

**NOTICE**

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of AHLCON PARENTERALS (INDIA) LIMITED will be held on Saturday, the 7<sup>th</sup> day of August 2004 at 3.00 P.M. at the Ahlcon Public School, Mayur Vihar, Phase-I, New Delhi-110092 to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2004 and Profit & Loss Account for the year ended on that date together with Reports of the Board of Directors and the Auditors' thereon.
2. To appoint a Director in place of Mr. Arun Kumar Gupta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Prof. G P Talwar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Ms. Sudarshan W alia, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint a Director in place of Dr. S S Arora, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

M/s. Arun K. Gupta & Associates, Chartered Accountants, are the retiring Auditors and being eligible, offer themselves for reappointment.

**Special Business**

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**REAPPOINTMENT OF MANAGING DIRECTOR**

"RESOLVED THAT pursuant to the provisions of section 198, 269 read with Schedule XIII, Section 309, 310 and other applicable provisions of the Companies Act, 1956, the reappointment of the Managing Director Mr. M K G Pillai be and is hereby approved for a further period of 5 years with effect from 1st April, 2004 on a remuneration and conditions as per the following: -

- a) Basic Salary @35,000/- (Rupees Thirty-Five Thousand only) per month with an annual increment of maximum of 10 per cent in the monthly salary.
- b) House Rent Allowance or provision of rented accommodation subject to the condition that the expenditure by the company on hiring such accommodation or on HRA shall not exceed 60% of the basic Salary.
- c) Leave travel allowance for self and family once in a year to and from any place in India subject to a ceiling of one month's basic salary in a year.
- d) Free supply of gas, electricity, water, furniture and furnishing at the residence, subject to the ceiling that the expenditure incurred by the company on the same valued as per the Income Tax Rules 1962, shall not exceed 20% of the basic salary.
- e) Reimbursement of Medical expenses for self and family subject to a ceiling of one month's basic salary in a year or three month's basic salary in a block of three years.
- f) Premium for Mediclaim Policy for self, spouse and dependent family subject to a ceiling of policy amount of Rs.10,00,000/- (Rupees Ten Lacs Only).
- g) Fees of maximum of two clubs, subject to the condition that Life Membership Fees shall not be allowed.
- h) Personal Accident Insurance, the premium of which shall not exceed Rs.1,000/- (Rupees one Thousand only) per annum.
- i) Free telephone facility at residence, subject to the condition that personal long distance calls shall be recovered from the Managing Director.

- j) Provision of car for use for Company's business, subject to the condition that use of car for private purposes shall be recovered from the Managing Director or reimbursement of expenses incurred on conveyance in case of use of personal car for Company's business.
- k) Gratuity not exceeding one half month's basic salary for each completed year of service.
- l) Contribution to Provident Fund subject to specified ceilings in applicable law."

"RESOLVED FURTHER THAT pursuant to the provisions of Schedule XIII, Part II, Section II the aggregate of monthly remuneration payable to the said Managing Director, inclusive of the value of all perquisites (other than those specifically exempted under section II of Part II of the Schedule), shall not exceed the ceiling limits specified therein."

"RESOLVED FURTHER THAT the Company shall reimburse the Managing Director all expenses incurred on entertainment, traveling and/or any other expenses incurred solely for the purpose of business of the Company and that the same shall not be considered a part of remuneration."

**8 To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:**

**REAPPOINTMENT OF WHOLETIME DIRECTOR**

"RESOLVED THAT pursuant to the provisions of section 198, 269 read with Schedule XIII, Section 309, 310 and other applicable provisions of the Companies Act, 1956, the reappointment of Whole Time Director Dr. Rohini S Ahluwalia be and is hereby approved for a further period of 5 years with effect from 1st April, 2004 on a remuneration and conditions as per the following: -

- a) Basic Salary @ 33,500/- (Rupees Thirty Three Thousand Five Hundred only) per month with an annual increment of maximum of 10 per cent in the monthly salary.
- b) House Rent Allowance or provision of rented accommodation subject to the condition that the expenditure by the company on hiring such accommodation or on HRA shall not exceed 50% of the basic Salary.
- c) Free supply of gas, electricity, water, furniture and furnishing at the residence, subject to the ceiling that the expenditure incurred by the company on the same valued as per the Income Tax Rules 1962, shall not exceed 20% of the basic salary.
- d) Leave travel allowance for self and family once in a year to and from any place in India subject to a ceiling of one month's basic salary in a year.
- e) Reimbursement of Medical expenses for self and family subject to a ceiling of one month's basic salary in a year or three month's basic salary in a block of three years.
- f) Premium for Mediclam Policy for self, spouse and dependent family subject to a ceiling of policy amount of Rs.10,00,000/- (Rupees Ten Lacs only).
- g) Fees of maximum of two clubs, subject to the condition that Life Membership Fees shall not be allowed.
- h) Personal Accident Insurance, the premium of which shall not exceed Rs.1,000/- (Rupees One Thousand only) per annum.
- i) Free telephone facility at residence, subject to the condition that personal long distance calls shall be recovered from the Whole Time Director.
- j) Provision of car for use for Company's business, subject to the condition that use of car for private purposes shall be recovered from the Whole Time Director or reimbursement of expenses incurred on conveyance in case of use of personal car for Company's business.
- k) Gratuity not exceeding one half month's salary for each completed year of service.
- l) Contribution to Provident Fund and pension Fund subject to specified ceilings in applicable law."

"RESOLVED FURTHER THAT pursuant to the provisions of Schedule XIII, Part II, Section II the aggregate of monthly remuneration payable to the said Whole Time Director, inclusive of the value of all perquisites (other than those specifically exempted under section II of Part II of the Schedule), shall not exceed the ceiling limits specified therein."

"RESOLVED FURTHER THAT the Company shall reimburse the Whole Time Director all expenses incurred on entertainment, traveling and/or any other expenses incurred solely for the purpose of business of the Company and that the same shall not be considered a part of remuneration."

**9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs. 11,00,00,000/- (Rupees Eleven Crores only) to Rs. 18,00,00,000/- (Rupees Eighteen Crores only) divided into 180,00,000 (One Hundred Eighty Lacs) shares of Rs. 10/- (Rupees Ten) each"

"RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the Company be and is hereby altered to increase the Authorised Share Capital of the Company by substituting the following Clause V:

"V. The Authorised Share Capital of the Company is Rs. 18,00,00,000 (Rupees Eighteen Crores only) divided into 1,10,00,000 (One Hundred Ten Lacs) Equity shares of Rs. 10/- (Rupees Ten) each and 70,00,000 (Seventy Lacs) Preference Shares of Rs. 10/- (Rupees Ten) each.

**10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by substitution of the following Article 3 in place of the existing Article 3 :

"The Authorised Share Capital of the Company shall be the amount, number and description as specified under Clause V of the Memorandum of Association of the company and as amended from time to time with the power to increase, consolidate or subdivide in accordance with the provisions of the Companies Act and with power from time to time to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit, and upon the sub-divisions of Shares, to apportion the rights to participate in profits, in any manner as between the shares resulting from sub-division of the same."

**11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :**

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956 and subject to the relevant rules, regulations or guidelines of the Securities and Exchanges Board of India and/ or any other appropriate authorities, if any, the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorized on behalf of the company to issue securities on private placement basis to persons, whether or not those persons include the persons referred to in Clause (a) of Section 81(1), by way of Non-Convertible Preference Shares, at a rate of Rs. 10 per share and on such other terms and conditions as to coupon rate, redemption and rights, as the Board may consider fit; provided that the total amount of issue shall not exceed Rs. 6.00 Crores (Rupees Six Crores only).

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all steps as it may deem necessary, desirable and expedient and to do all acts, deeds and things in connection therewith and incidental thereto, as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the company and the decision of the Board shall be final and conclusive."

New Delhi-110017  
Dated: 30. 06. 2004

By order of the Board  
For AHLCON PARENTERALS (INDIA) LIMITED

Nilanchal Pradhan  
Company Secretary

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN, 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the company shall remain closed from 28<sup>th</sup> July 2004 to 7<sup>th</sup> August 2004 (both days inclusive).
3. All documents referred in the notice are open for inspection at the Registered Office of the company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Annual General Meeting.
4. Members/ Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
5. It will be appreciated that queries, if any, on accounts and operations of the company are sent to the corporate office of the company ten days in advance of the meeting so that the information may be made readily available.
6. Shareholders are requested to intimate the change in address, if any, to the Company's Registrar and Share Transfer Agent M/s Mas Services Pvt. Ltd, at AB-4, Safdarjung Enclave, New Delhi-110029.
7. Shareholders are requested to bring their copy of Annual Report to the meeting.
8. At the ensuing Annual General Meeting Mr. Arun Kumar Gupta, Prof. G P Talwar, Dr. S S Arora and Ms. Sudarshan Walia shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement the particulars of above said Directors are given below:

**Mr. Arun Kumar Gupta**

Mr. Gupta is having the qualifications as FCA, CWA and is a Management Consultant by profession. He was nominated to the Central Council of the Institute of Chartered Accountants of India from 1992 to 1995. He is having to his credit of restructuring of many big corporate houses.

He joined the Board of your Company as a Director on 15-03-1993 and serving your company continuously till date.

Other Directorship : 1. Ahluwalia Contracts (India) Limited 2. Satia Synthetics Limited

He has been nominated as the chairman of Audit Committee and members of Remuneration Committee and Shareholders Grievance Committee in Ahluwalia Contracts (India) Limited

**Prof. G P Talwar**

Prof. Talwar is having the qualifications of B. Sc( Hons.) M.Sc(Tech.) and Docteur es Sciences( Sorbonne). He is the Founder Director of the Talwar Research Foundation for Immunology. To name a few of his previous experience, he was the head of Research and Training Centre in Immunology of WHO for India and South East Asia, Professor and HOD of Biochemistry, AIIMS, New Delhi, Professor of Eminence and Senior consultant, International Centre for Genetic Engineering and Bio Technology, New Delhi.

He has been bestowed with several prestigious Honours and Awards by many premier organizations at national and international level.

**Dr. S S Arora**

Dr. Arora is an MBBS, MD and having the Fellowship of American Association for Respiratory Care, USA. He is having a very large experience in the pharmaceutical field. Presently he is a Senior Consultant, Batra Hospital, New Delhi.

**Ms. Sudarshan Walia**

Ms Sudarshan Walia, a Graduate by qualification and industrialist by profession. She has been a part of the company since its inception and has been serving the company as a director. As an industrialist, she is having an experience of more than 30 years.

Other Directorship : 1. Ahluwalia Contracts (India) Limited, 2. Ahluwalia Builders and Development Group (P) Limited, 3. Capricorn Industrials Limited

**Annexure to Notice: Explanatory Statement u/s 173(2) of the Companies Act, 1956.**

**Item No. 7 & 8**

The present tenure of the Managing Director, Mr. M K G Pillai and the Whole Time Director, Dr. Rohini S Ahluwalia, was coming to an end on dated 20.05.2004 and 31.03.2004 respectively.

Under the able guidance and management of Mr. Pillai and Dr. Rohini, the company has achieved its manifold objectives. Keeping the long-standing services of both the directors and in the best interest of the company, the Board has reappointed both the directors for another five years in its meeting held on 31<sup>st</sup> March 2004.

Mr. Pillai is M.Com with LL.B, having specialisation in Business Management. He is having more than 40 years of experience to his credit. Before inception of the pharmaceutical business of your company, he was the Managing Director for more than 10 years, of a well known EOU Company namely JV Electronic Limited in collaboration with Slumbreger, a big name in South Carolina, USA with head quarters in France.

He has been appointed as the Managing Director of your Company in the year 1994 and continuing in the same position, with your approval, till date.

Dr. Rohini S Ahluwalia is an MBBS and having a vast experience in the field of pharmaceutical industries. She is an eminent successful lady industrialist who is looking after the company as a Whole Time Director for past many years. Her intensive knowledge and in-depth management strategies has made the company successful through many troubled phases.

As per the provisions of Part III of Schedule XIII of the Companies Act, 1956, the reappointment and remuneration of such directors shall have to be approved by the shareholders of the company by way of a resolution in their general meeting.

As per the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance, the Remuneration Committee of the company has approved the terms of appointment and the remuneration stated in the resolution.

Therefore, the Board recommends approving item no. 7 and 8 by way of Ordinary Resolutions.

None of the Directors of the company are interested in the resolutions except Mr. M K G Pillai and Dr. Rohini S Ahluwalia being the appointees and Mr. Bikramjit Ahluwalia and Ms Sudarshan W alia, being the relatives of Dr. Rohini S Ahluwalia.

#### Item Nos. 9,10 & 11

It is well aware to the members that the Board of Industrial and Financial Reconstruction (BIFR) vide its order dated 17.12.1999 had sanctioned a Rehabilitation Scheme which *inter-alia*, provided for induction of funds by way of capital infusion or interest free unsecured loans to the tune of Rs.6 Crores from Promoters & Associates, for meeting the cost of the revival scheme. It was also a condition that the promoters shall, also finance any shortfall in the projection of profitability and cash flow.

With valuable contributions from all concerned, the net worth of the company became positive in the year 2001 and the BIFR vide its order dated 13.06.2001, pleased to declare the company out of its purview with a precondition that the unfulfilled obligations, if any, under the sanctioned scheme would continue to remain in force for the un-expired period of the scheme, i.e. upto 31<sup>st</sup> of March, 2004.

As per the commitment of the promoters, to finance the rehabilitation scheme, the promoter company M/s Ahluwalia Contracts (India) Limited has extended interest free loan of Rs.6.23 Crores. The BIFR has specifically exempted the promoter company from the applicability of the provisions of Section 372A of the Companies Act, 1956 relating to charging of interest by lending company. As per the scheme, the shield of interest free investment by the promoter company was available upto 31<sup>st</sup> March 2004. As the period of the scheme has come to an end on the completion of the financial year 2003-04, the company has to bear the interest on the amount of loan extended as interest free by the promoter company.

As a measure to raise finance through other best alternatives, the Board has proposed to raise the same by way of issue of Preference Shares on private placement basis.

As per the provisions of Section 81 (IA) of the Companies Act, 1956, a company can issue shares to persons other than the existing shareholders if the same is resolved by the Shareholders of the company by way of a Special Resolution.

Keeping in view the issue of such preference shares and redemption of the same in future, the present level of Authorised Capital of Rs. 11 Crores needs to be increased. The Board has approved for increasing the Authorised Capital by creation of further Share Capital of Rs. 7 Crores. As per the provisions of Section 94 of the Companies Act, 1956, the company can increase its share capital and make simultaneous amendment of the Capital Clause in the Memorandum of Association, with the approval of the shareholders by way of an Ordinary Resolution.

For amending the Articles of Association, as per the provisions of Section 31 of the Companies Act, 1956, consent of the shareholders by way of a Special Resolution is necessary.

To allot preference shares to persons other than the existing shareholders pursuant to the provisions of Section 81 (IA) of the Companies Act, 1956, the consent of the shareholders by way of a Special Resolution is necessary.

Therefore, the Board recommends approving item no. 9 by way of an Ordinary Resolution and item nos. 10 & 11, by way of Special Resolutions.

None of the Directors of the company are interested in the resolutions.

## DIRECTORS ' REPORT

To The Members,

Your Directors have pleasure in presenting their 12<sup>th</sup> Annual Report on the business and operation of your Company for the year ended 31<sup>st</sup> March 2004.

**Financial Results:**

(Rs. in Lacs)

For the year ended	31.03.2004 (Current Year)	31.03.2003 (Previous Year)
Sales and other Income	2,977.89	1,663.71
Gross operating Profit	779.90	381.21
Financial Charges	182.23	106.94
Cash Profit	597.67	274.27
Depreciation	306.29	223.86
Misc. expenditure written off	3.98	3.98
Profit before Tax	287.40	46.43
Provision for deferred Tax	113.27	21.31
Provision for Current Tax	21.87	3.50
Income Tax for Earlier Years	-	1.62
Profit after Tax	152.26	20.00
Provision for doubtful debt/advances written back	3.57	0.54
Balance brought forward from previous year	6.28	(14.26)
Profit /(loss) carried forward	162.11	6.28

**OPERATIONS AND PERFORMANCE**

The financial performance of the year under review has achieved a new height and fulfilled all the targeted projections and calculations. The company has achieved a sales turnover of Rs. 2952.75 Lacs, a growth of 82% (Approx) as compared to the previous year's figure of Rs. 1623.40 lacs. Due to the constant efforts put by the directors on cost reduction, the company has achieved a profit before tax of Rs. 287.40 lacs as compared to the previous year's figure of Rs. 46.43 lacs, a growth of 619% (Approx). The annexed Auditors' Report and Notes forming part of the accounts are self explanatory.

**CORPORATE REVIEW**

Due to the liberalization policy adopted by the Govt of India particularly for pharmaceutical sector, the basic concept of pharma business have undergone major changes. Exchange and acquisition of brands has become the trend in the global market. Taking advantage of the increased demand of Indian pharmaceutical products in the international market, the company has made arrangement with several agencies those who are having better marketing network internationally to expand the export sales in the coming years.

During the year under review, due to the major expansions carried out in the previous years for creating additional capacity on which commercial production has already started, the capacity utilization of your company was 85%.

As reported earlier year, your company has achieved the most desired standard GMP (Good Manufacturing Practice) Standard to get its products of international recognition with highest quality. After achieving the benchmark, the demand for the products your company has considerably increased in both the domestic and international market. Even though the major share of the revenue of the company was contributed by the contract manufacturing business, due to the additional capacities created in the previous years in both the SVP and LVP lines, the company has started building its own branded products. Major thrust has now been put on manufacturing and marketing of such products in both the domestic as well as international markets.

**EXPANSION/PRODUCT DEVELOPMENT**

It was the essence of the time to increase the range of products and volume to sustain in the niche market, which your company has developed and also to meet the demand of the valued customers whose numbers are growing day by day. After the installation of additional capacities in the SVP line and diversion of activities into ophthalmic / Ear care products, the range of the products both in contract manufacturing as well as own branded products, has increased to a great extent. It was the constant demand of the valued customers to add products of SVP which can conveniently be added to the mainstream. Your directors are putting their best efforts to achieve the full capacity utilization of the additional capacities created during the current year itself.

### Exports

Due to the improvement in the international business scenario, the company has been able to earn Rs.204.15 Lacs in comparisons to Rs. 133.15 Lacs in the Previous year. In addition to the direct exports, the company has achieved indirect export through third parties Rs. 89.73 Lacs, making the total exports, to Rs. 293.88 Lacs. The company has developed third parties in India, for export of the products, who have a better marketing network internationally. In such practice, apart from assured payment, your company is also benefited by getting credit for its export obligations under the EPCG Scheme and in some cases, the DEPB benefits also. Your directors are continuously exploring the possibilities to increase the export earnings.

### Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company, Mr. Anun Kumar Gupta, Prof. G P Talwar, Dr. S S Arora and Ms. Sudarshan Walia, Directors of the company retire by rotation and being eligible offer themselves for reappointment. Keeping in view the longstanding service provided by them for overall development of the company, your directors hope for their reappointment to the Board.

**Directors' Responsibility Statement :** Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That the applicable accounting standards have been followed alongwith proper explanation relating to material departures in the preparation of annual accounts;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

### Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled " Report on Corporate Governance" has been annexed to this Annual Report.

### Auditor's Report

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

**Auditors:** M/s Arun. K. Gupta & Associates, statutory auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

### Conservation of Energy, Technology absorption, Foreign Exchange Earnings/Outgo

The information pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is furnished in the Annexure forming part of this report.

Particulars of employees: During the year under review, no employee was in receipt of remuneration exceeding the specified limits. Hence, no disclosure under 217(2-A) of the companies Act, 1956, is required to be made.

### Industrial Relation

The Company continued to maintain very healthy, cordial and harmonious industrial relations at all levels and the Directors wish to place on record their appreciation for the contributions made by the employees at all levels and take this opportunity to thank all employees for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of employees have enabled the Company to remain at the forefront of the industry despite severe competition.

### Acknowledgements

Your Directors would like to express their grateful appreciation to the Allahabad Bank for their timely financial help and assistance at all phases of working to make it successful.

They also express their grateful appreciation for the assistance and cooperation received from the shareholders, RIIICO and various government authorities. Last but not the least, the directors wish to place on record their deep sense of appreciation for the devoted service of the Executives, Staff and workers of the company for its success.

For and on behalf of the Board of Directors

New Delhi - 110017  
Date : 30.06.2004

**Bikramjit Ahluwalia**  
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT****I - Conservation of Energy**

The following measures have been undertaken by your company during the year for conservation of energy.

1. General reduction in energy consumption level by minimum use of lighting and fans in the production/ packing area, stores, office and corridors and area outside the plant.
2. Timely preventive maintenance of Electrical motors and accessories.

**(A) 1. Electricity, Power and Fuel Consumption**

	Current Year	Previous Year
(a) Purchased :		
Units	3383470	2070928
Total amount (Rs.)	13928022	9111887
Average Rate per Unit	4.12	4.40
(b) Own Generation :		
Units Generated	519370	326306
Units generated per liter of Diesel oil	3.01	2.97
Average Cost per Unit (Rs.)	6.12	5.55
2 Fuel ( Furnace Oil/ LDO) :		
Units ( Ltrs. )	1416791	619145
Total amount (Rs.)	16268368	7166979
Average Rate/Unit (Rs.)	11.48	11.57
<b>(B) Average Consumption (value) per unit of production :</b>		
Electricity	0.222	0.307
Fuel (Furnace Oil/ LDO)	0.211	0.201

**II- Technology absorption, adoption and innovation :**

The company manufactures I V Fluids using the FFS (Form-Fill-Seal) technology, imported from Rommelag AG of Switzerland which is fully absorbed and as a result of which the company is able to derive the benefits of import substitution of materials and superior quality products.

**III- Foreign Exchange earnings and outgo:**

	Current Year	Previous Year
Foreign Exchange earnings	204.15	133.15
Foreign Exchange Outgo :		
(a) Foreign Travel	2.02	16.79
(b) Imports - Spares	6.94	31.41
(c) Imports - Raw Materials	335.24	189.83
(d) Commission	2.89	1.11
(e) Bank charges	0.32	0.31
(f) Registration Charges	2.81	4.13
(g) Capital goods	-	1057.91

For and on behalf of the Board of Directors

New Delhi - 110017

Date : 30.06.2004

**Bikramjit Ahluwalia**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENTS

In the last few years the industrial scenario in pharmaceutical sector is changing fast as the Indian pharmaceutical industry is gradually aligning itself with international pharmaceutical industry. As 2005 is approaching now and India has to recognize the product patent regime instead of the present process regime, the ray of hope for Indian pharmaceutical industry is the global generic market which is according to a recent estimate, is growing at a rate of over 20%. In the next 2 years time, more than 7 block busters molecules are getting out of patent. US generic market itself is pegged at around USD 50 billion which is almost 10 times the total pharmaceutical market in India as on date. Even if the Indian industry is able to take 10% off this share, it will give enormous growth potential to Indian Industries. Your company is also putting its every efforts to encash upon this opportunity.

### OUTLOOK ON OPPORTUNITIES

With the increase in capital outlay on healthcare segments, ongoing liberalization in insurance sector and increased governmental spending on healthcare is going to have a positive effect on the pharmaceutical industry. Also with the healthy growth in GDP and proportionate increase in the per capita income, Indian household spending on healthcare will also increase. Due to these microeconomics factors, all the industries shall grow at a faster rate including the pharmaceutical industry. The Indian customer is also getting more educated and because of its international awareness owing to the telecommunication revolution, is becoming more and more demanding and quality conscious. These changes in the attitude of the customer will result into a better growth prospects for the companies, which are aligned to the better customer needs and customer services. Indian pharmaceutical industry is again anticipated to grow at the rate more than 15% annually in real terms and this creates enough room for the growth of quality conscious and customer oriented organizations.

### OUTLOOK ON THREATS, RISK AND CONCERNS

The dynamics of intravenous Infusion industry has not changed much more and this industry continues to suffer from poor pricing policies of the few greedy players. Though this is affecting the bottom lines of all the organizations across the industry but nobody is able to change the scenario. This is having a negative impact on the progress of the industry, as revenue demands for upgradations and research & development is not met with. To hedge with such kind of risk, Ahlcon has developed a strategy to align itself with the global market and there by reducing the risks arising out of local competitions. This required a commitment both in terms of quality and investment.

### EXPANSION / PRODUCT DEVELOPMENT

It was the essence of the time to increase the range of products and volume to sustain in the niche market, which your company has developed and also to meet the demand of the valued customers whose numbers are growing day by day. After the installation of additional capacities in the SVP line and diversion of activities into ophthalmic/ Ear care products, the range of the products both in contract manufacturing as well as own branded products, has increased to a great extent. It was the constant demand of the valued customers to add products of SVP which can conveniently be added to the mainstream. Your directors are putting their best efforts to achieve the full capacity utilization of the additional capacities created during the current year itself.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adequate internal control procedures commensurate with its size and- nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. The internal control system provide for well documented policies, guidelines, authorisations and approval procedures. The Company has an Internal Audit Department, which carries out audits extensively throughout the year. The prime objective of such audits is to test the adequacy and effectiveness of all internal controls laid down by the management and to suggest improvements.

The company has constituted an Audit Committee, which continuously reviews the internal control procedure and suggestions given by the committee are immediately incorporated into the system.

### FINANCIAL AND OPERATIONAL PERFORMANCE

The same has been discussed elaborately in the Directors Report.

### HUMAN RESOURCES

The Company regards its human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain its substantial pool of scientific, technical and managerial resources through a work environment that encourages initiative, provides challenges and opportunities. Adequate facilities and opportunities are also being provided to the technical and professional staffs to update themselves in the fast changing era of technologies.

### CAUTIONARY NOTE

Certain statements in the above report may be forward looking and are stated as required by legislations in force. The actual results may be affected by many factors, which may be different from what the Directors/Management envisage in terms of future performance and outlook.

### REPORT ON CORPORATE GOVERNANCE

The best corporate governance practices has been adopted by Ahlcon and the same is being continuously reviewed to ensure that they adhere to the latest corporate developments and conform to the best corporate governance ethics.

**In accordance with Clause 49 of the listing agreement with the stock exchanges, the details of compliance by the Company are as under:**

#### 1. Board of Directors

The Board is having a non-executive Chairman and appropriate composition of Executive and Non- Executive Directors conforming to the specification provided in the Listing Agreement. All the Directors are equipped with variety of perspectives and skills, to ensure effectiveness of the Board, facilitating efficient discharge of duties and adding value in the context of the Company's circumstances.

The Board of Directors consists of 9 directors and the composition and category of Directors is as follows:

Name of Director	Category	Board Meeting Attended	Attendance at the Last AGM held on 30/09/03	No. of Directorship in other Companies	Number of Committee membership held in other Companies		Remarks
					Chairman	Member	
Mr. Bikramjit Ahluwalia	Chairman (Promoter) Non Executive	5	Yes	3	Nil	Nil	Since Incorporation
Mr. M.K.G.Pillai	Managing Director (Executive)	6	Yes	1	Nil	Nil	20.5.1994. Reappointed as M.D. on 31.03.2004
Ms. Sudarshan Walia	Director (Promoter) Non Executive	5	Yes	3	Nil	1	Since Incorporation
Dr. Rohini S. Ahluwalia	Whole Time Director (Promoter & Executive)	6	Yes	2	Nil	Nil	01.04.1994. Reappointed as WTD on 31.03.2004.
Mr. Anun Kumar Gupta	Independent Director Non Executive	5	Yes	3	1	2	15.03.1993
Mr. V. K. Sachdeva	Independent Director Non Executive	3	No	2	1	3	16.08.1993
Dr. S. S. Arora	Independent Director Non Executive	3	No	Nil	Nil	Nil	30.01.2002
Prof. G. P. Talwar	Independent Director Non Executive	4	No	Nil	Nil	Nil	30.01.2002
Dr. S.C.L.Gupta	Independent Director Non Executive	4	No	Nil	Nil	Nil	29.01.2003

Six Board meetings of the Company were held during the year on the following dates:

I	30.06.2003	II	30.07.2003	III	30.10.2003	IV	29.11.2003
V	30.01.2004	VI	31.03.2004				

None of the Directors on the Board hold directorship in more than fifteen companies and no Director is a member of more than 10 committee and Chairman of more than 5 Committee ( as specified in Clause 49), across all the Companies of which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

There are no pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company.

#### 2 Board and its subordinate Committees

With a view to sub serve the functions specifically prescribed by Clause 49 of the listing agreements, the company has constituted an Audit Committee, Remuneration Committee and Shareholders Grievance Committee. The following report depicts the composition of the committees and also the nature of functions performed by them during the year under report:

**Audit Committee**

The Board has constituted an Audit Committee on dated 30th April 2002 and nominated Mr. Arun Kumar Gupta, an Independent Director and a Chartered Accountant by profession, as the Chairman of the Committee. The role and powers of the audit committee as stipulated by the Board are in accordance with the items listed in Clause 49 (II) (C) & (D) of the Listing Agreement and as per Section 292A of the Companies Act 1956.

The composition and other details of the committee are as follows.

Name of the Director	Designation	Nature of Directorship	No of Meetings	
			Held	Attended
Mr. Arun Kumar Gupta	Chairman	Independent Director	3	3
Mr. V K Sachdeva	Member	Independent Director	3	2
Dr. S.S.Arora	Member	Independent Director	3	3
Dr. Rohini S Ahluwalia	Member	Whole Time Director	3	3

The Statutory Auditors and the Internal Auditors of the Company were also invited to attend the Audit Committee meetings along with the Director in charge of Finance. As per the need, other key functionaries of the company were also invited to attend the meetings.

Three Audit Committee meetings were held during the year on the following dates: I. 30.06.2003, II. 26.12.2003, III. 31.03.2004.

**REMUNERATION COMMITTEE**

Composition, and other details of the Committee are as follows :

Name of the Director	Designation	Category
Mr. V.K.Sachdeva	Chairman	Independent Director
Mr. Arun Kumar Gupta	Member	Independent Director
Dr. S.S.Arora	Member	Independent Director
Mr. M.K.G. Pillai	Member	Managing Director

A meeting of the Committee was held on 31.03.2004 to consider and approve the remuneration package to be paid to the two Executive Directors of the company on their reappointment, which was attended by all the members .

The text of the resolution approved by the Committee is given under item no. 7 & 8 of the notice to shareholders for the current AGM.

**Shareholders' / Investors' Grievance Committee**

The Board of Directors of the Company has constituted a Shareholders' / Investors' Grievance Committee, comprising of Shri G P Talwar, Chairman, Shri M K G Pillai, Member, Dr. Rohini S Ahluwalia, Member. The Committee, *inter alia* approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressal of shareholders' complaints like transfer of shares, non-receipt of balance sheet etc. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The Board of Directors have delegated the power of approving transfer of securities to the Company Secretary.

The Board has designated Shri Nilanchal Pradhan, Manager-Legal and Company Secretary, as the Compliance Officer.

Sixty Two complaints were received and replied to the satisfaction of the shareholders during the year under review and there were no complaints outstanding to be resolved as on 31<sup>st</sup> March 2004.

**3 Board Procedure**

The Chairman of the Board and the Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings. All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/approval/decision in the Board/ Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board Meetings. Agenda papers are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda Papers for facilitating meaningful, informed and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.

#### 4 Compliance

The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the meeting(s) and holding and conducting the meetings, is responsible for and is required to ensure adherence to all the applicable provisions of law including the Companies Act, 1956 and the Secretarial Standards recommended by the Institute of Company Secretaries of India, New Delhi.

#### 5 Details of remuneration to Directors for the year

The aggregate value of salary and perquisites including commission payable for the year ended 31st March, 2004 to the Managing Directors/Wholetime Directors is as follows:

Shri M K G Pillai , Managing Director : Salary & Allowances Rs. 3,93,360; Perquisites Rs. 1,12,812

Dr. Rohini S Ahluwalia, Whole time Director : Salary & Allowances Rs. 2,82,000; Perquisites Rs. 1,03,691

Sitting fees to Non- Executive Director (from 01.04.2003 to 31.03.2004)

Non Executive Director	No. of Board/ Committee Meeting attended	Sitting fees (Rs.)
Mr. Arun Kumar Gupta	9	12000
Mr. V. K. Sachdeva	6	9000
Dr. S. S. Arora	7	10000
Dr. G .P. Talwar	4	4000
Dr. S.C. L. Gupta	4	4000

#### 6 Annual General Meetings

Location and time for last 3 Annual General Meetings were as follows:

##### Year Location Date Time

2000-01 Ahlcon Public School Auditorium, Mayur Vihar, Phase-I, Delhi-92 on 28th September 2001 at 3.30 P .M.

2001-02 Same venue as mentioned above on 30<sup>th</sup> September 2002 at 03.00 P.M

2002-03 same venue as mentioned above on 30<sup>th</sup> September 2003 at 4.00 P.M

In the AGM held for the year ended 31<sup>st</sup> March, 2003, one resolution seeking confirmation of extension of Corporate Guarantee U/S 372A was passed by postal ballot system. The votes Polled in favour of the resolution was 38 containing 3923826 Equity Shares and against the resolution was 5, containing 4800 Equity Shares. Mr. Lalit Dhingra, proprietor, Lalit Dhingra & Associates, Practising Company Secretaries, was appointed by the Board as Scrutiniser for conducting the postal ballot process in a fair and transparent manner.

One item relating to amendment of Articles to include the provision of passing of resolutions through postal ballot system was adopted through Special Resolution.

#### 7 a Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

#### b Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

No penalty or strictures had been imposed on the company by any regulatory authorities relating to capital marketing the last three years.

#### 8 Means Of Communication

The quarterly/six monthly results of the company were published during the financial year under review in leading national newspaper namely, The Pioneer and Business Standard in English and Veer Arjun in Hindi.

#### 9 The Management Discussion and Analysis Report forms part of this Annual Report.

#### 10. General Shareholder Information

##### 10.1 Annual General Meeting

The 12th Annual General Meeting of the company will be held on 7th. August 2004 at Ahlcon Public School Auditorium, Mayur Vihar, Phase-I, New Delhi-92 at 3.00 p.m.

**10.2. Book closure date :** Wednesday, the 28<sup>th</sup> July, 2004 to Saturday, the 7<sup>th</sup> August, 2004 (both days inclusive), for the purpose of Annual General Meeting.

**10.3. Dividend payment date :** No dividend has been recommended by the Board for distribution.

**10.4. Listing of Equity Shares on Stock Exchanges at :** Mumbai, Calcutta, New Delhi and Jaipur.

Note: The company has paid Annual Listing Fee to each of these Stock Exchanges and their respective addresses have been given in the Annual Reports sent to members alongwith the notice of the 12<sup>th</sup> Annual General Meeting of the company.

**10.6 (a) Stock Code :** • Trading Symbol - Bombay Stock Exchange : '524448' Ahlcon Paren

**(b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares :** ISIN No. INE027C01011.

**(c) Stock Market Data (In Rs./per share) Month Bombay Stock Exchange (BSE) Month's High Month's Low**

April, 2003	6.05	3.71
May, 2003	5.91	3.36
June, 2003	13.84	5.96
July, 2003	9.19	5.96
August, 2003	16.20	9.60
September, 2003	19.15	14.81
October, 2003	15.60	6.80
November, 2003	8.91	6.00
December, 2003	12.12	7.10
January, 2004	13.25	7.70
February, 2004	8.65	6.60
March, 2004	7.25	5.25

**10.7. Registrars and Transfer Agents :**

M/s MAS Services Pvt. Ltd.  
 AB-4, Safdarjung Enclave  
 New Delhi-110 029  
 Tel. No.-011-26104142,26104326  
 Fax No.- 011-26180181  
 e.mail: [masserv@iasdl01.vsnl.net.in](mailto:masserv@iasdl01.vsnl.net.in)

**10.8. Share Transfer System**

Presently, the share transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. All the dematerialisation request received from the shareholders are confirmed within the specified period of 21 days from the date of its generation of DRN Number by the DPs and physically received in the office of the RTA.

**10.9. Distribution of Shareholding as on 31<sup>st</sup> March, 2004**

Sl. No.	Category	No of Shares held	% of Shareholding
1	Promoters	41,38,652	57.480
2	Persons acting in concert	30,900	0.429
3	NRI's, OCB's etc.	Nil	Nil
4	Mutual Funds, Banks, FII's	Nil	Nil
5	Bodies Corporate	8,51,507	11.826
6	Indian Public	21,79,091	30.265
	<b>TOTAL</b>	<b>72,00,150</b>	<b>100.00</b>

**10.10. Dematerialisation of Shares**

86.63 % of the Company's paid-up equity share capital has been dematerialised as on 31<sup>st</sup> March, 2004. Trading in Equity Shares of the Company is permitted only in dematerialised form as per notification issued by the Securities and Exchange Board of India (SEBI).

**Liquidity**

The shares of the company are being regularly traded in the Bombay Stock Exchange.

**10.11. Plant Locations- Bhiwadi**

SP- 918, Phase-III, Bhiwadi, Dist- Alwar, Rajasthan

**10.12 Address for Correspondence**

For share transfer, transmission and dematerialisation request

M/s MAS Services Pvt. Ltd.

AB-4, Safdarjung Enclave, New Delhi-110 029

Tel. No.-011-26104142,26104326

Fax No.- 011-26180181

e.mail: masserv@iasdl01.vsnl.net.in

Any assistance relating to such matters or Annual Report may be taken up with Mr. Nilanchal Pradhan, Company Secretary & Manager-Legal.

**AUDITORS' CERTIFICATE**

TO  
THE MEMBERS OF  
AHLCON PARENTERALS (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by Ahlcon Parenterals (India) Limited (the Company) for the year ended on March 31<sup>st</sup>, 2004, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

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

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

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

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

For **Arun K. Gupta & Associates**  
Chartered Accountants

**Pradeep Kumar Agarwal**  
Partner  
M.NO. 85534

New Delhi  
Date : 30.06.2004

## AUDITORS' REPORT

To,  
The Members of  
AHLCON PARENTERALS (INDIA) LIMITED

1. We have audited the attached balance sheet of Ahlcon Parenterals (India) Ltd., as at 31st March 2004, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2004;
    - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **ARUN K. GUPTA & ASSOCIATES**  
Chartered Accountants

**Pardeep Kumar Agarwal**  
(PARTNER)  
M.NO. 85534

New Delhi  
Date : 30-06-2004

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date)

Re : Ahlocon Parenterals (India) Limited

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of its business. In our opinion the company has not disposed of any substantial part of its fixed assets during the year and the going concern status of the Company is not effected.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory except for work in progress, which has been determined on the physical verification at the year-end. No material discrepancies in inventory were noticed on physical verification.
3.
  - (i) As informed to us, the Company has not granted any loan, secured or unsecured to companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956
  - (ii) In our opinion, terms and conditions of interest free loan taken from the company covered in the register maintained u/s 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
4. 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 purchase of inventory and fixed assets and for the sale of goods. Accordingly the issue of continuing failure to correct major weakness in internal control in these areas does not apply.
5. According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time and the same has been entered into in the register maintained u/s 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules made there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records.



9. (i) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Excise-Duty Cess and other statutory dues applicable to it with the appropriate authorities. According to the 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 outstanding, as at 31st March 2004 for a period of more than six months from the date they became payable.
- (ii) According to the records of the Company, there are no dues outstanding of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty & Cess on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or bank.
12. According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanation given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi / mutual benefit fund and Societies.
14. The Company has not dealt / traded in shares, securities, debentures and other investments.
15. The Company has given Corporate guarantee of Rs 2450 lacs in favour of Allahabad Bank, for loans taken by its promoter company M/s Ahluwalia Contracts (India) Limited from Allahabad Bank. In our opinion the terms and conditions thereof are not prejudicial to the interest of the Company.
16. Based on the audit procedures applied by us & according to the information & explanations provided by the management no term loan taken by the company during the year.
17. We have been informed by the management that the fund raised on short term basis have not been used for long-term investment & vice versa.
18. The company has not made during the year any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by our Audit, the Company has not issued any debentures.
20. The company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information & explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **ARUN K. GUPTA & ASSOCIATES**  
Chartered Accountants

**Pardeep Kumar Agarwal**  
(PARTNER)  
M.NO. 85534

New Delhi  
Date : 30-06-2004

## BALANCE SHEET AS AT 31ST MARCH 2004

Particulars	Schedule	As at 31-03-2004		As at 31-03-2003	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SOURCES OF FUNDS</b>					
<i>Shareholders Funds :</i>					
Share Capital	1	81,001,500		81,001,500	
Reserves and Surplus	2	1,79,65,359		2,382,049	
<i>Loan Funds :</i>					
Secured Loans	3	119,733,504		120,100,066	
Unsecured Loans		62,366,000		78,149,870	
Deferred Tax Liability		17,664,578		6,337,845	
<b>TOTAL</b>		<b>298,730,941</b>		<b>287,971,330</b>	
<b>APPLICATION OF FUNDS</b>					
<i>Fixed Assets :</i>					
Gross Block	4	396,005,434		352,135,148	
Depreciation		<u>131,126,813</u>		<u>100,971,996</u>	
Net Block		<b>264,878,621</b>		251,163,152	
<i>Current Assets, Loans &amp; Advances</i>					
Inventories	5	54,096,796		35,604,106	
Sundry Debtors	6	41,310,991		34,060,816	
Cash & Bank Balances	7	4,558,309		12,820,977	
Loans & Advances	8	14,783,380		12,354,787	
		<u>114,749,476</u>		<u>94,840,686</u>	
Less: Current Liabilities & Provisions	9	<u>81,158,129</u>		<u>58,691,976</u>	
Net Current Assets		<b>33,591,347</b>		36,148,710	
Miscellaneous Expenditure (to the extent not written off or adjusted)	10	260,973		659,468	
<b>TOTAL</b>		<b>298,730,941</b>		<b>287,971,330</b>	

As per our report of even date  
For **Arun K. Gupta & Associates**  
Chartered Accountants

**Pradeep Kumar Agarwal**  
Partner  
M. No. 85534

**Bikramjit Ahluwalia**  
Chairman

**M.K.G. Pillai**  
Managing Director

**Dr. Rohini S. Ahluwalia**  
Whole Time Director

New Delhi  
Date : 30-06-2004

**Nilanchal Pradhan**  
Company Secretary

**Rajeev Kumar Walia**  
Deputy General Manager (F & A)

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

Particulars	Schedule	Current Year (Rs.)	Previous Year (Rs.)
<b>INCOME</b>			
Sales	11	295,275,101	162,340,540
Other Income	12	2,514,253	4,030,708
Increase / (Decrease) in Stock	13	11,291,190	1,697,478
<b>Total</b>		<b>309,080,544</b>	168,068,726
<b>EXPENDITURE</b>			
Material	14	83,119,421	45,448,457
Personnel	15	28,737,368	19,027,923
Expenses	16	119,232,405	65,471,264
Financial Charges	17	18,223,439	10,693,970
Depreciation		30,629,210	22,385,957
Miscellaneous expenditure written off		398,494	398,540
<b>Total</b>		<b>280,340,337</b>	163,426,110
Net Profit		28,740,207	4,642,616
Provision for Deferred Tax		11,326,733	2,130,706
Provision for Current Tax		2,187,000	350,000
Income tax for earlier years		—	161,997
Provision for doubtful debts/ advances written back		356,836	53,671
Balance brought forward from previous year		627,803	(1,425,781)
Balance carried to Balance Sheet		16,211,113	627,803
Earning per shares (EPS) Basic / Diluted		2.16	0.29
Notes on Accounts	18		

As per our report of even date  
For **Arun K. Gupta & Associates**  
Chartered Accountants

**Pradeep Kumar Agarwal**  
Partner  
M. No. 85534

**Bikramjit Ahluwalia**  
Chairman

**M.K.G. Pillai**  
Managing Director

**Dr. Rohini S. Ahluwalia**  
Whole Time Director

New Delhi  
Date : 30-06-2004

**Nilanchal Pradhan**  
Company Secretary

**Rajeev Kumar Walia**  
Deputy General Manager (F & A)

**SCHEDULE 01 - SHARE CAPITAL**

Particulars	As at 31.03.2004 (Rs.)	As at 31.03.2003 (Rs.)
<b>Authorised</b>		
80,00,000 Equity Shares of Rs. 10/- each	80,000,000	80,000,000
30,00,000 Preference Shares of Rs.10/- each	30,000,000	30,000,000
	<u>110,000,000</u>	<u>110,000,000</u>
<b>Issued &amp; Subscribed</b>		
72,00,150 Equity Shares of Rs. 10/- each	72,001,500	72,001,500
9,00,000 - 0% Redeemable Preference Shares of Rs.10/- each	9,000,000	9,000,000
	<u>81,001,500</u>	<u>81,001,500</u>
<b>Paid up</b>		
7200150 (Previous year 7200150) Equity Shares of Rs.10/- each fully paid up	72,001,500	72,001,500
900000 , 0% Redeemable Preference Shares of Rs.10/- each fully paid up (The preference shares issued on 5-6-2000 are redeemable at par after 5 years from the date of issue at the call and put option at one month notice)	9,000,000	9,000,000
	<u>81,001,500</u>	<u>81,001,500</u>

**SCHEDULE 02 - RESERVES AND SURPLUS**

Particulars	As at 31.03.2004 (Rs.)	(Rs.)	As at 31.03.2003 (Rs.)	(Rs.)
<b>Capital Reserve</b>				
State Subsidy on Fixed Capital Investment	1,721,246		1,721,246	
Surplus on Reissue of Forfeited Shares	33,000	1,754,246	33,000	1,754,246
<b>Revenue Reserve</b>				
Surplus in Profit / (Loss) A/c		16,211,113		627,803
		<u>17,965,359</u>		<u>2,382,049</u>

**SCHEDULE 03 - LOAN FUNDS**

Particulars	As at 31.03.2004 (Rs.)	As at 31.03.2003 (Rs.)
<b>A. Secured Loans</b> (Refer note no 4 & 5 in Schedule 18)		
Working Capital Loan		
From Allahabad Bank	38,004,952	34,202,972
<b>Term Loans</b>		
From Allahabad Bank	80,000,000	85,000,000
Vehicle Loan : From Banks	1,006,905	897,094
Interest accrued & due	721,647	—
	<u>119,733,504</u>	<u>120,100,066</u>
<b>B. Unsecured Loans from:</b>		
( i ) Bodies Corporate	62,366,000	77,596,870
( ii ) Interest accrued & due	—	553,000
	<u>62,366,000</u>	<u>78,149,870</u>

**SCHEDULE 04  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 1-04-2003 (Rs.)	Additions during the year (Rs.)	Adjustments during the year (Rs.)	Cost as at 31-03-2004 (Rs.)	Up to 31-03-2003 (Rs.)	For the Year (Rs.)	Adjustments 31-03-2004 (Rs.)	AS AT 31-03-2004 (Rs.)	As at 31-03-2003 (Rs.)
Land (Lease hold)	4,988,663	-	-	4,988,663	549,181	50,390	-	4,389,092	4,439,482
Buildings	26,790,438	42,989,341	-	69,779,779	7,854,043	898,724	-	61,027,013	18,936,395
Plant & Machinery	218,792,114	87,547,164	-	306,339,279	87,731,490	28,073,030	-	190,534,759	131,060,624
Furniture & Fixtures	3,305,446	725,483	-	4,030,929	18,80,536	657,655	-	1,492,748	1,424,920
Office Equipment	5,797,189	1,529,734	81,000	7,245,923	2,187,096	670,688	75,531	4,463,670	3,610,093
Vehicles	3,115,157	838,149	866,459	3,086,847	769,660	278,724	398,863	2,437,326	2,345,497
	<b>262,789,007</b>	<b>133,629,871</b>	<b>947,459</b>	<b>395,471,420</b>	<b>100,971,996</b>	<b>30,629,210</b>	<b>474,394</b>	<b>264,344,608</b>	<b>161,817,011</b>
Capital Working Progress									
Plant & Machinery Under Erection	73,392,985	4,579,054	77,438,025	534,014	-	-	-	534,014	73,392,985
Building Under Construction	15,953,156	27,036,185	42,989,341	-	-	-	-	-	15,953,156
	<b>89,346,141</b>	<b>31,615,239</b>	<b>120,427,366</b>	<b>534,014</b>	-	-	-	<b>534,014</b>	<b>89,346,141</b>
<b>Total (Current Year)</b>	<b>352,135,148</b>	<b>165,245,111</b>	<b>121,374,825</b>	<b>396,005,434</b>	<b>100,971,996</b>	<b>30,629,210</b>	<b>474,394</b>	<b>264,878,621</b>	<b>251,163,152</b>
<b>Total (Previous Year)</b>	<b>194,408,895</b>	<b>160,449,998</b>	<b>2,723,745</b>	<b>352,135,148</b>	<b>78,595,039</b>	<b>22,385,957</b>	<b>-</b>	<b>251,163,152</b>	

**SCHEDULE 05 - INVENTORIES**

(Taken as valued and certified by the management)

Particulars	As at 31.03.2004 (Rs.)		As at 31.03.2003 (Rs.)	
Raw Materials	7,503,711		8,549,810	
Fuel	363,191		597,993	
Goods in Transit	6,156,797		3,172,664	
Goods for Resale	123,540		382,320	
Finished Goods	8,654,438		1,320,538	
Stores & Spares	12,973,160		10,089,939	
Packing Material	7,362,087		4,488,260	
Work in Progress	10,848,272		6,905,692	
Scrap	111,600		96,890	
	54,096,796		35,604,106	

**SCHEDULE 06 - SUNDRY DEBTORS**

Particulars	As at 31.03.2004 (Rs.)		As at 31.03.2003 (Rs.)	
(Unsecured, considered good, unless otherwise stated)				
Debts Outstanding				
For more than six months	3,516,610		5,101,693	
Less : provision for doubtful debts	1,104,066		1,460,902	
	2,412,544		3,640,791	
Others	38,898,447		30,420,025	
	41,310,991		34,060,816	

**SCHEDULE 07 - CASH & BANK BALANCES**

Particulars	As at 31.03.2004 (Rs.)		As at 31.03.2003 (Rs.)	
Cash in hand	136,060		45,928	
Balances with Scheduled Banks				
i) In Current Accounts	3,407,249		11,745,049	
ii) In Fixed Deposit (pledged with the bank as margin money)	1,015,000		1,030,000	
	4,558,309		12,820,977	

**SCHEDULE 08 - LOANS & ADVANCES**

Particulars	As at 31.03.2004 (Rs.)		As at 31.03.2003 (Rs.)	
(Unsecured-considered good unless otherwise stated)				
Loans to Staff	408,850		379,300	
Advances recoverable in cash or in kind or for value to be received	6,225,134		6,329,192	
Less : Advance Considerd Doubtful	142,641		—	
Balance with Excise Department	3,597,456		2,516,201	
Income tax deducted at source	4,694,581		3,130,094	
	14,783,380		12,354,787	

**SCHEDULE 9 - CURRENT LIABILITIES AND PROVISIONS**

Particulars	As at 31.03.2004 (Rs.)		As at 31.03.2003 (Rs.)	
<b><u>Current Liabilities</u></b>				
Sundry Creditors for Materials	29,067,332		22,720,355	
Sundry Creditors for Capital Goods	32,621,980		21,070,336	
Sundry Creditors for Services & Others	7,927,123	69,616,436	9,518,532	53,309,223
Advance from customers	4,018,683		1,257,441	
Statutory Liabilities	2,913,194		2,065,697	
Due to Directors	33,720	6,965,597	56,763	3,379,901
<b><u>Provisions</u></b>				
Provision for Taxation		3,903,607		1,716,607
Provision for Terminal Benefits to Employees		672,489		286,245
		<b>81,158,129</b>		<b>58,691,976</b>

**SCHEDULE 10 - MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted )

Particulars	As at 31.03.2004 (Rs.)		As at 31.03.2003 (Rs.)	
Preliminary Expenses		—		4,272
Share Issue Expenses		260,973		655,196
		<b>260,973</b>		<b>659,468</b>

**SCHEDULE 11 - SALES**

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
Sales	2,04,730,595		69,163,942	
Less : Excise Duty	18,242,701		5,132,507	
Net Sales		<b>186,487,894</b>		<b>64,031,435</b>
Contract Packaging Revenue	134,524,002		130,234,787	
Less : Excise Duty	32,187,477		34,749,532	
Net Contract Packaging Revenue		<b>102,336,525</b>		<b>95,485,255</b>
Scrap Sales				
Less : Excise Duty	7,476,204		3,356,895	
Net Scrap Sales	1,025,521		533,045	
		<b>6,450,684</b>		<b>2,823,850</b>
		<b>295,275,101</b>		<b>162,340,540</b>

**SCHEDULE 12 - OTHER INCOME**

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
Interest received (Tax Deducted at source Rs.19,792/-Previous Year Rs.2,37,940/-)		98,225		872,166
Export Benefit		899,068		924,018
Exchange Fluctuation (Net)		1,182,863		—
Liabilities written back		312,436		1,848,672
Insurance Claim Received		20,728		23,894
Miscellaneous Income		933		361,958
		<b>2,514,253</b>		<b>4,030,708</b>

**SCHEDULE 13 - INCREASE / (DECREASE) IN STOCK**

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
<b>CLOSING STOCK</b>				
Finished Goods	8,654,438		1,320,538	
Work in progress	10,848,272		6,905,692	
Scrap	111,600	19,614,310	96,890	8,323,120
<b>OPENING STOCK</b>				
Finished Goods	1,320,538		4,440,820	
Work in progress	6,905,692		2,066,521	
Scrap	96,890	8,323,120	118,301	6,625,642
		11,291,190		1,697,478

**SCHEDULE 14 - MATERIAL**

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
<b>Raw Material Consumed :</b>				
Opening Stock	11,722,474		10,295,957	
Add: Purchases	84,096,124		38,530,960	
	95,818,598		48,826,917	
Less: Closing Stock	13,325,805	82,492,793	11,722,474	37,104,443
<b>Goods for Resale :</b>				
Opening Stock	382,320		--	
Add: Purchases	367,848		8,726,334	
	750,168		8,726,334	
Less: Closing Stock	123,540	626,628	382,320	8,344,014
		83,119,421		45,448,457

**SCHEDULE 15 - PERSONNEL**

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
Salaries , Wages and Other benefits	25,614,478		16,970,707	
Contribution to Provident Fund and Other Funds	1,755,719		1,145,776	
Employees Welfare Expenses	1,367,171		911,440	
		28,737,368		19,027,923



**SCHEDULE 16 - EXPENSES**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
<b>Manufacturing :</b>		
Stores consumed	8,582,344	4,623,455
Power, fuel & water	33,656,569	18,188,236
Laboratory expenses	66,504	46,469
Testing fees	1,388,818	689,590
Repairs to Plant & Machinery	7,680,523	4,343,218
Lease Rent	12,000,000	10,800,000
	<b>63,374,758</b>	<b>38,690,968</b>
<b>Administration :</b>		
Rent	1,182,400	1,042,400
Rates & Taxes	268,406	251,079
Insurance	809,359	550,461
Directors Sitting Fees	39,000	23,000
Travelling and Conveyance	4,144,596	4,292,204
Printing and Stationery	1,001,945	641,867
Postage & Telephone	2,128,104	1,602,672
Electricity & Water charges	159,709	157,496
Vehicle Running and Maintenance	1,381,328	1,080,287
Auditors Remuneration	257,351	241,607
Legal and Professional charges	1,286,537	1,849,396
Registration Charges	537,828	363,740
Repairs to Building	1,715,985	341,075
Repairs to Other assets	1,724,194	837,651
Membership & Subscription	166,953	112,730
Miscellaneous expenses	849,123	899,148
Loss on sale of Fixed assets	189,265	-
Bad Advances Written Off	2,815	-
Exchange Fluctuation	-	370,043
Provision of Doubtful Advances	142,641	-
Watch & Ward	448,584	337,855
	<b>18,436,123</b>	<b>14,994,711</b>
<b>Selling and Distribution</b>		
Advertisement & Sales promotion expenses	1,510,586	828,086
Freight & carriage outward	3,997,267	1,578,276
Commission & discount on Sales	533,075	254,818
Packing material consumed	31,023,318	9,110,734
Bad debts written off	357,278	13,671
	<b>37,421,524</b>	<b>11,785,585</b>
<b>Total Expenses</b>	<b>119,232,405</b>	<b>65,471,264</b>

**SCHEDULE 17 - FINANCIAL CHARGES**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Interest on Term Loans	10,886,852	4,214,980
Interest on working capital Loans	5,084,224	4,043,434
Interest - others	1,114,536	1,733,001
Bank Charges	1,137,827	702,555
	<b>18,223,439</b>	<b>10,693,970</b>

## SCHEDULE 18

## Significant Accounting Policies and Notes to Accounts

## 1. Significant Accounting Policies

## (a) Basis of Accounting

- (i) The Accounts of the Company are prepared under the historical cost convention. For recognition of income and expenses, accrual basis of accounting is followed except for Claims not accepted / acknowledged, which are accounted for on cash basis on account of uncertainties.
- (ii) Gratuity liability is accounted for on accrual basis as per the Actuarial Valuation determined by LIC, at the end of accounting year. Liability for leave encashment is valued on the basis of accrued liability on an annual basis.
- (iii) Carvat benefit on the raw material stocks is accounted for on the basis of production plan for excisable and non - excisable products .

## (b) Revenue Recognition

Revenue from the sale / Contract Packaging of goods is recognised upon dispatch of goods to the customers and shown net of sales tax.

## (c) Depreciation

- (i) Depreciation on all completed Fixed Assets is provided on the Straight Line Method in accordance with the Schedule XIV of Companies Act, 1956. However in respect of Plant and Machinery installed and put to use upto 1994 the residual life, in an earlier accounting year 2001-2002 had been determined as 5 years (including the first year ending 31.03.2002) as against the then residual life of 11 years as per Schedule XIV of the companies Act 1956. Accordingly, depreciation on plant & machinery put to use upto 1994 and on additions to such plant is provided on the basis of the said remaining useful life of the assets .
- (ii) Lease hold land has been amortised over the period of lease.

## (d) Fixed Assets

Fixed Assets have been shown at cost of acquisition, comprising of purchase price (net of rebates and discounts) levies and any other directly attributable cost and indirect expenditure for bringing the asset to its working condition for the intended use less accumulated depreciation.

## (e) Borrowing Cost

Borrowing costs specifically relatable to acquisition of fixed assets are capitalised as part of the cost of fixed assets. Other borrowing costs are charged to revenue.

## (f) Inventories are valued at the lower of cost computed on first in first out basis and net realisable value .

## (g) Foreign Currency Transactions

The current assets and current liabilities on foreign currency transactions (not covered under forward contracts) are converted into Indian Rupees at the exchange rates prevailing on the date of Balance Sheet. The exchange difference on such conversion is adjusted in the respective assets/liabilities and income/expenditure. Foreign currency transactions are recognized at the exchange rate prevailing at the time of transaction.

## (h) Preliminary and share issue expenses are amortised in 10 yearly equal installment

## (i) Current Tax is being provided as per the prevailing provisions of Income Tax Act, 1961.

## (j) Deferred Taxation

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the substantively enacted rate of tax on the balance sheet date, to the extent that the timing differences are expected to crystallise / capable of reversal as deferred tax charge / benefit in the profit and loss account and as deferred tax liability / asset in the balance sheet .

## 1. Contingent Liabilities not provided for in respect of :-

	<u>Current Year</u> Rs.	<u>Previous Year</u> Rs.
(a) Disputed Income Tax demand	-	17,164
(b) Duty exemption availed on import of machinery under EPCG Scheme.	<b>4,55,20,878</b>	5,51,54,703
<b>2</b> Capital contracts remaining to be executed (Net of Advances)	<b>23,00,360</b>	2,50,05,926
<b>3</b> On the basis of the information obtained from the suppliers by the company, there has been no dues to SSI units as at the Balance Sheet date.		

**4 Secured Loans**

- Working capital facility / Term loans from Allahabad Bank are secured by way of exclusive hypothecation of Stocks, Raw-Material, Finished Goods, Semi-Finished Goods, Stores and Spares, Consumables, Book Debts and other current assets held by the company both present and future in the ordinary course of business and further secured by way of First and exclusive charge on all Fixed Assets (movable & immovable) of the company both present & future. The said loan is further secured by the personal guarantee of the Chairman and three Directors in their personal capacity.
5. Term loans (vehicles ) are secured by hypothecation of specified assets .
6. The Company had extended Corporate Guarantee of Rs. 2450 lacs in earlier years in favour of Allahabad bank for the Financial Assistance granted by them to the Promoter Company M/s Ahluwalia Contracts (India) Limited, which is also supported by extension of charge on the fixed assets of the Company.
7. Term loan repayment due in the next 12 months Rs.200 Lacs (Previous year Rs. 50 Lacs).
8. In the opinion of the Management and to the best of their knowledge and belief, the value of current assets, loans and advances if realised in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
9. Prior period adjustments amounting to Rs.Nil, (Previous Year 13,94,582/-(Credit)) have been considered in respective heads of account.
10. (a) Provision for current taxation of Rs. 21.87 lacs (Previous year Rs. 3.50 Lacs ) represents 'Minimum Alternate Tax' pursuant to the provisions of Section 115 JB of the Income Tax Act, 1961.
- (b) Calculation of Deferred Tax Liability / ( Assets ) is as follows :

Particulars	31.03.2004 (Rs.)	31.03.2003 (Rs.)
<b>Deferred Liability</b>		
Difference between the book value on depreciable assets as per books and as per Income Tax Act	<b>9,20,84,461</b>	8,39,99,654
Total Deferred Liability	<b>9,20,84,461</b>	8,39,99,654
Total Deferred Tax Liability	<b>3,30,35,300</b>	3,01,34,876
<b>Deferred Assets</b>		
Unabsorbed depreciation	<b>4,17,27,670</b>	6,54,34,483
Disallowance u/s 43B	<b>15,17,548</b>	8,98,703
Total Deferred Assets	<b>42,845,218</b>	6,63,33,186
Total Deferred Tax Assets	<b>1,53,70,722</b>	2,37,97,031
Net Deferred Liability	<b>1,76,64,578</b>	63,37,845
Net Deferred Tax Liability during the year	<b>1,13,26,733</b>	21,30,706

**11. Related Party disclosures**

- a) **List of Related Parties (As ascertained by the management)**
1. Enterprises under common control  
 Ahluwalia Contracts (India) Ltd  
 Ahluwalia Builders and Development Group (P) Ltd  
 Tidal Securities Pvt Ltd  
 Capricorn Industrials Ltd  
 Ahlcons India (P) Ltd  
 Ahlcon Public School
2. Key Management Personnel  
 Mr. Bikramjit Ahluwalia Chairman  
 Mr. M.K.G Pillai Managing Director  
 Dr. Rohini S. Ahluwalia Whole time Director
3. Relative of the key management personnel with whom the transactions have taken place during the year  
 Mrs. Geetah Gopalakrishnan Spouse of Managing Director
4. Non Executive Directors  
 Mrs. Sudarshan Walia Director  
 Mr. Arun Kumar Gupta Director  
 Mr. Virender Kumar Sachdeva Director  
 Dr. S.S. Arora Director  
 Prof. G.P. Talwar Director  
 Dr. S.C.L. Gupta Director

Transactions with Related Parties	Current Year (Rs.)	Previous Years Rs.
<b>Nature of Transactions</b>		
i) <u>Sale of goods</u> Company under common control	26,67,364	9,29,171
ii) <u>Purchase of Materials</u> Company under common control	63,28,461	20,51,107
iii) <u>Loan taken during the year</u> Company under common control	-	3,20,00,000
iiii) <u>Repayment of Loan</u> Company under common control	-	1,00,00,000
iv) <u>Rent Paid</u> Company under common control	5,60,400	5,60,400
Spouse of Managing Director	2,30,400	2,16,000
v) <u>Lease Rent Paid</u> Company under common control	1,20,00,000	1,08,00,000
vi) <u>Managerial Remuneration</u> Key Management Personnel	8,91,863	8,78,490
vii) <u>Director Sitting Fees</u> Non Executive Directors	39,000	23,000
viii) <u>Capital Contracts</u> Company under common control	2,57,50,000	1,25,00,000
ix) <u>Donation</u> Party under common control	-	40,000
x) <u>Advertisement</u> Party under common control	-	20,000

**Amount Due from / to related parties**

i) <u>Due to related parties</u> Included in Unsecured loans Company under common control	6,23,66,000	6,23,66,000
ii) <u>Included in Current Liabilities</u> Company under common control	2,97,12,653	1,34,50,792
Due to key management personnel	42,920	56,763

Note : No amount has been written off / provided for the respect of transaction with related parties.

**12. Earnings Per Share**

a) Weighted average number of equity shares outstanding during the year	72,00,150	72,00,150
b) Net profit after tax available for equity shareholders	1,55,83,310	20,53,584
c) Basic and diluted earning (in Rupees) per share of Rs. 10 each	2.16	0.29

**13. Segment Reporting**

The Company is operating in Pharmaceutical fluids i.e Intravenous / Ophthalmic Fluid only, and hence the segment reporting as defined by AS 17 (Segmental Reporting), issued by ICAI. is not applicable.

**14. Disclosure for operating leases**

a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:	<b>Current Year</b>	Previous Year
i) not later than one year;	1,20,00,000	1,20,00,000
ii) later than one year and not later than five years;	1,20,00,000	2,40,00,000
b) lease payments recognized in the statement of profit and loss for the period,	1,20,00,000	1,08,00,000
c) The lease agreement is entered into for a period of five years w.e.f 1.4.2001. The agreement shall be automatically renewed for a further period of two years unless otherwise mutually agreed by and between the parties in writing.		

## 15. (i) Auditor's Remuneration

	<u>Current Year</u> Rs.	<u>Previous Year</u> Rs.
a) For Statutory audit	1,56,600	1,08,000
b) For Tax Audit	<u>54,000</u>	<u>54,000</u>
c) Certification and other matters	<u>35,025</u>	<u>52,500</u>
d) Out of pocket expenses	11,726	27,107
	<b>2,57,351</b>	2,41,607

## (ii) Director's Remuneration

	<u>Current Year</u> Rs.	<u>Previous Year</u> Rs.
(a) Salaries and allowances	6,66,000	6,30,000
(b) Contribution to Provident Fund	9,360	9,360
(c) Perquisites	2,16,503	2,39,130
(d) Director Sitting Fees	<u>39,000</u>	<u>23,000</u>
<b>Total</b>	<b><u>9,30,863</u></b>	<b><u>9,01,490</u></b>

Note : The aforesaid amount does not include Gratuity as the same is being calculated as per actuarial valuation on overall basis.

16. Additional information required under Part II of Schedule VI of the Companies Act, 1956 (To the extent applicable to the Company and as certified by the Management.)

## (a) Details of Licensed Capacity, Installed Capacity &amp; Production.

Figures in Lacs

Description	Unit Nos	Licensed Capacity	Installed Capacity	Actual Production
IV.Fluids	Bottles in Lacs	420	320	*266.60
	Previous Year	420	140	150.88
Injectables	Vials in Lacs	N.A	590	**502.78
	Previous Year	N.A	200	204.70

\*Includes 92.90 Lac Bottles (Previous Year 137.39 Lac bottles) on job basis.

\*\* Includes 253.46 Lac Vials (Previous Year 181.57 Lac Vials) on job basis.

## (b) Raw Material Consumed

	Current Year		Previous Year	
	M.T	Rs.	M.T	Rs.
PE Granules	#1014.657	5,51,15,606	* 587.061	2,66,21,502
Dextrose	260.377	87,62,893	80.040	26,36,182
Chemicals	-	1,86,14,294	-	78,46,759
		<b>8,24,92,793</b>		<b>3,71,04,443</b>

# includes consumption on 346.36 Lac bottles ( \*Previous Year 318.96 Lac bottles ) produced on job basis.

## c) Stock and Turnover ( as certified by the Management)

**Stock**

Description	Opening stock		Closing stock	
	Nos.	Rs.	Nos.	Rs.
I.V Fluids & Injectables (Nos.)	520021	1320538	2513495	8654438
	(1185903)	(4440820)	(520021)	(1320538)
Goods for resale	42480	382320	35500	123540
	( - )	( - )	(217368)	(382320)
Total	562501	1702858	2548995	8777978
	(1185903)	(4440820)	(737389)	(1702858)

**Turnover**

Description	Purchases		Sales	
	Nos.	Rs.	Nos.	Rs.
I.V.Fluids & Injectables (Including Contract packaging )	- (-)	- (-)	* 7,49,42,662 (3,62,10,993)	28,86,68,337 (14,86,48,066)
Goods for resale	96,480 (11,85,456)	3,67,848 (8726334 )	1,03,460 (9,68,088)	9,49,210 (96,43,302)
<b>TOTAL</b>	96,480 (11,85,456)	3,67,848 (87,26,334)	7,50,46,122 (3,71,79,081)	# 28,96,17,547 (15,82,91,368)

# excludes Rs.64,51,883 of scrap sold (Previous year Rs. 33,56,895) and Rs.7,94,329 net difference of provision for excise duty on finished goods (Previous year Rs. 6,92,275/-).

\* excluding 1695 nos.(Previous Year 2768 nos.) of Samples .

	Current Year Rs. in lacs	Previous Year Rs. in lacs
<b>(d) Expenditure in Foreign Currency (Payment basis)</b>		
Travelling	2.02 Lacs	16.79 Lacs
Bank Charges	0.32 Lacs	0.31 Lacs
Commission & Discount	2.89 Lacs	1.11 Lacs
Registration Charges	2.81 Lacs	4.13 Lacs
<b>(e) Earning in Foreign Currency :</b>		
FOB Value of Exports	204.15 Lacs	133.15 Lacs
<b>(f) Value of Imports calculated on CIF basis:</b>		
Raw materials	335.24 Lacs	189.83 Lacs
Stores & Spares	6.94 Lacs	31.41 Lacs
Capital Goods	— Lacs	1057.91 Lacs
<b>(g) Value of Raw Materials, Stores &amp; spares Consumed</b>		

	Current Year		Previous Year	
	Value	%	Value	%
<u>Raw Material</u>				
Imported	4,83,21,233	58.58	2,10,39,652	56.70
Indigenous	3,41,71,560	41.42	1,60,64,791	43.30
	<u>8,24,92,793</u>	<u>100.00</u>	<u>3,71,04,443</u>	<u>100.00</u>
<b>(h) Stores &amp; Spare</b>				
Imported	15,43,199	10.10	5,32,036	6.73
Indigenous	1,37,29,209	89.90	73,70,011	93.27
	<b>1,52,72,408</b>	<b>100.00</b>	79,02,047	100.00

17. Previous year figures have been regrouped and / or rearranged wherever considered necessary.

As per our report of even date  
For **Arun K. Gupta & Associates**  
Chartered Accountants

**Pradeep Kumar Agarwal**  
Partner  
M. No. 85534

**Bikramjit Ahluwalia**  
Chairman

**M.K.G. Pillai**  
Managing Director

**Dr. Rohini S. Ahluwalia**  
Whole Time Director

New Delhi  
Date : 30-06-2004

**Nilanchal Pradhan**  
Company Secretary

**Rajeev Kumar Walia**  
Deputy General Manager (F & A)

## CASH FLOW STATEMENT for the year ended on 31st March, 2004

Particulars	Current Year (Rs.)	Previous Year (Rs.)
<b>A Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before tax, interest & extraordinary items	46,182,655	14,687,702
Adjustment for :		
Depreciation	30,629,210	22,385,957
Interest Inflow	(98,225)	(872,166)
Miscellaneous Expenditure Written Off	398,494	398,540
Loss on sale of Fixed Assets	189,265	-
Operating Profit (Loss) before Working Capital Changes	77,301,399	36,600,033
Adjustment for :		
Trade Receivable & Others	(9,678,767)	(9,027,781)
Trade Payable and Others	22,466,153	35,713,764
Inventory	(18,492,690)	(10,512,144)
Cash generated from operations	71,596,095	52,773,872
Interest Paid	(17,085,611)	(9,991,415)
Direct Taxes Paid	(2,187,000)	(511,997)
Net Cash from Operating Activities A :	52,323,484	42,270,460
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(44,817,745)	(157,726,253)
Sale / Adjustment of Fixed Assets	283,800	-
Interest Received	98,225	872,166
Net Cash from Investing Activities B:	(44,435,720)	(156,854,087)
<b>C Cash Flow from Financing Activities</b>		
Long Term Loans received	-	90,000,000
Long Term Loans repaid	(5,000,000)	(5,000,000)
Short Term Loans	3,911,791	9,380,239
Unsecured Loans received	-	42,000,000
Unsecured Loans repaid	(15,230,870)	(24,769,130)
Interest accrued & Due	168,647	553,000
Net Cash from Financing Activities C:	(16,150,432)	112,164,109
Net Increase/(Decrease) in Cash & Cash Equivalents ( A + B +C )	(8,262,668)	(2,419,518)
Cash & Cash Equivalents as at 1st April (Opening Balance)	12,820,977	15,240,494
Cash & Cash Equivalents as at 31st March (Closing Balance)	4,558,309	12,820,977

New Delhi  
30-06-2004**Bikramjit Ahluwalia**  
Chairman**M.K.G. Pillai**  
Managing Director**Dr. Rohini S. Ahluwalia**  
Whole Time Director**Nilanjal Pradhan**  
Company Secretary**Rajeev Kumar Walia**  
Deputy General Manager (F&A)**AUDITOR'S CERTIFICATE**

We have examined the above Cash Flow Statement of Ahlcon Parenterals (India) Limited which has been prepared by the said Company and is based on the Audited Profit & Loss Account and Balance Sheet as at the end of the relevant Financial Year and the said statement is in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges.

For Arun K. Gupta & Associates  
Chartered Accountants

New Delhi  
Date : 30-06-2004

**Pradeep Kumar Agarwal**  
Partner  
M. No. 85534



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

- (i) Registration Details  
 Registration No. : 47245 State Code : 55  
 Balance Sheet Date : 31-03-2004  
 (ii) Capital raised during the year : Nil  
 (iii) Position of mobilisation and deployment of Funds

**(Amount in Rs.  
Thousands)**

Total Liabilities	298,731	Total Assets	298,731
Sources of Funds			
Paid up Capital	81,001	Unsecured Loans	62,366
Reserves & Surplus	17,965	Secured Loans	119,734
		Deferred Tax Liability	17,665
Application of Funds			
Net Fixed Assets	264,879	Misc. Expenditure	261
Net Current Assets	33,591	Profit & Loss A/c	--
(iv) Performance of Company			
Turnover including other income	297,789	Total Expenditure	268,692
Profit/(Loss) before Tax	29,097	Profit/(Loss) after Tax	15,584
Earning/(Loss) per share in Rs.	2.16	Dividend rate	NIL

- (V) Generic names of principal products/services of Company (as per monetary terms)

Product Description	Item Code No.
1 Large Volume Parenterals	300320
2 Small Volume Parenterals	300320

As per our report of even date  
 For **Arun K. Gupta & Associates**  
 Chartered Accountants

**Pradeep Kumar Agarwal**  
 Partner  
 M. No. 85534

**Bikramjit Ahluwalia**  
 Chairman

**M.K.G. Pillai**  
 Managing Director

**Dr. Rohini S. Ahluwalia**  
 Whole Time Director

New Delhi  
 Date : 30-06-2004

**Nilanchal Pradhan**  
 Company Secretary

**Rajeev Kumar Walia**  
 Deputy General Manager (F & A)

ATTENDANCE SLIP

**AHLCON PARENTERALS (INDIA) LIMITED**

Regd. Off. : 4, Community Centre, Saket, New Delhi - 110 017

PLEASE FILL ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Client ID NO. *	
DPID No. *	

Regd. Folio No.	
-----------------	--

NAME AND ADDRESS OF THE SHAREHOLDER  
No. of Share(S) held :

I hereby record my presence at the **Twelvth Annual General Meeting** of the Company held on Saturday, the 7th August, 2004 at 3.00 P.M. at Ahlcon Public School, Mayur Vihar, Phase 1, New Delhi - 110092

Signature of the shareholder or proxy

\* Applicable for investors holding shares in electronic form.



**AHLCON PARENTERALS (INDIA) LIMITED**

Regd. Off. : 4, Community Centre, Saket, New Delhi - 110 017

PROXY FORM

Client ID NO. *	
DPID No. *	

Regd. Folio No.	
-----------------	--

I / W e

o f

being a member/members of Ahlcon Parenterals (India) Ltd. here by appoint.....

of

..... or failing him

as my/our proxy to vote for me/us and on my/our behalf at the Twelveth Annual General Meeting to be held on Saturday, the 7th August, 2004 at 3.00 p.m. or at any adjournment thereof.

Rs. 1/- of Revenue Stamp

Signed this ..... day of ..... 2004

\* Applicable for investors holding shares in electronic form.

**Note :**

- The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the company not less than 48 hours before the time of holding the aforesaid meeting. The proxy need not be a member of the Company.

**BOARD OF DIRECTORS**

**Mr. Bikramjit Ahluwalia**  
Chairman

**Mr. M. K. G. Pillai**  
Managing Director

**Dr. Rohini S. Ahluwalia**  
Whole Time Director

Directors :

**M s. Sudarshan Walia**  
**Mr. Arun Kumar Gupta**  
**Mr. V. K. Sachdeva**  
**Prof. G. P. Talwar**  
**Dr. S. S. Arora**  
**Dr. S. C. L. Gupta**

**Mr. Nilanchal Pradhan**  
Company Secretary

**BANKERS**

Allahabad Bank  
State Bank of Bikaner & Jaipur  
Syndicate Bank

**AUDITORS**

Arun K. Gupta & Associates  
D-58, East of Kailash,  
New Delhi - 110065

**REGISTRAR & SHARE TRANSFER AGENTS**

MAS Services Pvt. Ltd.  
AB-4, Safdarjung Enclave  
New Delhi - 110029

**For Dematerialisation of Shares**  
**ISIN No. INE 027C01011**

**REGISTERED OFFICE**

4, Community Centre  
Saket, New Delhi - 110 017

**WORKS**

SP-918, Phase-III,  
Bhiwadi-301019,  
Distt. Alwar (Rajasthan)

**STOCK EXCHANGES**

(Where the Company's equity shares are listed) :

- 1 **The Delhi Stock Exchange Association Ltd.**  
DSE House  
3/1, Asaf Ali Road,  
New Delhi - 110002
- 2 **The Stock Exchange, Mumbai**  
Phiroza Jeejeebhoy Towers,  
25th Floor, Dalal Street  
Mumbai - 400 001
- 3 **Jaipur Stock Exchange Ltd.**  
Stock Exchange Building,  
Jawaharlal Nehru Marg,  
Malviya Nagar,  
Jaipur - 302017
- 4 **The Calcutta Stock Exchange Association Ltd.**  
Calcutta Stock Exchange Building,  
7, Lyons Range,  
Calcutta - 700 001

**CONTENTS**

Notice	1
Directors' Report	6
Management Discussion and Analysis Report	9
Report on Corporate Governance	10
Auditors' Report	15
Balance Sheet	18
Profit & Loss Account	19
Schedule	20
Cash Flow Statement	31
Balance Sheet Abstract	32

**Note :** Annual listing fee for the year 2004-2005 has been paid to all the Stock Exchanges.