the Company year after year. The products launched in the domestic market during 1995 and 1996 have continued to grow further in absolute terms as also in terms of their market share. Similarly, the products launched in the year 1997-98 have been well accepted in the market.

Among the new products launched during the last year was the genetically engineered Hepatitis B Vaccine. Earlier, this was a very high-priced vaccine in India, supremacy in which rested with MNCs and with this launch the Company was able to bring down its prices to the competitive levels. The product manufactured by the Company has been well accepted by the medical fraternity in both its pediatric and adult dosage forms and the same has achieved new scales of sale both in absolute terms as also in terms of its market share. Another product launched during the last year namely, Rispid, the brand name of the drug Risperidone, heralded the entry of the Company in the psychiatric segment and has successfully made inroads into the monopoly area of a well entrenched MNC. The product enjoyed higher sale as well as increased market share during the year under review as compared to last year.

The other major products launched by the Company during previous years namely, Nimulid, Panimun Bioral, Alphadol, Nimulid Gel, Cefaperazone, Glizid and Livoluk have maintained their strength in the market. In fact, the product Nimulid has achieved the status of one of the brand leaders in the NSAID segment in the country and has gained increased popularity in the local as well as global markets. Further, its paediatric dosage form has become the drug of first choice for therapeutic use among children because of its better efficacy and absorption. Nimulid Gel in the form of transdermal Gel has also performed exceedingly well and enjoys the position of market leader in the segment.

EXPORTS

During the year under review, the Company has achieved an export turnover of Rs.12 Crores. The Company's export performance has thus been satisfactory. The emphasis during the year has been to enhance the presence in the markets where the product registrations had already been obtained and the products are being well accepted in the overseas markets.

FUTURE OUTLOOK

The Company's current focus is on gaining registration for the formulations in more and more countries. The Company is also working on tie-ups with overseas parties who would do the overall marketing for the patents registered in various countries. The impact of these patents registrations and tie-ups with overseas parties will be evident in the performance for the current as well as the coming years in the next millennium.

The Company has also pioneered the concept of Mouth-dissolving formulations in the form of Nimulid-MD. The process of clinical testing has already been completed and the product is likely to be launched in the market shortly. Your Directors are confident that in view of the enviable track record of supplying quality products both in domestic and international markets, the new product would be well received by the medical fraternity and will further add to the turnover and profitability of the Company.

Moreover, as you are aware, your Company has successfully introduced some speciality formulations like Nimulid and some of which are under world wide patent in the Company's name with applications already filed in over 50 countries and patent registration by more than 25 countries (including United States of America) already granted. With a view to increase the Company's share in the markets in the countries where the products are being presently exported and also to penetrate market in more and more countries, your Company is in the process of opening of overseas marketing offices in some countries. The opening of these offices will further boost the exports to CIS, European & African countries and your Directors are confident that barring unforeseen circumstances your Company would be able to achieve higher level of exports in the years to come.

RESEARCH & DEVELOPMENT

The Company has realised the need of the in-house Research & Development (R & D) facilities long before and is well prepared for the shake-out which is expected in the Pharmaceutical industry with the introduction of product patents in the country in the post-GATT (WTO Agreement) era. As per the terms of the Agreement signed by WTO countries including India, 10-year transition period had been granted so that Indian companies could put up R&D facilities to meet new challenges thrown up by the product patent regime.

Your Directors are pleased to state that the Company has already set-up full-fledged R&D facilities at its pharmaceuticals complex at Lalru, Punjab with a strong team of experienced medical professionals, pharmacists and Research Scientists having a stint to take on the new challenges with the desire to win. Accordingly, with the present R&D facilities available within the Company, your Company is confident to develop more new products and enjoy the growth in the market share and profitability in the years to come.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

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

PUBLIC DEPOSITS

The Company had not invited or accepted any deposits from the Public pursuant to the provisions of Section 58A of the Companies Act, 1956, during the year under review.

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 the employees, are set out in the Annexure to the Directors' Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri Jai Bhushan Jain and Shri Ashwani 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 for the Financial Year 1999-2000. The 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

The Central Government has directed your Company, pursuant to the provisions of Section 233B of the Companies Act, 1956, to get the audit of the Company's Cost Records in respect of formulations. Accordingly, M/s. J.P. Gupta & Associates, Cost Accountants have been appointed to conduct the audit of the Cost Accounts of the Company in respect of formulations, for the year under review. Further, they have also been proposed to be appointed to conduct the Cost Audit for the year ending 31st March, 1999, subject to the approval of the Central Government.

LISTING OF SHARES

The Equity Shares of the Company are presently listed at National Stock Exchange and Stock Exchanges at Ludhiana, Delhi, Bombay, Calcutta and Madras. The Company has been regular in paying the Annual Listing Fees to the Stock Exchanges and has paid the same for the current financial year as well.

HUMAN RESOURCE

Your Company places its utmost importance to the human resource available with the Company and continues to employ the best of professionals in the industry. Training and orientation programmes are conducted on regular basis so as to make them adapt well to the industrial and other changes taking place rapidly and also to take on the pressures of the challenges posed by the stiff competition both at local as well as international level.

Your Directors proudly place on record their deep sense of appreciation for the devoted services, hard work, unfailing faith and commitment of the Executives, staff and Workers of the Company in their endeavor **to make 'Panacea' a Global Company.**

INDUSTRIAL RELATIONS

Your Directors are pleased to inform you that a congenial atmosphere had continued to prevail at all levels during the year under review and the same has played a vital role in the Company's performance.

ACKNOWLEDGEMENTS

Your Directors express their gratitude for the assistance and co-operation received from the Financial Institutions, Banks, Government Agencies, Customers and Suppliers, during the year under review and place on record their deep appreciation for the same.

For and on behalf of the Board

New Delhi
15th day of May, 1999

SOSHIL KUMAR JAIN
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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

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 Consumption		
1. Electricity		
(a) Purchased		
Units (Nos.)	2,70,773	3,31,920
Total Amount (Rs.)	11,50,786	13,62,347
Rate/Unit (Rs.)	4.25	4.10
(b) Own Generation		
(i) Through diesel generator		
Units	8,64,380	4,48,423
Unit per litre of Diesel oil	1.75	1.48
Cost per Unit (Rs.)	5.48	5.92
(ii) Through Steam/Turbine generator	NIL	NIL
Units		
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	6,24,218	3,76,714
Electricity	0.94	0.96
SYRUPS		
Production	2,73,414	1,54,442
Electricity	0.97	0.84
CAPSULES		
Production	54,984	75,404
Electricity	0.94	0.84
GELS		
Production	25,220	25,763
Electricity	0.77	0.75
VACCINE		
Production	7,069	6,655
Electricity	30	31

FORM B

Form for disclosure of particulars with respect to absorption - Research & Development (R&D)

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

In support of life - the mission of the Company, has led itself to strive in search of newer molecules to eradicate the diseases off the face of the earth. The R & D Unit of the Company fully functional at Lalru, Sub-tehsil Derra Bassi, Ambala-Chandigarh National Highway, Punjab is managed by the experienced and senior functionary of the Company and is manned by among the best research associates/ scientists. 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.

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

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

4. Expenditure on R & D during 1998 - 99

(Rs. in lacs)

	1998-99	1997-98
Capital	**464**	470
Recurring	**326**	251
Total	**790**	721
Total R&D expenditure as a percentage of total turnover	**6.96%**	7.80%

Technology absorption, adaptation and Innovation.

1. Efforts, in brief, made towards technology adaptation and innovation.	Technical collaboration for manufacture of vaccines.
2. Benefits derived as a result of the above efforts.	Competetive products, product improvement, product development, import subsitution.
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 Office/Representative Offices abroad.

During the year 1998-99 exports were to the tune of Rs.1199.01 Lacs.

Our Company has taken concrete steps to fasten 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 lacs)

	Current Year	Previous Year
Earnings	**1045.11**	1075.69
Outgo	**4685.70**	3457.74

For and on behalf of the Board

New Delhi
15th day of May, 1999

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, 1999 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,1999, 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

SUDHIR KAPOOR
PARTNER
Place : New Delhi
Dated : 15th May, 1999

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 explanation 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, branch 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 the

ANNEXURE TO THE AUDITORS' REPORT (Contd...)

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 informations 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) According 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 records 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, 1999, for a period of more than six months from the date they became 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

SUDHIR KAPOOR
PARTNER

Place : New Delhi
Dated : 15th May, 1999

BALANCE SHEET

As at 31st March, 1999

(Amount in Rs.)

	Schedule		As at 31st March, 1999		As at 31st March, 1998
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	I	107105300		57078550	
Share Application Money		21511200		25000000	
Reserves & Surplus	II	435545115		361943863	
			564161615		444022413
Loan Funds					
Secured Loans	III	349229626		332124567	
Unsecured Loans	IV	23716500		11321500	
			372946126		343446067
			937107741		787468480
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	V	395918158		306264211	
Less: Depreciation		73465843		48806048	
Net Block			322,452,315		257458163
Investments	VI		844200		
Current Assets, Loans & Advances	VII	673682018		583218939	
Less: Current Liabilities & Provisions	VIII	152879543		119682388	
Net Current Assets			520802475		463536551
Miscellaneous Expenditure (To the extent not written off or adjusted)	IX		93008751		66473766
			937107741		787468480
Significant Accounting Policies, Notes to Accounts & Abstracts of Balance Sheet form part of the Accounts	XVI				

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

As per our seperate report of even date attached

For and on behalf of the Board

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

(SUDHIR KAPOOR) *Partner*	**(SOSHIL KUMAR JAIN)** *Chairman*	**(RAVINDER JAIN)** *Managing Director*	**(JAI BHUSHAN JAIN)** *Director (Finance)*
Place: New Delhi Date : 15th May, 1999	**(RAJIV GIROTRA)** *G.M. (FINANCE)*	**(SANJAY JAIN)** *D.G.M. Accounts*	**(VINOD GOEL)** *Company Secretary*

PROFIT & LOSS ACCOUNT

For the Year ended 31st March, 1999

(Amount in Rs.)

	Schedule		For the Year Ended 31st March, 1999		For the Year Ended 31st March, 1998
INCOME					
Domestic Sales		1015498135		813253499	
Exports		119900842		112110663	
TOTALSALES			1135398977		925364162
Other Income	X		3856433		1401828
Increase/(Decrease) in Stock	XI		70311564		60290736
			1209566974		987056726
EXPENDITURE					
Cost of Production			822475572		677050366
Personnel Expenses	XII		69301303		47326720
Administration Expenses	XIII		75860479		61872225
Financial Charges	XIV		37541550		30786783
Selling Expenses	XV		58074347		53227247
Miscellaneous Expenditure written off during the year	IX		6022736		4797251
Depreciation	V		24801404		16200963
			1094077391		891261555
Profit for the year			115489583		95795171
Less : Prior Period Adjustments			401182		369494
PROFIT BEFORE TAX			115088401		95425677
Provision for Income Tax			8500000		7500000
PROFIT AFTER TAX			106588401		87925677
APPROPRIATION:					
Dividend			22011591		11419950
Income Tax on Dividend			2201160		1141995
Transfer to Debenture Redemption Reserve			15000000		----
Transfer to General Reserve			40000000		60000000
Balance of Profit carried forward			27375650		15363732

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 and on behalf of the Board

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

(SUDHIR KAPOOR)
Partner

(SOSHIL KUMAR JAIN)
Chairman

(RAVINDER JAIN)
Managing Director

(JAI BHUSHAN JAIN)
Director (Finance)

Place: New Delhi
Date : 15th May, 1999

(RAJIV GIROTRA)
G.M. (FINANCE)

(SANJAY JAIN)
D.G.M. Accounts

(VINOD GOEL)
Company Secretary

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

		As at 31st March, 1999		As at 31st March, 1998
SCHEDULE-I SHARE CAPITAL				
AUTHORISED				
Comprising of				
- i. 1,25,00,000 Equity Shares of Rs.10/- each		12,50,00,000		12,50,00,000
- ii. 50,00,000 Preference Shares of Rs.10/- each		5,00,00,000		2,50,00,000
		175000000		150000000
ISSUED, SUBSCRIBED & PAID UP				
57,22,560 Equity shares of Rs. 10/- each		57225600		57225600
50,00,000 12% Redeemable Cumulative Preference Share of Rs. 10/- each		50000000		-
Less : Allotment Money in Arrears of Equity Shares (from other than Directors)		120300		147050
		107105300		57078550

SCHEDULE-II RESERVES AND SURPLUS

		As at 31st March, 1999		As at 31st March, 1998
DEBENTURE REDEMPTION RESERVE				
Amount as per last Balance Sheet	0			
Add Transfer from Profit & Loss A/c	15000000	15000000		0
GENERAL RESERVE				
Amont as per last Balance Sheet	185847155		130622519	
Less-Short Provision of Dividend For 96-97			24330	
-Short Provision of Income Tax 95-96, 96-97			1680519	
- Tax on Dividend 96-97			1141615	
- Previous year short provision of Gratuity and leave encashment			1928900	
	185847155		125847155	
Add Transfer from Profit & Loss A/c	40000000		60000000	
		225847155		185847155
PROFIT & LOSS ACCOUNT				
Amount as per last Balance Sheet	15363732		0	
Less - Dividend Final 97-98	5710335			
- Dividend Tax	593855			
- Short Provision of I.Tax 97-98	2661258			
	8965448			
Add - Excess Provision of Dividend	3800			
- Transfer from Profit & Loss A/c	27375650		15363732	
		33777734		15363732
SHARE PREMIUM				
Amount as per Last Balance Sheet	160732976		160486226	
Add: Additions during the year	187250		246750	
		160920226		160732976
		435545115		361943863

SCHEDULES (Contd...)

(Amount in Rs.)

		As at 31st March, 1999		As at 31st March, 1998
SCHEDULE-III SECURED LOANS				
DEBENTURES				
- 400000 16% Non-Convertible Debentures of Face value of Rs. 100/- each redeemable at par in three equal annual instalments starting from 15th Feb. 2003	40000000			
- 200000 16% Non-Convertible Debentures of Face Value of Rs. 100 each reedembale at par in three equal annual instalments starting from 21st Feb.2002	20000000	60000000		
TERMS LOANS				
ANZ Grindlays Bank	30000000		40000000	
I.D.B.I.	77500070		50000000	
		107500070		90000000
WORKING CAPITAL LOANS				
Balance in Cash Credit accounts with:-				
Punjab National Bank	65762981		113885309	
ANZ Grindlays Bank.	38393620		24770792	
Canara Bank	14702517		34461130	
IDBI Bank Limited	1133933		27824756	
State Bank of India	14277389		31908387	
		134270440		232850374
OTHERS LOANS		47459116		9274193
		349229626		33212456

Notes:

1. Debentures are to be secured by way of charge (yet to be created) on the immovable assets of the company on pari-passu basis with term lending Institutions/Banks.
2. Term Loan from ANZ Grindlays Bank is secured by hypothecation of specific items of Plant & Machinery and other specified fixed assets of the company.
3. Term Loan from IDBI is secured by charge on all the fixed assets of the Company at Lalru (Punjab), excepting those items specifically charged to ANZ Grindlays Bank, on a pari passu basis with Punjab National Bank and IDBI Bank Ltd., who have also sanctioned Term Loans to the Company.
4. Working Capital Loans from Banks are secured by hypothecation of present & future stocks of raw materials, stock-in-process, finished Goods and Book debts, outstanding monies, receivable claims, trust receipts, etc., besides second charge on the fixed assets of the Company.
5. The above loans are also collaterally secured by personal guarantees of the Promoter Directors of the Company.
6. The other loans are secured by way of hypothecation of specific assets financed other than those financed by Term Loans and working capital loans except L.C. roll over loan of Rs. 376.76 Lac from SBI secured by letter of credit of IDBI Bank Ltd.

SCHEDULE-IV UNSECURED LOANS

	As at 31st March, 1999	As at 31st March, 1998
C&F Agents' and Contractors' Deposits (Unsecured Loans are in the nature of Trade Deposits)	23716500	11321500
	23716500	11321500

SCHEDULE-V FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.98	ADDITIONS DURING THE YEAR	SALE/ ADJUSTMENT	**AS AT 31.03.99**	AS AT 01.04.98	PROVIDED DURING THE YEAR	SALE/ ADJUSTMENT	**AS AT 31.03.99**	**AS AT 31.03.99**	AS AT 31.03.98
LAND	8618707	4914751	-	**13533458**	-	-	-	-	**13533458**	8618707
BUILDINGS	61255814	825360	-	**62081174**	10118360	4714249	-	**14832609**	**47248565**	51137454
PATENTS & TRADE MARK	12943538	9997068	-	**22940606**	1104856	1157092	-	**2261948**	**20678658**	11838682
FURNITURE & FITTINGS	6671300	3087711	-	**9759011**	2786369	935886	-	**3722255**	**6036757**	3884931
PLANT & MACHINERY	82161359	14439284	-	**96600643**	21626118	9438800	-	**31064918**	**65535724**	60535241
OFFICE EQUIPMENT	5635118	1593413	-	**7228531**	1704555	678672	-	**2383227**	**4845304**	3930563
VEHICLE	20308921	11385402	179500	**31514823**	7467889	5254949	141609	**12581229**	**18933594**	12841032
COMPUTER EQUIPMENT	8448642	4295361	-	**12744003**	3997901	2621756	-	**6619657**	**6124347**	4450741
CAPITAL WORK IN PROGRESS*	100220812	39295097	-	**139515909**	-	-	-	-	**139515909**	100220812
CURRENT YEAR	306264211	89833447	179500	**395918158**	48806048	24801404	141609	**73465843**	**322452315**	257458163
PREVIOUS YEAR	184038701	122516719	291209	**306264211**	32849633	16200963	244548	**48806048**	**257458163**	151189068

*Addition is net of Amount Capitalised during the year

SCHEDULES (Contd...)

(Amount in Rs.)

		As at 31st March, 1999		As at 31st March, 1998
SCHEDULE-VI INVESTMENTS				
Unquoted (At Cost)				
46900 Equity Shares of Rs. 10/- each Fully Paid of IDBI Bank Ltd. (Previous Year Nil)		844200		—
SCHEDULE-VII CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
INVENTORIES				
(Value at cost or net realisable value, whichever is lower, as certified by the management)				
i) Raw & Packing Materials	103483407		121868441	
ii) Finished goods	169963784		125302236	
iii) Stock in Process	54354086		10319036	
iv) Stock in Transit	2160000		5101518	
		329961277		262591231
SUNDRY DEBTORS		182071106		196331092
CASH & BANK BALANCES				
i) Cash in Hand	1229112		783412	
ii) With Banks				
a) In CC/Current Accounts	22984728		19970167	
b) In fixed / Term Deposits	196476		61868035	
c) In EEFC Current/ fixed Deposits	50147631		—	
iii) Cheques in Hand	33233485		2292190	
		107791432		84913804
LOANS & ADVANCES				
Advances recoverable in cash or in kind or for value to be received (unsecured, Considered good)				
Advances to Suppliers	9111210		6189898	
Staff Advances	6037307		6048004	
Security Deposits	9460495		4769306	
Advance Income Tax	21460073		16533682	
Other Advances	3892192		1806357	
Balance with Excise Authorities	850080		3411463	
Prepaid Expenses	3046846		624102	
		53858203		39382812
		673682018		583218939

SCHEDULES (Contd...)

(Amount in Rs.)

		As at 31st March, 1999		As at 31st March, 1998

SCHEDULE-VIII CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES				
I) Total outstanding dues of SSI undertakings	1604844		5194775	
ii) Total outstanding dues of Creditors other than SSI undertakings	95861470		74662209	
iii) Taxes payable	2930061		827331	
iv) Expenses Payable	10740641		11885299	
v) Other Liabilities	634446		646000	
vi) Unclaimed dividend	198856		75907	
		111970318		93291521
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				
Provision for Income Tax	8500000		7500000	
Dividend on Equity Shares	17121180		11419950	
Dividend on Preference Shares	4890411		0	
Provision for Income Tax on Dividend	2201160		1141995	
Provision for Gratuity/Leave Encashment	8196474		6328922	
		40909225		26390867
		152879543		119682388

SCHEDULE-IX MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)				
i) Preliminary Expenses as per last Balance Sheet	1292		1774	
Less: written off during the year	482		482	
		810		1292
ii) Deferred Revenue Expenditure				
As per last Balance Sheet	8543669		10160900	
Less: written off during the year	1220524		1617231	
		7323145		8543669
iii) Research & Development Expenses				
As per Last Balance Sheet	57928805		35983077	
Add: Additions during the year	32557721		25125266	
	90486526		61108343	
Less: written off during the year	4801730		3179538	
		85684796		57928805
		93008751		66473766

SCHEDULES (Contd...)

(Amount in Rs.)

SCHEDULE - X OTHER INCOME

	As at 31st March, 1999	As at 31st March, 1998
Export Incentives	1396934	573951
Interest Received on Fixed Deposits	930986	356091
Interest Received on Allotment Money	92599	62355
Interest Received on Loan to Employee	214491	46520
Interest Received (Other)	832311	362911
Forex Gain balance in EEFC Account	389112	—
	3856433	1401828

SCHEDULE - XI INCREASE / (DECREASE) IN STOCK

	As at 31st March, 1999		As at 31st March, 1998	
CLOSING STOCK				
Finished Goods	169963784		125302236	
Raw Material & Packing Material	103483407		121868441	
Stock in Process	54354086	327801277	10319036	257489713
***Less:* OPENING STOCK**				
Finished Goods	125302236		76124231	
Raw Material & Packing Material	121868441		83524358	
Stock in Process	10319036	257489713	37550388	197198977
		70311564		60290736

SCHEDULE - XII PERSONNEL EXPENSES

	As at 31st March, 1999	As at 31st March, 1998
Salary & Wages	57477352	40648181
Contribution to P.F. and other funds	4074777	2743226
Bonus & Exgratia	3596464	2297562
Staff Welfare Expenses	4152710	1637751
	69301303	47326720

SCHEDULES (Contd...)

(Amount in Rs.)

	As at 31st March, 1999	As at 31st March, 1998
SCHEDULE - XIII—ADMINISTRATIVE EXPENSES		
Rent	1757407	959589
Directors' Remuneration	9000000	7200000
Printing & Stationery	4223005	3115633
Postage, Telephone & Telex Charges	10128067	6438278
Insurance	2553752	2396612
Conveyance	7584167	4433866
Travelling Expenses	17994042	13776933
Newspapers, Books & Periodicals	481045	168590
Professional & Consultancy Charges	6741395	4014003
Vehicle Running & Maintenance	3577955	2155766
Repair & Maintenance	3261840	2178333
Auditors' Remuneration		
Statutory Audit Fees	100000	75000
Tax Audit Fees	25000	15000
Fees for other services	25000	10000
Fees & Taxes	3253917	3175612
Donation	180469	26851
Subscription	729206	1545769
Electricity & Water Charges	1531111	566379
Directors Travelling	2517364	3653499
Sundry Expenses	172846	261177
Bad Debts W/off	0	5701856
Loss on Sales of Vehicles	22891	3479
	75860479	61872225
SCHEDULE-XIV FINANCIAL CHARGES		
Interest	30473688	24371950
Bank Charges	7067862	6414833
	37541550	30786783
SCHEDULE-XV SELLING EXPENSES		
Advertising	3916749	1484720
Meetings & Conferences	9372628	10693115
Sales Promotion	5375185	2429876
Sales Incentive	2198722	1665975
Freight & Cartage	13111995	14744497
Commission on Sales	9989753	8858103
Rent for Cold Storage & Depots	3574575	1855259
Marketing Expenses	10534740	11495702
	58074347	53227247

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 and as amended upto date.

b) Accounting policies not specifically referred to otherwise are consistent and in accordance with 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 capitalized 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 of 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 this Balance Sheet date 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.

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 cost
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

Amount transferred to deferred Revenue Expenditure is being written off over a period of ten years except the revenue expenditure on Research and Development deferred, which is being written off over a period of twenty years corresponding to the commercial life of patents as per international norms and laws.

9) **RESEARCH AND DEVELOPMENT**

The activities of the Company being Research and Development focussed, expenditure under the head Research and Development constitutes expenses directly attributable to the R&D activities of the Company plus expenses of other heads which can be reasonably apportioned to this head.
Revenue expenditure incurred on Research and Development has been defferred and is being written off over a period of 20 years, being the period for which patents are valid in the pharmaceutical industry. Capital Expenditure on Research and Development is included in the gross block of fixed assets and depreciation on them has been provided in the usual manner as per the Companies Act, 1956 and as amended upto date.

10) **DUTY DRAW BACK**

Duty draw back from the Govt. of India in respect of Company's exports has been accounted for on receipt basis.

11) **DIVIDEND ADJUSTMENT AGAINST ALLOTMENT MONEY DUE**

In respect of those equity shareholders whose allotment money subsequent to the Public issue of the company in Sept. 1995 has not been received in full, the dividend for 1997-98 has been adjusted against their allotment money due.

B. **NOTES TO ACCOUNTS**

1) CONTINGENT LIABILITIES

(Rs. in Lacs)

		Current Year	Previous Year
i.	For bank guarantees outstanding	**436.47**	140.46
ii.	Disputed Claims of Sales Tax	**24.45**	32.41
iii.	Estimated amount of contract remaining to be executed on Capital Account, net of advances	**475.00**	554.00
iv.	Contingent liability against disputed Delhi Vidyut Board demand	**17.60**	17.60
v.	Outstanding liability on account of Forward foreign currency contracts	**(10.46)**	NIL

2) Share Premium is shown net of calls in arrears amounting to Rs. 8.42 Lacs due from shareholders other than Directors (Previous Year Rs. 10.29 Lacs)

3) The 12% Cumulative Redeemable Preference Shares issued during the year are redeemable in five unqual instalments after every 12 months from date of allotment with 2% premium to be paid alongwith last redemption instalment. The Provision for dividend on Preference Shares amounts to Rs. 48.90 Lacs.

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

SCHEDULES (Contd...)

5) Managerial Remuneration

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

	Current year	Rs. in Lacs Previous Year
Profit as per Profit & Loss account (before taxes)	**1154.89**	957.95
Add:		
Depreciation	**248.01 ***	162.01 *
Directors' Remuneration	**114.00**	98.00
Provision for Bad Debts	**00.00**	57.02
Loss on sale of Assets	**00.23**	00.03
	1517.13	1275.01
Less:		
Depreciation under section 350	**248.01**	162..01
Net profit in accordance with section 349 of Companies Act, 1956	**1269.12**	1113.00
Maximum amount Permissible under section 309 of the Companies Act, 1956	**126.91**	111.30

* Including Director's remuneration Rs. 24.00 Lac (previous Year Rs. 20.00 Lac) debited as deferred R&D expenditure and Rs. nil (Previous Year Rs. 6.00 lac) in capital work in progress.

6) 15500 Equity shares, which were partly paid up were forfieted on 15th May'99 and the provision of dividend has been made after taking this fact into consideration.

7) Remittance in Foreign Currency on Account of Dividend (for 1997-98):

No. of share Holders	No. of Shares held	Dividend Due	Amount remitted
04	5,74,100	Rs. 17,22,300	Rs. 17,22,300

8) Export Sales of Rs. 1199.01 lacs are inclusive of Export Sales worth Rs. 22.24 Lacs to Nepal (Previous year Rs. 29.56 Lacs) and exchange fluctuation on export realisation.

9) Outstanding export debtors have been stated at currency rate of closing date, as a result of which the profit in the current year is higher by Rs. 3701895. Last years exports debtors were stated at rate as of transaction date.

10) The net foreign currency exchange loss included in profit & loss account on account of currency fluctuation on export and imports is Rs. 37.07 Lacs. (previous year Rs. 59.28 lacs).

11) In the opinion of the managment, 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.

SCHEDULES (Contd...)

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)

	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1.	Vaccine	**7200 lac doses**	3000 lac doses
2.	Tablets	**5500 lac**	5500lac
3.	Capsules	**600 lac**	600 lac
4.	Gels	**42 lac tubes**	42 lac tubes
5.	Liquids	**25 lac bottles**	25 lac bottles

c) Production

	PARTICULARS	UNITS	QUANTITY Current year	QUANTITY Previous year
1.	Tablets	Nos.	**62,42,17,908**	37,67,13,520
2.	Syrups/Liquids	Ml.	**27,34,13,720**	15,44,42,420
3.	Capsules	Nos.	**5,49,84,232**	7,54,04,454
4.	Gels	Gms.	**2,52,19,845**	2,57,62,690
5.	Vaccine	Vials	**70,69,453**	66,54,604

B. Particulars of Stocks & Sales (including Samples)

PARTICULARS	UNITS	STOCK Current Year Opening	STOCK Previous Year Opening	STOCK Current Year Closing	STOCK Previous Year Closing	SALES Current Year	SALES Previous Year
i.Tablets	Nos.	209721703	107233457	**117378840**	209721703	**716560771**	274225274
	Rs. in lacs	499.38	302.08	**759.02**	499.38	**3322.17**	3379.67
ii. Capsules	Nos.	40896726	54804714	**25996253**	40896726	**69884705**	89312442
	Rs. in lacs	332.65	168.55	**265.51**	332.65	**1011.30**	918.26
iii. Syp/Liq.	Ml.	40400160	25988800	**64063360**	40400160	**249750520**	140031060
	Rs. in lacs	74.77	50.57	**177.15**	74.77	**688.50**	446.57
iv Gels	Gms.	2921030	3549200	**5360975**	2921030	**22779900**	26390860
	Rs. in lacs	19.65	19.70	**39.57**	19.65	**202.50**	105.78
v Vaccine	Nos. (Vials)	24410	163470	**298894**	24410	**6794969**	6793664
	Rs. in lacs	9.76	62.12	**330.81**	9.76	**5361.74**	3467.03
vi Others*	Rs. in lacs	316.81	158.22	**127.58**	316.81	**767.70**	936.33
Total	(Rs. in Lacs)	1253.02	761.24	**1699.64**	1253.02	**11353.91**	9253.64

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

SCHEDULES (Contd...)

Particulars	Current Year	(Rs. in Lacs) Previous Year
C. Particulars of Raw material Consumed		
Opening Balance	**1218.68**	835.24
Add: Purchase	**5531.26**	5878.02
Less : Closing Stock	**910.45**	1218.68
Raw Material consumed*	**5839.49**	5494.58
* 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 of CIF basis		
Machinery, spares	**36.84**	—
Technical know how/Patents	**99.72**	82.52
E. Expenditure in Foreign Currency		
Expenses (travel, dividend, rent, books, etc)	**125.03**	75.26
Purchase	**4424.11**	3299.96
F. Earnings in Foreign Currency (F.O.B.)		
Export Sales (realisable in convertible FOREX)	**1045.11**	1075.69

G. Value of Import/Indigenous Raw Material Consumed:

Particulars	Current Year (Rs. in lacs)	%age	Previous Year (Rs. in lacs)	%age
Indigenous	**1228.98**	**21.05**	2671.45	49.00
Imported	**4610.51**	**78.95**	2823.13	51.00

SCHEDULES (Contd...)

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

i) Registration Details
Registration No. 22350 — State Code = 16
Date 02/02/1984

ii) Capital raised during the year (Amount In Rs. Thousands)

Public Issue (pending allotment money)	214	Right Issue	Nil
		Private Placement	25000
Bonus Issue	Nil	(Cumulative Redeemable Preference Shares) & Rs. 215.11 Lac as pref. share application money	

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

Total Liabilities	937108	Total Assets	937108

Sources of Funds

Paid up Capital*	128616	Reserves & Surplus	435545
Secured Loan	349230	Unsecured Loan	23717

* Paidup Capital includes Rs. 215 lacs Preference Share application money

Application of Funds

Net Fixed Assets	322452	Investment	844
Net Current Assets	520802	Misc. Expenditure (To the extent not W/off)	93009
Accumulated Losses	Nil		

Performance of Company (Amount in Rs. Thousands)

Turnover	1135399	Total Expenditure	1024167
Profit/Loss Before Tax	115088	Profit/Loss After Tax	106588
Earning per share	Rs. 17.81	Dividend @ %	30%

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

Item Code No. (ITC Code)	300220
Product Description	VACCINE
Item Code No. (ITC Code)	300290
Product Description	NIMULID TAB

Signature to Schedule I to XVI
As per our separate report of even date attached

For and on behalf of the Board

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

(SUDHIR KAPOOR)
Partner

(SOSHIL KUMAR JAIN)
Chairman

(RAVINDER JAIN)
Managing Director

(JAI BHUSHAN JAIN)
Director (Finance)

Place: New Delhi
Date : 15th May, 1999

(RAJIV GIROTRA)
G.M. (FINANCE)

(SANJAY JAIN)
D.G.M. Accounts

(VINOD GOEL)
Company Secretary

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED MARCH'99

Amount in Rs. '000'

Particulars		Current Year		Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES				
Add : Net Profit before Tax and Extra Ordinary Items		115088		95426
Adjustments for :				
Depreciation	24801		16201	
Interest Expenses	37542		30787	
Interest Income	-2070		-828	
Deferred Expenditure Written Off	6023	66296	4797	50957
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		181384		14638[illegible]
Adjustments for :				
Trade & other receivables	4711		-92657	
Inventories	-67370		-65392	
Trade Payabales	20546	-42113	25804	-132245
CASH GENERATED FROM OPERATIONS		139271		14138
Interest Paid	-37542		-30787	
Net Direct Taxes Paid	-15088	-52630	-15930	-46717
Cash Flow Before Extraordinary Items		86641		-32579
Extra Ordinary Items		0		-1929
NET CASH FROM OPERATING ACTIVITIES		86641		-34508
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-89833		-122517	
Addition to Investment	-844		-	
Sales of Fixed Assets	38		47	
Increase in Defered Revenue Exp.	-32558		-25125	
Interest Received	2070		828	
Dividend Received	—		—	
Net Cash Used in Investing Activities		-121127		-146767
		-34486		-18127[illegible]
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds arrears & fresh issue of capital	25214		282	
Proceeds from preference share application money	21511		25000	
Net increase in working capital Borrowings	-98580		146909	
Net increase in long term Borrowings	115685		80293	
Net increase in deposits & Securities	12395		5062	
Dividend & Income Tax on Dividend paid	-18862		-12557	
NET CASH FROM FINANCING ACTIVITIES		57363		244989
NET INCREASE IN CASH & CASH EQUIVILANT		22877		63714
OPENING BALANCE OF CASH & CASH EQUIVILANT		84914		21200
CLOSING BALANCE OF CASH & CASH EQUIVILANT		107791		84914

For and on behalf of the Board

(SOSHIL KUMAR JAIN)
Chairman

(RAVINDER JAIN)
Managing Director

(JAI BHUSHAN JAIN)
Director (Finance)

Place: New Delhi
Date : 15th May, 1999

(RAJIV GIROTRA)
G.M. (FINANCE)

(SANJAY JAIN)
D.G.M. Accounts

(VINOD GOEL)
Company Secretary

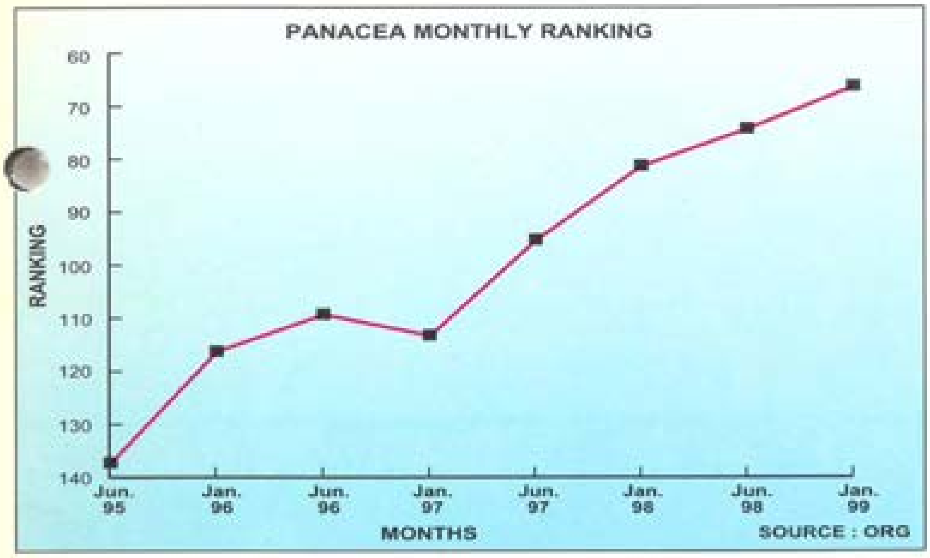
AUDITORS' REPORT

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, 1999.

Place : New Delhi
Date : 15th May, 1999

For SUDHIR SUNIL & CO.
Chartered Accountants
Sudhir Kapoor
Partner

PANACEA BIOTEC - LEAPING AHEAD

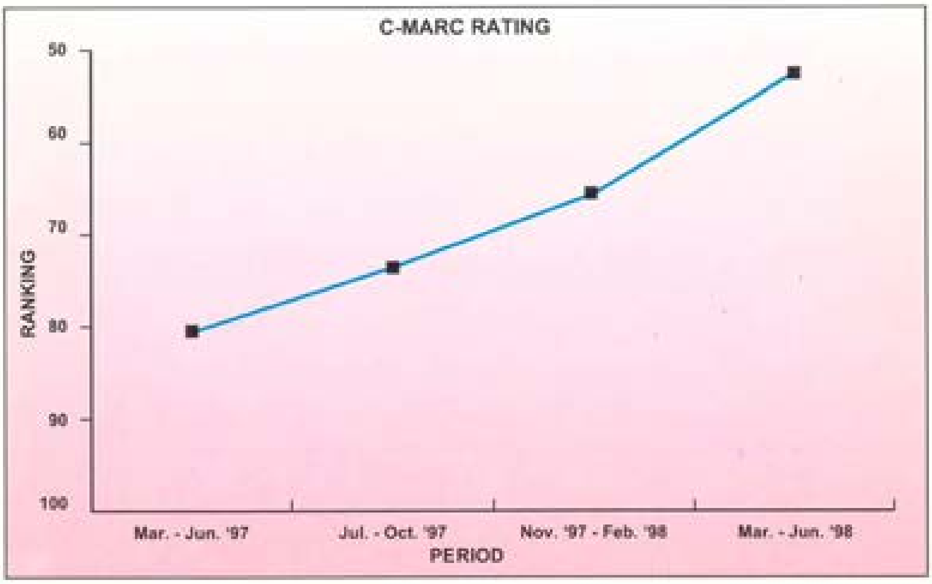


RISING SALES

In branded formulations Panacea Biotec is one of the fastest growing companies in the pharmaceutical industry in the Country. According to ORG (Operations Research Group), Panacea Biotec has improved its monthly ranking, in terms of retail sales, from 138 in Jun. '95 to 67 in Jan. '99.

...ILDING TRUST

Panacea Biotec is registering its fast growth even in 'Prescription Generation', which reflects the trust and confidence of the Medical fraternity in the quality and efficacy of the Company's products. C-MARC, the prescription research agency endorses the same; the 'Prescription Generation' ranking of the Company having leaped from 81 in Mar.-Jun.1997 to 53 in Mar.-Jun.1998.



Growing brand equity of Panacea Biotec

Nimulid

TABLETS-TRANSGEL-SUSPENSION

Enivac HB

GENETICALLY ENGINEERED HEPATITIS B VACCINE

Panimun Bioral

Cyclosporine Capsules USP/Cyclosporine Oral Solution USP

A widening therapeutic range...

Total Diabetc Care with GLIZID (Gliclazide), GLIZID-M (Gliclazide + Metformin)

Osteoporosis management with ALPHADOL (Alfacalcidol)

Gastro Care with LIVOLUK (Lactulose)

Panacea Biotec Ltd.
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