

27<sup>TH</sup> ANNUAL REPORT  
2010-2011



# Exploring New Dimensions of Health



**PARENTERAL DRUGS  
(INDIA) LIMITED**

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TOWARDS HEALTHY  
LIVING



# COMPANY INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

**Mr. Manoharlal Gupta**  
Chairman-Cum-Managing Director

**Mr. Vinod Kumar Gupta**  
Managing Director

**Mr. Govind Das Garg**  
Whole-time Director

**Mr. Anil Mittal**  
Whole-time Director & Chief Executive

### Non-Executive Directors

**Mr. Satish Chandra Consul**  
Independent Director

**Mr. Dharam Pal Khanna**  
Independent Director

**Mr. Dilip Kumar Panchaity**  
Independent Director

**Mr. Dilip Kumar Sinha**  
Independent Director

**Ms. Archana Agar**  
Company Secretary & Compliance Officer

### REGISTERED OFFICE

340, Laxmi Plaza, Laxmi Industrial Estate,  
New Link Road, Andheri (West),  
Mumbai-400 053 (Maharashtra)  
e-mail: pdpl@pdindia.com  
website: www.pdindia.com

### Corporate Office & Investors Grievances Centre

Shree Ganesh Chambers,  
Navlakha Crossing, Indore-452 001 (M.P.)  
e-mail: investor@pdindia.com

### Auditors

M/s. T.N.Unni & Co.  
Chartered Accountants,  
402, Alankar Point, Geeta Bhawan Square,  
Indore-452 001 (M.P.)

### Bankers

State Bank of India  
Punjab National Bank

### Registrars and Share Transfer Agent

Link Intime India Pvt. Limited  
C-13, Kantilal Maganlal Estate,  
Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West)  
e-mail: rnt.helpdesk@linkintime.co.in

## MANUFACTURING LOCATIONS

### INDIA

#### Madhya Pradesh

Village Asrawad,  
Post Dudhia, Nemawar Road,  
Indore- 453 331

#### Himachal Pradesh

Village Bhud,  
Tehsil Nalagarh,  
Dist Solan- 173 205

#### Punjab

Village Sura  
Post Suranussi,  
Jalandhar-144 027

#### Goa

Honda Industrial Estate  
Plot No.1, Phase III,  
Honda, Sattari-403 530

### OVERSEAS

#### Mauritius

Old Moka Road,  
Bell Village, P.O.Box 770,  
Republic of Mauritius

#### Kazakhstan

Arna Industrial Estate,  
Kapchagai,  
Republic of Kazakhstan

## N O T I C E

**NOTICE** is hereby given that the **27<sup>th</sup> Annual General Meeting** of the members of **Parenteral Drugs (India) Limited** will be held on **Friday, the 30<sup>th</sup> day of September, 2011, at 9.30 a.m. at The Classique Club, Behind Infinity Mall, Link Road, Oshiwara, Andheri (West), Mumbai- 400 053, Maharashtra** to transact the following business:

### ORDINARY BUSINESS

1. To consider, approve and adopt the Balance Sheet of the Company as on 31<sup>st</sup> March, 2011, and Profit and Loss Account for the year ended on that date and the report of the Statutory Auditors' and the Directors' thereon.
2. To re-appoint Mr. Govind Das Garg who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint Mr. Dilip Kumar Sinha who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Statutory Auditors of the Company and to fix their remuneration. The retiring Auditors of the Company M/s. T.N. Unni & Co., Chartered Accountants, Indore, are eligible for re-appointment.

### SPECIAL BUSINESS

#### ITEM NO.5

#### **AUTHORITY TO THE BOARD TO CREATE CHARGE OVER THE ASSETS OF THE COMPANY**

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

**"RESOLVED THAT** in terms of provisions of Section 293(1)(a) of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create such mortgages and charges in addition to the existing mortgages and charges already created or to be created by the Company, as the Board may decide, on the assets of the Company, whether movable or immovable, both present and future, in favour of State Bank of India and Punjab National Bank, the Bankers of the Company to secure various financial facilities extended by them to the Company to the tune of Rs.353.50 crores (Rupees three hundred fifty crores and fifty lacs);

**RESOLVED FURTHER THAT** all moneys already borrowed within the aforesaid limit and charges already created and satisfied and other steps taken in respect of the financial facilities availed by the Company during the financial year from the above Bankers and also from any other bank or financial institution and the documents executed by the Board of Directors of the Company in respect of the said financial facilities be and are hereby ratified and confirmed."

#### ITEM NO. 6

#### **RE-APPOINTMENT OF MR. GOVIND DAS GARG AS WHOLE-TIME DIRECTOR**

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

**"RESOLVED THAT** in terms of provisions of Section 269, 198, 309 and 314 read with provisions of Schedule XIII of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded for reappointment of Mr. Govind Das Garg as Whole-time Director of the Company for a further period of three years w.e.f. 1<sup>st</sup> January, 2012, on a monthly remuneration of Rs. 1,00,000/- (Rupees one lac), other perquisites as per the Company rules and contribution to Provident Fund and Gratuity as may be applicable;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution."

#### ITEM NO.7

#### **RE-APPOINTMENT OF MR. ADITYA GUPTA AS PROJECT CO-ORDINATOR**

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

**"RESOLVED THAT** in terms of provisions of Section 314 (1)(b) and other applicable provisions, if any, of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded, for reappointment of Mr. Aditya Gupta, as **"Project Coordinator"** of the Company for a further period of five years w.e.f. 1<sup>st</sup> April

2012, on a monthly remuneration of Rs. 40,000/- (Rupees forty thousand), other perquisites as per the Company rules and contribution to Provident Fund and Gratuity as may be applicable;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

**ITEM NO.8**

**APPOINTMENT OF MR. ASHISH GARG AS PURCHASE COORDINATOR**

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

“**RESOLVED THAT** in terms of provisions of Section 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded, for appointment of

Mr. Ashish Garg, as “**Purchase Coordinator**” of the Company for a period of five years w.e.f. 1<sup>st</sup> April 2011, on a monthly remuneration of Rs. 24,000/- (Rupees twenty four thousand), other perquisites as per the Company rules and contribution to Provident Fund and Gratuity as may be applicable;

**RESOLVED FURTHER THAT** approval of members be and is hereby also accorded to ratify payment of remuneration to Mr. Ashish Garg from 1<sup>st</sup> April, 2011 to 30<sup>th</sup> September, 2011;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

**Place: Indore**

**Date: 22<sup>nd</sup> August, 2011**

**BY ORDER OF THE BOARD**

**Vinod Kumar Gupta  
Managing Director**

**N O T E S**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
  - (d) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.
2. The Explanatory Statements in terms of provisions of Section 173(2) of the Companies Act, 1956 in respect of business under Item No. 5 to 8 as set out in the notice are annexed hereto.
3. Members holding shares in physical form are requested to intimate directly to the Company’s Registrar and Share Transfer Agents, Link Intime India Private Limited, C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078.
  - (a) Changes, if any, in their address at an early date.
  - (b) Application for consolidation of folios, if shareholdings are under multiple folios.
  - (c) Dispatch of share certificates for consolidation.
4. Members are requested to quote ledger folio numbers in all their correspondences.
5. Members holding shares in dematerialized form (electronic form) are requested to intimate any change in their address, bank mandate etc., directly to their respective depository participants.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 27<sup>th</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (both days inclusive).
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
8. Queries on accounts and operations of the company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers may be made available at the Meeting.

9. Members are requested to bring the copy of the Annual Report to the Annual General Meeting along with duly filled in Attendance Slips for attending the Meeting.
10. Members are informed that in case of joint holders attending the Meeting, only such joint holders who is higher in the order of names will be entitled to vote.
11. The members who have not claimed any dividend for the financial year ended 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2010 due to any reason are requested to write to the Company or the Registrar and Share Transfer Agent of the Company immediately since the same is lying unclaimed with the bankers of the Company.
12. Your Company seeks your support to the **“Green Initiative”** of the Ministry of Corporate Affairs (“MCA”). The Company has already approached the members for their consent to allow paperless compliances by serving documents through electronic mode. We propose to send documents like the notice calling the general meetings, audited financial statements, directors’ report, auditors’ report etc. in electronic form, at the email address provided by you and/or made available to us by the Depositories.  
Members holding shares in demat mode and who have not registered their e-mail address are requested to register the same with their respective Depository Participants. Members holding shares in physical form are requested to provide with their email address to the Company or M/s. Link Intime India Pvt. Ltd., the Registrar & Share Transfer Agent.  
For the members who desire to receive the documents mentioned above in physical form, they may request the Company in writing for the same. The Company shall upon receiving such request furnish free of cost copies of such documents requested for.  
We solicit and appreciate members’ support to the **“Green Initiative”** taken by MCA and your Company’s desire to participate in such initiative.
13. In accordance with the provision of Clause 49 of the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be re-appointed is given in the Corporate Governance Section.

**Place: Indore**

**Date: 22<sup>nd</sup> August, 2011**

**BY ORDER OF THE BOARD**

**Vinod Kumar Gupta  
Managing Director**

## EXPLANATORY STATEMENTS

The following Explanatory Statements set out all material facts relating to the businesses mentioned under Item No.5 to 8 in terms of provisions of Section 173 (2) of the Companies Act, 1956:

### Item No.5

The Bankers of the Company, State Bank of India and Punjab National Bank (hereinafter collectively referred to as ‘the Bankers of the Company’) have sanctioned various financial facilities to the Company to the tune of Rs. 353.50 crores (Rupees three hundred fifty three crores and fifty lacs) to meet various financial requirements of the Company for its business purposes, in respect of which necessary security and charge documents have already been executed in favour of the lenders.

In terms of provisions of Section 293(1)(a) of the Companies Act, 1956 approval of the members of the Company is sought to ratify the security so created and/or to be created by the Company in future in favour of the Bankers of the Company, by way of passing the proposed resolution as an ordinary resolution. The Board recommends passing of the resolution.

None of the Directors of the Company is interested in the resolution.

### Item No.6

Mr. Govind Das Garg is aged about 63 years and is a promoter director of the Company and has been managing the affairs of the Company on day-to-day basis from the very beginning.

Mr. Garg has 33 years of working experience in diversified business activities including experience in pharmaceutical industry. He is basically looking into the technical issues and purchases in the Company. Mr. Garg has been working as Whole-time Director of the Company since 1994 and has made pioneering contributions in growth of the Company.

Mr. Govind Das Garg was appointed as Whole-time Director on 30<sup>th</sup> September, 2008, for a period of three years starting from 1<sup>st</sup> January, 2009 and his tenure as Whole-time Director is expiring on 31<sup>st</sup> December, 2011.

Now it is proposed to reappoint him w.e.f. 1<sup>st</sup> January, 2012 on a monthly remuneration of Rs. 1,00,000/- (Rupees one lac).

In terms of provisions of Section 198, 269, 309 and 314 read with the provisions of Schedule XIII of the Companies Act, 1956, approval of the members of the Company is required for his reappointment as Whole-time Director of the Company for a further period of three years by way of passing the proposed resolution as an ordinary resolution.

Mr. Govind Das Garg may be deemed to be concerned or interested in the passing of this resolution. Further, Mr. Manoharlal Gupta and Mr. Vinod Kumar Gupta, relatives of Mr. Govind Das Garg may be deemed to be concerned or interested in passing of this resolution.

This statement may also be considered as an abstract of the notice under Section 302 of the Companies Act, 1956 to the shareholders.

#### Item No. 7

Mr. Aditya Gupta is a Bachelor of Engineering (Hons.) from Oxford Brooks University, U.K. and holds Masters Degree in International Health Management from Imperial College, London, U.K. and possesses specialized knowledge in the field of Engineering & Industrial Designs.

He is associated with the new projects and expansion activities of the Company and has been rendering his services as "Project Coordinator" from the very beginning.

Mr. Aditya Gupta has been devoting his full time and attention for the activities of the Company and was appointed as Project Coordinator for a period of five years on 30<sup>th</sup> September, 2007 starting from 1<sup>st</sup> April, 2007 and his tenure as Project Coordinator is expiring on 31<sup>st</sup> March, 2012.

Now it is proposed to reappoint him w.e.f. 1<sup>st</sup> April, 2012 on a monthly remuneration of Rs. 40,000/- (Rupees forty thousand). In terms of provisions of Section 314 of the Companies Act, 1956, approval of the members of the Company is sought by way of special resolution for his reappointment in the Company.

The members are requested to pass the proposed resolution as a special resolution. The Board recommends passing of the special resolution.

Mr. Manoharlal Gupta, relative of Mr. Aditya Gupta may be deemed to be concerned or interested in the passing of this resolution.

This statement may also be considered as an abstract of the notice under Section 302 of the Companies Act, 1956 to the shareholders.

#### Item No. 8

Mr. Ashish Garg is a Bachelor of Pharmacy from Rajiv Gandhi University of Health Science, Bangalore and also done Masters in Business Administration from Institute of Management Studies (IMS), DAVV, Indore with Specialization in Marketing and Finance.

Mr. Ashish Garg has 7 years of working experience in various diversified fields viz. Purchase of plant & machinery, Lab Equipments, Plant and Equipment Calibration and Validation and also heading activities related to Corrugated box plant. Mr. Garg has also an approved 'Production Chemist'.

He has been devoting his full time and attention for the activities of the Company and handling various business activities relating to purchase and commissioning of Oncology Project, Analgesic Glass Bottle Injection plant and Anesthetic plant.

Now it is proposed to appoint him as "Purchase Coordinator" of the Company w.e.f. 1<sup>st</sup> April, 2011 on a monthly remuneration of Rs. 24,000/- (Rupees twenty four thousand). In terms of provisions of Section 314 of the Companies Act, 1956, approval of the members of the Company is sought by way of special resolution for his appointment in the Company.

The members are requested to pass the proposed resolution as a special resolution. The Board recommends passing of the special resolution.

Mr. Govind Das Garg, relative of Mr. Ashish Garg may be deemed to be concerned or interested in the passing of this resolution.

This statement may also be considered as an abstract of the notice under Section 302 of the Companies Act, 1956 to the shareholders.

**Place: Indore**

**Date: 22<sup>nd</sup> August, 2011**

**BY ORDER OF THE BOARD**

**Vinod Kumar Gupta  
Managing Director**

## DIRECTORS' REPORT

To

The Members of

M/s. Parenteral Drugs (India) Limited

Dear Shareholders

Your Directors present the 27<sup>th</sup> Annual Report on your Company's business and operations along with the standalone and consolidated summary financial statements for the year ended 31<sup>st</sup> March, 2011.

### RESULT OF OPERATIONS

A summarized statement of the financial results of the current year and that of the previous year is given below:

(Rs. in Lacs)

Particulars	Standalone		Consolidated	
	F.Y. 10-11	F.Y. 09-10	F.Y. 10-11	F.Y. 09-10
Sales and Other Income	38123.19	33862.09	48731.63	41631.95
Profit before Interest, Depreciation & Tax	4517.29	5651.63	5037.46	6624.13
<b>Less:</b>				
Interest and Financial outlay	2250.86	1380.26	2855.46	1748.16
Depreciation	1093.54	766.61	1256.95	902.97
Provision for Taxation	235.02	587.19	351.75	711.29
Deferred tax Liability	66.37	188.59	72.61	217.32
<b>Net Profit after Tax</b>	<b>871.50</b>	<b>2728.98</b>	<b>500.70</b>	<b>3044.39</b>
Balance brought forward from previous year	4944.21	3067.37	5311.70	3120.61
Surplus Available for Appropriation	5815.71	5796.35	5812.40	6165.00
<b>Appropriation:</b>				
Transferred to General Reserve	-	409.35	-	409.35
Proposed Dividend	-	378.47	-	378.47
Tax on Distributed Profit	-	64.32	-	64.32
Minority Interest	-	--	58.67	1.16
Balance carried to Balance Sheet	5815.71	4944.21	5753.73	5311.70
<b>Earning per share</b>				
(EPS of Face Value of Rs. 10/-)	3.37	14.44	1.94	16.11

### FINANCIAL PERFORMANCE

The consolidated turnover for the year was Rs. 487.31 crores compared to Rs 416.32 crores in the previous year. The turnover on standalone basis stood Rs. 381.23 crores as against Rs. 338.62 crores in the previous year.

On a consolidated basis, your Company earned a gross income of Rs. 50.37 crores during the year as against Rs. 66.24 crores in the previous year and the profit before tax of Rs. 9.25 crores as against the profit before tax of Rs.39.73 crores during the previous year.

On a standalone basis, your Company earned a gross income of Rs. 45.17 crores during the year as against Rs. 56.52 crores in the previous year and profit before tax of Rs. 11.72 crores as against Rs.35.05 crores during the previous year. The reduction in profitability is due to over all impact only intravenous fluids manufacturing companies because of the Jodhpur maternal deaths.

A review of the performance during the year is given under the section Management Discussion and Analysis Report which forms part of the Annual Report.

## DIVIDEND

The Board regrets to recommend any dividend for the financial year 2010-2011 in order to conserve the resources.

## ISSUE OF BONUS EQUITY SHARES

During the year under review, your Company allotted 64,66,708 fully paid-up equity shares of Rs.10/- each out of the un-issued equity share capital of the Company as bonus shares on 15<sup>th</sup> September, 2010, in the ratio of 1 (one) fully paid up Bonus share for every 3 (Three) fully paid up equity shares held by the shareholders of the Company as on the record date i.e.15<sup>th</sup> September, 2010, including reservation of bonus shares in terms of provisions of regulation 93 sub-regulation (1) under Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements).

## INCREASE IN THE PAID UP EQUITY SHARE CAPITAL

Post-issue of bonus shares, the issued, subscribed and paid-up equity share capital of your Company has increased from Rs.19,40,01,230 divided into 1,94,00,123 equity shares of Rs.10/-each to Rs.25,86,68,310 divided into 2,58,66,831 equity shares of Rs.10/- each.

## FINANCIAL FACILITIES

During the year under review, the Company repaid the term loan instalments of Rs.20.77 crores and Fresh Term Loan/ Corporate Loan of Rs.37.58 crores were availed during the year.

The total outstanding fund based and non-fund based borrowings of Rs. 220.45 crores is sanctioned by the State Bank of India and Rs.37.42 crores sanctioned by the Punjab National Bank. The Term Loan/ Corporate Loan proceeds have been utilized for the purpose of funding of various expansion activities including the overseas initiatives. The remaining proceeds have been utilized for growth capex.

## SUBSIDIARY COMPANIES

As on date of the report, the Company has eight (8) Indian and two (2) foreign subsidiaries.

The Indian Subsidiary Companies of the Company viz:

1. M/s. Punjab Formulations Limited ;
2. M/s. Goa Formulations Limited ;
3. M/s. Parentech Healthcare Limited ;
4. M/s. Parenteral Surgicals Limited ;
5. M/s. Anjaney Pharmaceuticals Limited ;
6. M/s. Abhay Drugs Limited ;
7. M/s. Parenteral Biotech Limited and
8. M/s. Parenteral Impex Limited

The Foreign Subsidiary Companies of the Company viz:

1. M/s. Parenteral Drugs Kazakhstan and
2. M/s. Mascareignes Pharmaceutical Manufacturing Company Limited.

All the subsidiary companies are non-material and non-listed subsidiary companies as defined under Clause 49 of the Listing Agreement with the Stock Exchange(s).

## CONSOLIDATED ACCOUNTS

The Ministry of Corporate Affairs (MCA) by General Circular No.2/2011 dated 8<sup>th</sup> February, 2011, issued a direction under Section 212(8) of the Companies Act, 1956 that the provisions of Section 212 shall not apply to Holding Company in relation to their subsidiaries, subject to fulfilling certain conditions mentioned in the said circular with immediate effect. The Board of Directors of the Company at its meeting held on 14<sup>th</sup> May, 2011 passed the necessary resolution granting the requisite approval for not attaching the accounts of the subsidiary companies to the accounts of the Company for the fiscal 2010-11.

The audited consolidated Financial Statements of your Company for the financial year 2010-11, are prepared in compliance with applicable Accounting Standards and where applicable Listing Agreement as prescribed by the Securities and Exchange Board of India (SEBI).

The annual accounts and financial statements of the subsidiary companies of your Company and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of your Company. Your Company has complied with all the conditions as stated in the circular and accordingly has not attached the financial statements of its subsidiary

companies for the financial year 2010-11. A statement of summarized financials of all subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to the General Circular issued by Ministry of Corporate Office, forms part of this report.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and provisions contained in the Articles of Association of the Company, Mr. Govind Das Garg and Mr. Dilip Kumar Sinha, Directors of the Company are retiring at the forthcoming annual general meeting and they are eligible for re-appointment. The Board recommends their re-appointment.

As required under the Listing Agreement, particulars of directors seeking re-appointment at the ensuing Annual General Meeting has been given under the Corporate Governance Report.

## REPORT ON CORPORATE GOVERNANCE

Your Company has in all spheres of its activities adequate checks and balances to ensure protection of interest of all stakeholders and endeavours to share with its stakeholders openly and transparently information on matters which have a bearing on their economic and reputational interest. This calls for a great degree of judgement and discretion so as not to put business and commercial interest of the Company at risk.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance with Auditors Certificate on Compliance with the conditions of Corporate Governance is attached to form part of the annual Report.

The declaration by the Managing Director addressed to the members of the Company pursuant to clause 49 of the listing agreement regarding adherence of the code of conduct by the members of the Board and by the senior management personnel of the Company is also attached to the Corporate Governance Report.

## GREEN INITIATIVE IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs has recently permitted companies to send electronic copies of Annual Report, notices etc., to the e-mail IDs of shareholders. We have accordingly arranged to send soft copies (in pdf format) of these documents to the e-mail IDs of shareholders registered with us. In case any of the shareholder would like to receive physical copies of these documents, request for the same shall be forwarded to the Registrars M/s. Link Intime India Private Limited.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis, which forms part of this Report.

## AUDITORS

M/s. T.N. Unni & Co., Chartered Accountants, Indore, the retiring auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

The Company has received a letter from the retiring auditors to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

## AUDITORS' REPORT

The observations made in the Auditor's Report, read with the relevant notes thereon, are self-explanatory and do not call for any comments under Section 217 of the Companies Act, 1956.

## COST AUDIT

Your Company has received approval from the Central Government for appointment of M/s. K.G. Goyal & Co., Cost Accountants, as Cost Auditors of the Company for financial year from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012 pursuant to Section 233B of the Companies Act, 1956, to conduct the Audit of the cost records of the Company.

## SAFETY, HEALTH AND ENVIRONMENT

Health and Safety continues to be one of the prime drivers of the Corporate Vision of your Company. Your Company maintain highest standards of safety at all of its plants and facilities. In addition to this, there is significant focus on pollution control, treatment of effluents and compliance with stringent environmental norms. Lastly, emphasis on the well-being of all employees and health of employees is continuously monitored, while environment improvement measures in and around the plant area have been given due care and attention.

## HUMAN RESOURCE

Employees are our vital and most valuable assets. Your Company believe in maintaining the right organizational climate conducive to developing satisfied and productive employees. We have created a favorable work environment that encourages innovation and meritocracy. We have also set up a scalable recruitment and human resources management process, which enables us to attract and retain high-caliber employees.

## INSURANCE

All the insurable interests of your Company including inventories, buildings, plant and machinery are adequately insured against several risk factors.

## FIXED DEPOSIT

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies At, 1956, and the rules made there under.

## UNCLAIMED DIVIDEND

The amount transferred by the Company in separate bank accounts towards payment to the shareholders is lying unclaimed in some cases. The shareholders, who have not claimed their dividend up till now, are requested to immediately approach the Registrar and Share Transfer Agent of the Company for claiming their dividend.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars pertaining to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, as prescribed under Section 217(1)(e) of the

Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in **Annexure 'A'** forming part of this report.

## PARTICULARS OF EMPLOYEES

During the year under review, none of the employees of the Company was in receipt of remuneration under Section 217 (2A) of the Companies Act, 1956.

## LISTING

The shares of the Company continue to be listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The annual listing fee for the year 2010-2011 has been paid to these Exchange(s).

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to the directors' responsibility Statement, it is hereby confirmed:

- i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have in selection of the accounting policies, consulted the statutory auditors and applied these policies consistently, making judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2011 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2011;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENTS

The Board thanks the Company's employees, customers, vendors, investors and institutions for their support to the Company.

The Board also thanks the Governments of various countries, Government of India, State Governments and concerned Government Departments/ Agencies for their co-operation.

The Board appreciate and value the contributions made by every member of the "PDIL" family globally.

The Board is also deeply grateful to the shareholders for the confidence and faith that has been reposed in them. Driven by values and powered by internal vitality, the entire "PDIL Group" stands committed to create an even brighter future for all the stakeholders.

**Place: Indore**

**Date: 22<sup>nd</sup> August, 2011**

**FOR AND ON BEHALF OF THE BOARD**

**Manoharlal Gupta**

**Chairman-cum-Managing Director**

**ANNEXURE TO THE DIRECTORS' REPORT**

Particulars Required Under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

**FORM "A"**
**A) DISCLOSURE OF PARTICULARS WITH RESPECT TO THE CONSERVATION OF ENERGY:**

(Rs. in lacs)

Sr. No.	Particulars	Current Year 31.03.2011	Previous Year 31.03.2010
<b>A.</b>	<b>Power And Fuel Consumption</b>		
<b>1.</b>	<b>Electricity</b>		
	(a) Purchased Units (in Lacs)	<b>116.68</b>	97.49
	Total Amount (Rs.in Lacs)	<b>561.74</b>	420.18
	Rate/ Unit	<b>4.81</b>	4.31
	(b) Own Generation		
	Through diesel/ LDO generator		
	Units (In Lacs)	<b>4.66</b>	7.51
	Units per Litre of diesel / LDO Oil	<b>3.41</b>	3.90
	Total Cost (Rs. In Lacs)	<b>50.42</b>	70.63
	Cost/Unit (Rs.)	<b>10.81</b>	9.41
<b>2.</b>	<b>Coal</b> (specify quality and where used)		
	Steam Coal (for Distilled water)		
	Quantity (tones)	--	6911.96
	Total cost (Rs. in Lacs)	--	424.56
	Average Rate (Rs.)	--	6124.40
<b>3.</b>	<b>Petro Coke</b>		
	Quantity (tones)	<b>5312.67</b>	--
	Total Cost (Rs. In lacs)	<b>492.58</b>	--
	Average Rate (Rs.)	<b>9.27</b>	--
<b>4.</b>	<b>Furnace Oil</b>		
	Quantity (Litres)	<b>28331</b>	108370
	Amount (Rs. In lacs)	<b>8.28</b>	27.00
	Average rate	<b>29.23</b>	24.92

**B) CONSUMPTION PER UNIT OF PRODUCTION:**

The Company manufactures several drug formulations in different pack size and potency and therefore it is difficult to allocate the cost of consumption of power to individual product.

developments will benefit the Company not only in the short term but also in the long term due to the nature of investment made in such development.

**PHARMACEUTICALS**

i) Ongoing research for the development of formulations.

**2. Benefits arrived as a result of above Research & Development:**

i) Product improvements, process development, import substitution, standardization of quality control of formulations.

ii) Better customer satisfaction on use of the product.

**FORM "B"**
**(A) RESEARCH AND DEVELOPMENT**
**1. Specific areas in which Research and Development carried out by the Company:**

There were certain key advances made in the development of new products and innovative delivery systems during the year 2010-2011. These

- iii) Cost effective development of formulation for global pharmaceutical companies, thus bringing in more molecules into global pipeline.
- iv) This continuous up-gradation and adoption of new technology has benefited the Company in the form of better production process, better fields, better quality of the end product and cost reduction.

**3. Future Plan of Action:**

- (i) Resolving process problems encountered in formulation manufacturing for quality and productivity.
- (ii) Optimization of process parameters with emphasis on cost control and rationalization.
- (iii) Studying feasibility of using new manufacturing technology in existing dosage forms.
- (iv) Expand to Global Markets.

**4. Expenditure on R&D**

- a) **Capital** : Nil
- b) **Recurring** : Borne by the Company on regular basis.

**(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

Efforts have been made towards technology absorption, adaptation and innovation. The Company has embraced state-of-art technology for its manufacturing facility.

With this level of automation and technology, the Company is equipped to compete with the global competitors in terms of product quality and cost. However, during the year under review the Company did not import any specific technology. The Company develops technology through efforts of its in-house Research and Development.

The Company's vision has been to evolve as a global leader by developing, discovering and commercializing technologies and novel drugs.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

**Activities relating to exports:**

The Company is continuously exploring possibilities of exporting more of its products to different markets.

Initiatives have been taken to increase exports, development of new markets for products and services and export plans.

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Foreign Exchange Earnings	1429.20	454.90
Foreign Exchange Outgo	2880.27	2704.05

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian pharmaceutical sector has come a long way, being almost non-existent before 1970 to a prominent provider of healthcare products, meeting almost 95 per cent of the country's pharmaceuticals needs.

The Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacturer and technology. It ranks very high, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

Playing a key role in promoting and sustaining development in the vital field of medicines, **Indian Pharma Industry** boasts of quality producers and many units approved by regulatory authorities in USA and UK. International companies associated with this sector have stimulated, assisted and spearheaded this dynamic development in the past years and helped to put India on the pharmaceutical map of the world.

### OPPORTUNITIES

For pharmaceutical companies, the call for decisive action is not a matter of choice, contingent on whether they want to address a new growth opportunity. It is a matter of necessity borne out by the need to withstand competitive pressure and maintain market standing.

Over the past five years, the relative performance of the large domestic companies, the mid-sized and small domestic companies and the multinational firms has changed. On the back of enterprise and innovative sales and marketing models, the mid-sized and small domestic companies have outperformed the market in terms of growth. During this time frame, the large domestic companies have managed to grow with the market. As pharmaceuticals companies scan for new growth opportunities over the next decade, they have realised that some of the most promising are to be found in the world's emerging economies. In recent times, the pharmaceuticals industry has shown high interest in India due to its sustained economic growth, healthcare reforms and patent-related legislation.

According to a recently published report by the McKinsey Global Institute, if the Indian economy continues on its current high growth path, then the Indian pharmaceutical market will undergo a major transformation in the next decade. The market will triple to US\$20 billion by 2015 and move into the world's top-10 pharmaceuticals markets. The absolute growth of US\$14 billion will be next to the growth potential of the US and China, and in the same league as the growth in Japan, Canada and the UK.

### CHALLENGES AND IMPLICATIONS

**“For pharmaceutical companies, determined action is not a matter of choice, but one of necessity.”**

Going forward, the large domestic companies could face strong competition on two fronts. On one hand, smaller players can maintain their trajectory if they continue to pioneer market creation. On the other, multinational firms can gain share through the launch of patented products, contingent on regulatory and infrastructural support.

The case for action is well established across all types of industry players. However, the priorities are likely to differ. For leading domestic companies, the case for action is underpinned by the need to counter the threat to their market leadership. For mid-sized and small domestic players, the challenge lies in replicating past success and coping with increasing scale and complexity. For multinational firms, the imperative is to build businesses of scale in the new patent regime and remain relevant in this high growth market.

### FOR INDIAN COMPANIES

#### MARKET CREATION, DIFFERENTIATED STRATEGIES, PRODUCT ACCESS AND SKILL BUILDING

Market opportunities and threat have differing implications for leading companies and mid-sized and small players. However all converge towards four major actions:

- Drive market creation;
- Pursue differentiated strategies;
- Sustain product access and strengthen sales;
- Marketing capabilities.

### 1. Shift focus from market share capture to market creation

As a result of intense generics competition, traditional geographic markets and prescriber bases are beginning to be well covered. The growth potential here is medium and the chances of share capture low. In such situations, expanding existing markets or creating new ones becomes more important.

Market creation will be difficult and could be fraught with some amount of failure. Companies will need to do things differently. And they should be prepared for a gestation period before economies stabilize. New markets are unlikely to yield the same level of financial returns as established businesses, not in the initial years at least.

### 2. Adopt differentiated strategies and business models

With the ongoing changes in the market opportunities, competitive scenario and disease profiles, a homogeneous business models is unlikely to work.

The challenge for domestic companies will not be limited to adopting differentiated strategies. They will need to match opportunities with talent of varying profiles. Often a different culture is needed to promote a new opportunity.

### 3. Ensure continued access to products

Domestic players will have a reasonably large set of generic product options for the next few years. However, accessing these options will take determined efforts. The first opportunity is to access pre-1995 products not yet launched in India.

The current list of over 200 molecules is a combination of relatively older products and more specialized molecules. Some of these are difficult to formulate and manufacture and will attract limited competition. And therein lies the opportunity. Only handful of companies has developed the skills to reverse engineer and manufacture such products.

A closer examination of these products reveals that oncology and neuropsychiatry offer attractive opportunities. These therapies account for 31 per cent of the product list and have a 48 per cent share of the total sales of these products in the US.

The second opportunity is to launch combinations and newer formulations of products already in the market.

The third approach is to in-license products for the Indian market. Our research shows that the top-30 multinational companies have owned 60 per cent of all molecules at the time of their global launch.

Indian companies should explore partnerships with smaller biotechnology firms or multinational companies that are unlikely to build a strong presence in India.

### 4. Strengthen sales and marketing capabilities

To with stand completion and create genuine differentiation in the market place, domestic companies will need to upgrade their sales and marketing capabilities. At the minimum, these will need to encompass new product development and launch, brand lifecycle management, marketing spend effectiveness and sales force effectiveness.

## FOR POLICY MAKERS

### ENCOURAGE ACCESS AND INNOVATION

Access to affordable healthcare will remain a key imperative for the government. It will also have the responsibility of encouraging product as well as process innovation. The government should fulfill these objectives while supporting the industry. A viable, thriving and competitive industry is probably the best way to enhance access and encourage innovation. In particular, we believe that the upcoming changes in the Indian pharmaceuticals market have five major implications for policy makers, as described below.

#### 1. Emphasis access through health insurance

Although income growth will lift nearly 140 million people from the 'deprived' to the 'aspirer' bracket, healthcare will remain out of reach for a large number of people. In addition, therapies for long-term, chronic diseases may continue to be beyond the reach of many if they have to rely on self-pay. Encouraging the growth of health insurance will therefore be critical to providing access to treatment for as many people as possible. The government has two different roles to play here. First it needs to encourage to private health insurers through regulatory reform.

The second role is more direct and involves providing a minimum level of cover to a large number of the deprived in both urban and rural areas.

**2. Ensure smooth implementation of patent law**

Patent infrastructure in the country has significantly upgraded over the past two years to support the new law, with addition of patent examiners, decentralization of the filing process, and digitization of records.

**3. Support capability building in pharmaceuticals R&D**

India is already recognized as a critical source of R&D capabilities and talent. It is also important to realize, though that India is competing with several other countries in Asia, Eastern Europe and now increasingly Latin America. Policy makers can strengthen Indian R&D by providing incentives beyond financial ones.

There is now consensus that innovation will be a key drive of India's continued growth, and the government has launched several initiatives to foster innovation.

**4. Continued emphasis on improving public health infrastructure**

The government today spends close to 1 per cent of GDP on health, which is half the spending in China and far lower than in the more developed markets. The stated plan is to increase this to 2.5 to 3 per cent of GDP by 2010, with a focus on prevention.

**5. Adopt a broader set of measures to contain healthcare costs**

Drug pricing is very important and is on the agenda of most governments. Ensuring some form of health coverage is typically the first item on the list.

Policy makers will need to consider measures beyond price control. These could include wider health coverage, reimbursements control, preferential tenders, improved economies of public hospitals, and high patient co-pays for lifecycle diseases.

India's pharmaceuticals sector has the potential to transform itself over the next decade. The market is well poised to move into the top league in the scale and sophistication. Industry will play a crucial role in this transformation, countering the ever increasing burden of

disease and improving the living standards of millions of Indians households. Sustained, progressive and collaborative efforts by the industry and policy makers can make this potential a reality.

**YEAR UNDER REVIEW**

**PRODUCT LAUNCHES DURING THE YEAR:**

The Company introduced 10 new products during financial year 2010-11.

<b>GRASIPAR PFS</b>	<b>BOTEPAR INJECTION</b>
<b>LEUCOPAR-50 INJECTION</b>	<b>ANTOXY-2 SYRUP</b>
<b>PACOFF EXPECTORANT</b>	<b>BYCOLD NF SYRUP</b>
<b>PIDIMOL IV</b>	<b>ERLOPAR TABLETS</b>
<b>5 FU-PAR INJECTION</b>	<b>CEFACE CV TABLETS</b>
<b>TAMOLGAN IV</b>	<b>TEGNID INJECTION</b>

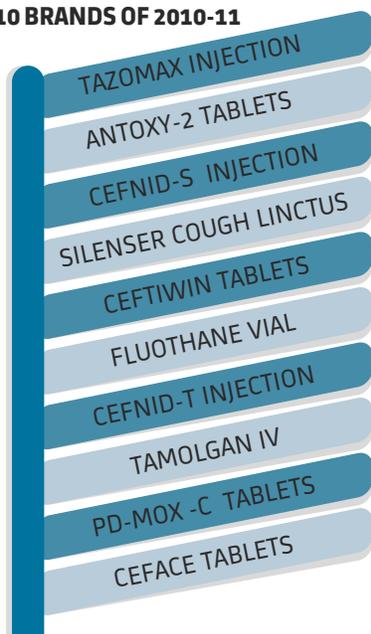
All the new launches received favorable response from the market. New products broadened the product basket of the Company and further strengthened the Company's image as research-based organization.

Further growth areas are:

- Product and assets acquisition opportunities.
- Use of information technology for efficient customer servicing and improved sales productivity.
- Emerging market segments like organized buyer groups and pharmacy chains.
- Leverage on the specialized sales force and distribution built in the domestic market.

PDIL's revenues are mainly from manufacture and sale of branded as well as unbranded generic pharmaceutical products. The growth in Indian Formulations revenues based on age of the portfolio is given below:

## TOP 10 BRANDS OF 2010-11



## OVERSEAS VENTURES

In continuance with the international business strategy embarked by the Company a couple of years back, the Company has made significant forays in the identified markets mentioned below:

1. SAARC
2. African Countries.
3. Middle East
4. South East Asia
5. CIS

The production based hub and model concept has yielded good results for the Company and in the last year the Company has taken significant steps to set up / acquire manufacturing facilities in key countries.

Mauritius venture has been streamlined and is poised to deliver significant growth this year.

Kazakhstan facility is being geared to start production activities early next year and will serve as a hub to serve the highly lucrative CIS region.

Kenya venture will provide the company with an immediate opportunity to serve the African Sub Continent.

In sync with its defined global product portfolio, the Company has initiated products registrations/marketing

approvals in product segments where it has core competencies viz :

IV fluids

Oncology

Critical Care

The Product registrations/Marketing Authorizations to be received in certain countries early next will boost the export sales of the company and provide a ready platform to expand its international operations

By early next year the company will be in a position to supply goods from any of its 8 global manufacturing locations (4 in India and 3 overseas) whereby providing a distinct competitive advantage.

## OUTLOOK

The pharmaceuticals market in India looks poised to grow to USD 55 billion by 2020. At this projected scale, the market will be comparable to developed markets other than the US, Japan and China. Even more impressive will be its level of penetration. In terms of volume, India will be at the top, a close second only to the US market. Furthermore, India is expected to continue its high growth curve and rank among the top 11 global pharmaceutical market by 2015.

The Indian Pharmaceutical Market achieved 15.3% growth with volumes contributing 7.6%, new products contributing 6.5% and price 1.2%.

Indian companies are climbing the value chain by moving to developed markets and from bulk drugs to formulation exports. Indian companies are targeting opportunities rising in the regulated and unregulated markets.

Generics products will continue to dominate the Indian market. Over the next few years, the patent laws will provide an impetus to the launch of patent-protected products. Such products have the potential to capture up to a 10 per cent share of the total market by 2015, implying a market size of US\$2 billion. This segment is likely to grow strongly beyond 2010, by which time we expect patent-related infrastructure to be in place and the regulatory issues to have been finalised.

In this scenario-which we call “maintaining strong growth” all the key growth drivers will continue to see robust growth. Health insurance will grow to cover nearly 20% of the population by 2015 with strong efforts by private players. We expect patent infrastructure to gear up rapidly with two to three times increase in patent examination resources to enable 25 to 30 approvals a year and an average approval process of two years. Over 40% of the absolute growth in India's pharmaceutical market will be driven by rising incomes and a growing propensity to spend on healthcare. Improvements in medical infrastructure, facilitating diagnosis and treatment, will contribute an additional 20% of the growth. Greater health insurance penetration will account for nearly 15% of the growth. A gradual shift in disease profile will account for another 10% of the growth. Finally, population growth and other factors will make up the remaining 15%.

This expected growth is however linked to India's fundamental economic growth. The five factors described below could affect the pace and nature of market evolution.

- Successful implementation of the patent regime i.e. increased speed of patent approval and efficiency in dispute resolution;
- The penetration of health insurance, which will help increase affordability of the more expensive and specialized drugs;
- The evolution of pricing, where intense competition is already keeping prices down, question arises whether further monitoring and control is needed beyond the current Drug Pricing and Control Order;
- The development of medical infrastructure: Growth will be determined by the scale of investment by the private sector and the government in creating new medical facilities and improving the existing ones.
- The rise of organised retail: Although the current share of organised retail is insignificant in pharmaceutical product sales, it is expected to grow and could then reduce the influence of physicians and manufacturers.

## THREATS, RISKS AND CONCERNS

PDIL has adopted prudent risk management measures and mechanism to mitigate environmental, operational and business risks.



### Price Control:

**Risk :-** The domestic market is subject to price control under Drug Price Control Order (DPCO), 1995. In the event Government reduces the prices of Company's products under DPCO or introduces price control on products currently not subject to such control, the profits margins could be significantly affected.

**Concern :-** The Company manages its product portfolio so as to minimize the product weightage of drugs under price control. Prudent procurement strategies and forecasting systems have helped the Company sustain its profitability.

### Intellectual Property Right (IPR) Regime:

**Risk :-** Patent laws in respect of pharmaceutical product have been changes effective 1<sup>st</sup> January, 2005. This would mean that pharmaceutical product patented after 1<sup>st</sup> January, 1995 can no longer be copied through process re-engineering. This has narrowed the choice of new product which the company can introduce in the market. Indian market being price sensitive is less likely to see significant penetration of patented molecules.

**Concern :-** Generic versions of out-of-patented life cycle.

**Financial Risk:**

**Risk :** Unanticipated demand recession results in mismatch between production and sales, which in turn causes strain in liquidity.

**Concern :** The Company has revised its working capital policy in order to minimize such risks. Several initiatives on interest rates (both floating and fixed) have been taken in order to leverage the rate fluctuations.

**Overseas Markets:**

**Risk :** The Company has expanded operations into selected overseas markets of SAARC, African Countries, Middle East, South East Asia, CLS. Such expansions involve substantial business set up expenses, product pipeline development expenses and a gestation time before revenues begin to accrue. The Company faces the risk arising out of a failed or delayed market entry which may significantly affect the future profitability and financial position.

**Concern :** The risks are sought to be mitigated through careful market analyses, improved management bandwidth, marketing alliances and corporate management oversight.

**Quality Risk:**

**Risk :** Product quality is quintessential especially for healthcare products alongwith affordability by the masses is also a crucial factor that would support the cause of "Healthy Living".

**Concern :** The Company's strategy is based on optimum utilization of the company's resources to provide products as per international quality standards at affordable prices. In order to have a quality check, the Company has Classified laboratories as per GLP/ cGMP norms, Control of Microbiological Contamination, Stability testing, Master Validation Plan to keep equipments in a good functional state as per WHO GMP requirements, Standard Operating Procedures available for all manufacturing and quality control activities.

**New Product Risk:**

**Risk :** New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays, delay in market launch and marketing failure.

**Concern :** The Company manages the risk through careful market research for selection of new products, detailed project planning and monitoring.

**Other Market risks:**

**Risk :** Generic competition could lead to fall in sales in branded products accompanied by price erosion. Increased coverage of healthcare spend through insurance can lead to structural changes in the industry.

**Concern :** However, the company does not anticipate changes in these areas in the immediate horizon.

**HUMAN RESOURCES**

**The belief "Great People Create Great Organizations" has been at the core of the Company's approach to its people.**

Our employees are our most important assets and source of competitive advantage. Our success depends entirely on the strength of our talent pool which we build by fostering an environment and continually investing in them to enable them to deliver superior performance. Our Human Resources strategy is aimed at talent acquisition, development, motivation and retention.

PDIL focused on following steps :



**Hiring People:** Hiring right is the first step, often by tapping into the networks of existing members.

**Energizing Existing People :** Engaging and energizing the existing work, building a pipeline for the future and creating an exciting work place.

**Reviewed Policies :** The focus was to make the policies employees friendly keeping in view employees specific needs. The HR policies are being reviewed and benchmarked with world class organizations.

**Accountability :** Team Leaders review the results and act on the opportunities identified to improve engagement. Everyone responsible for own task.

**Employees Relations :** A healthy Employee Relations environment was maintained across the organization in line with the Company's business goals and mission.

#### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

**PDIL** has a well established and comprehensive internal control structure across the value chain, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, that transactions authorized, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner. The key constituents of the internal control system are:-

1. Establishment and review of business plans.
2. Identification of key risks and opportunities.
3. Policies on operational and strategic risk management.
4. Clear and well defined organization structure and limits of financial authority.
5. Continues identification of areas requiring strengthening of internal controls.
6. Operating procedures to ensure effectiveness of business processes.
7. System of monitoring compliance with statutory regulations.
8. Well-defined principals and procedures for evaluation of new business proposals/capital expenditure.

Internal audit are undertaken on a continuous basis, covering various areas across the value chain like manufacturing, operations, sales and distribution, marketing and finance, The report of the internal auditors are regularly reviewed by the management and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems. Summaries of the reports are presented to the Audit Committee of the Board.

#### CAVEAT

This report contains forward looking statements, which may be identified by their use of words like 'plans', 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'projects', or other words of similar expression as they related to the company or its business are intended to identify such forward looking statements. All statements that address expectation or projections about the future, including but not limited to the statements about the company's strategy for growth, development, market position, expenditure and financial results are forward looking statements are based on certain assumptions and expectations of future event. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company undertakes no obligation to publicly update or revise forward-looking statement, whether as a result of new information, future or achievements could differ materially from those expressed or implied in such statements. Therefore as a matter of caution, undue reliance on the forward looking statements should not be made as they speak only of their dates.

## REPORT ON CORPORATE GOVERNANCE

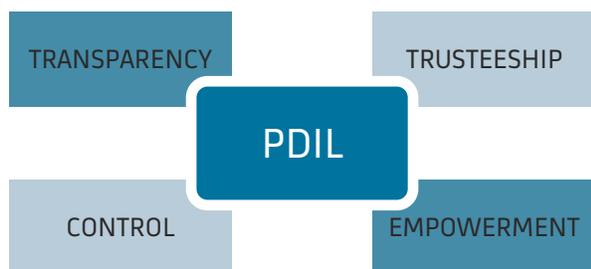
### 1. COMPANY PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

**Corporate Governance at PDIL is not just adherence to mandatory rules and guidelines. It lies in observing the spirit behind the letter.**

Good Governance practices stem from the culture and mindset of the organization. Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and societal expectations.

PDIL's Corporate Governance framework is based on the following main principals:

#### Corporate Governance Framework



**TRANSPARENCY** means explaining the Company's policies and actions to those to whom it has responsibilities. Externally, this means maximum appropriate disclosures without jeopardizing the Company's strategic interests and internally, this means openness in the Company's relationship with its employees and in the conduct of business. We believe transparency enhances accountability.

**TRUSTEESHIP** is the responsibility to ensure equity. Trusteeship recognizes that large corporations, which represent a coalition of interests, thereby casting the responsibility on the Board of Directors to protect and enhance shareholders value, as well as fulfill obligation to other stakeholders.

**EMPOWERMENT** is a process of unleashing creativity and innovation throughout the organization by vesting decision-making powers at appropriate levels, thereby

helping actualize the potential of its employees. It is the core principle of governance that management must have the freedom to drive the enterprise forward.

**CONTROL** ensures that freedom of management is exercised within a framework of checks and balances and is designed to prevent misuse of power, facilitate timely management of change and ensure effective management of risks.

### 2. BOARD OF DIRECTORS

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders is being served.

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information as required under Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders.

#### COMPOSITION

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board represents an optimum mix of professionalism, knowledge and experience. The Board comprises of eight directors; with 4 executive directors and 4 non-executive directors, who have considerable experience in their respective fields. The Board of the Company has a healthy blend of executive and non-executive directors, and consequently ensures that the desired level of independence in functioning and decision-making. Moreover all the non-executive directors are eminent professionals, and bring the wealth of their professional expertise and experience to the management of the Company.

#### Board Procedure

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by background information to enable the Board to take informed decisions. Agenda papers are circulated prior to the Board meeting.

**Disclosure regarding Directors seeking appointment/ re-appointment at the ensuing Annual General Meeting in accordance with Clause 49 of the Listing Agreement:**

**1. Govind Das Garg**

Mr. Govind Das Garg, the Whole-time Director of the Company is retiring at the forthcoming annual general meeting by rotation and he is eligible for re-appointment.

Mr. Govind Das Garg is aged about 63 years and a promoter director of the Company and has been managing the affairs of the Company on day-to-day basis from the very beginning. Mr. Garg has 33 years of working experience in diversified business activities including experience in pharmaceutical industry. Mr. Garg has been working as Whole-time Director of the Company since 1994 and has made pioneering contributions in growth of the Company.

**2. Mr. Dilip Kumar Sinha**

Mr. Dilip Kumar Sinha, Director of the Company is retiring at the forthcoming annual general meeting by rotation and Mr. D.K. Sinha is eligible for re-appointment.

Mr. D.K. Sinha has done Master of Arts (M.A.) in English Literature and C. A. I.I.B. and also Associate of Indian Constitution of Bankers, Mumbai. Mr. D.K. Sinha is a retired General Manager of State Bank of India having wide and varied experience of all aspects of banking during his more than 37 years of service. He was one of the functionaries heading the Industrial Finance Department of State Bank of India (SBI) at its Corporate Office in

Mumbai granting business loans to top Companies of the Country. He also has an international experience and was the 'CEO' of the largest Overseas Branch of SBI at New York for a period of 4 years. During his tenure New York Branch of SBI turned profitable which was incurring losses for a number of years. Presently he is also director on the board of 'Shah Alloys Limited', Ahmedabad. He is also a part time Financial Advisor and Consultant in the "Ethnic Group of Companies" based in Guntur, Andhra Pradesh.

**MEETINGS :**

**1. Number of Board meetings held and the dates on which held**

Eight Board meetings were held during the year, as against the minimum requirement of four meetings. The details as to the date(s) on which the meetings were held are as follows:

Sr. No.	Date	Day	Time
1.	5 <sup>th</sup> May, 2010	Wednesday	11.30 a.m.
2.	27 <sup>th</sup> July, 2010	Tuesday	11.30 a.m.
3.	30 <sup>th</sup> July, 2010	Friday	11.30 a.m.
4.	2 <sup>nd</sup> September, 2010	Thursday	11.30 a.m.
5.	2 <sup>nd</sup> September, 2010	Thursday	4.00 p.m.
6.	15 <sup>th</sup> September, 2010	Wednesday	12.30 p.m.
7.	15 <sup>th</sup> October, 2010	Friday	11.00 a.m.
8.	11 <sup>th</sup> November, 2010	Thursday	11.30 a.m.
9.	31 <sup>st</sup> January, 2011	Monday	11.30 a.m.

**2. Attendance of Directors at Board meetings, last Annual General Meeting (AGM) and the number of other Directorships and Chairmanships/Memberships of other Committees of each Director in various companies:**

Sr. No.	Name of the Directors and Designation	Nature of Directorship	Relationship with each other	No. of Directorships/ Committees membership of other companies *	No. of Board Meetings attended during the year		Whether attended last Annual General Meeting
					Held	Attended	
1.	Mr. Manoharlal Gupta	Chairman-cum-Managing Director	Related to Mr. Vinod Kumar Gupta and Mr. Govind Das Garg	17/0	9	5	-
2.	Mr. Vinod Kumar Gupta	Managing Director	Related to Mr. Manoharlal Gupta and Mr. Govind Das Garg	21/0	9	7	Yes
3.	Mr. Govind Das Garg	Whole-Time Director	Related to Mr. Vinod Kumar Gupta and Mr. Manoharlal Gupta	12/0	9	8	-
4.	Mr. Anil Mittal	Chief Executive and Whole-Time Director	None	6/0	9	7	-
5.	Mr. Satish Chandra Consul	Non-Executive and Independent Director	**	0/2	9	9	-
6.	Mr. Dharam Pal Khanna	Non-Executive and Independent Director	**	2/2	9	9	-
7.	Mr. Dilip Kumar Panchaity	Non-Executive and Independent Director	**	0/1	9	8	Yes
6.	Mr. Dilip Kumar Sinha	Non-Executive and Independent Director	**	1/0	9	6	Yes

**Note:**

- This includes directorship in private limited companies also.
- Only the following Board Committees have been considered for this purpose; i.e. :
  - (i) Audit Committee and
  - (ii) Investor Grievance Committee.

■ Excluding Foreign Companies, Companies Registered under Section 25 of the Companies Act, 1956 and Alternate Directorship.

\*\* There is no pecuniary or business relationship between the Non- Executive Directors and the Company.

As is evident, the maximum time gap between any two meetings was not more than four months.

### 3. AUDIT COMMITTEE

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements. The Audit Committee, inter alia reviews the adequacy of internal audit function and internal audit reports including those relating to internal control weaknesses.

#### TERM OF REFERENCE:

Terms of reference includes following:

- (i) To review quarterly, half yearly and annual financial statements, standalone as well as consolidated before submission to the Board for approval;
- (ii) To review Company's fiscal and risk management policies;
- (iii) To review the statement of significant related party transactions;
- (iv) To review the Management Discussion and Analysis Report on the financial condition of the Company and review of company's operations;
- (v) To review with the management, the adequacy of Internal Control System;
- (vi) To review compliances with the accounting standard, legal requirements concerning financial statements and compliance with applicable clauses of Listing Agreements with Stock Exchanges.

The terms of reference and composition of the Audit Committee conform to the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### COMPOSITION :

The Audit Committee of the Company comprises three independent directors of the Board namely:

<b>Chairman:</b>	Mr. Dilip Kumar Panchaity
<b>Members:</b>	Mr. Satish Chandra Consul
	Mr. Dharam Pal Khanna

All the members of the Audit Committee possess requisite financial and accounting expertise. The Board of Directors of the Company at the subsequent Board Meetings notes the minutes of the Audit Committee.

Mr. Archana Agar, Company Secretary acts as Secretary to the Committee.

#### MEETINGS :

##### 1. Number of Audit Committee meetings held and the dates on which held:

Five meetings of the Audit Committee were held during the year ended 31<sup>st</sup> March, 2011, as against the minimum requirement of four meetings. The dates on which the meeting were held are as follows:

Sr. No.	Date	Day	Time
1.	5 <sup>th</sup> May, 2010	Wednesday	11.00 a.m.
2.	30 <sup>th</sup> July, 2010	Friday	11.00 a.m.
3.	2 <sup>nd</sup> September, 2010	Thursday	11.00 a.m.
4.	11 <sup>th</sup> November, 2010	Thursday	11.00 a.m.
5.	31 <sup>st</sup> January, 2011	Monday	11.00 a.m.

Necessary quorum was present for all the meetings.

##### 2. Attendance of each Member at the Audit Committee meetings held during the year

Name	Number of Meetings during the year 2010-11	
	Held	Attended
Mr. Dilip Kumar Panchaity	5	4
Mr. Satish Chandra Consul	5	5
Mr. Dharam Pal Khanna	5	5

### 4. SUBSIDIARY COMPANIES

The Company does not have a material non-listed Indian subsidiary company whose turnover or net-worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net-worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year, in terms of Clause 49(III) of the Listing Agreement.

Copies of the Minutes of the Board Meetings of the subsidiary companies of the Company are placed before the Board of the Company on a periodical basis.

## 5. REMUNERATION COMMITTEE

The Remuneration Committee has been constituted to recommend/review remuneration of the Managing Director and the Whole-time Director, based on their performance and defined assessment criteria.

### TERM OF REFERENCE :

- (i) To evaluate and recommend the composition of the Board of Directors;
- (ii) Determining process for evaluating the effectiveness of individual directors and the Board as whole;
- (iii) Evolve the principles, criteria and basis of applicable remuneration policy and recommend the remuneration for all Whole-time Directors and Managing Directors by whatever name called;
- (iv) Recommend and monitor the level and structure of pay for senior management.

### COMPOSITION :

The remuneration committee consists of the following non-executive and independent Directors:

<b>Chairman :</b>	Mr. Satish Chandra Consul
<b>Members :</b>	Mr. Dharam Pal Khanna Mr. Dilip Kumar Panchaity

### MEETING :

One meeting of the Remuneration committee was held during the year in which all the members were present.

### Remuneration paid to the Chairman and Managing Director and the Whole-time Directors during 2010-11:

Name of the Director	Salary and Perquisites	Commission	Total
Mr. Manoharlal Gupta	*2803385	Nil	2803385
Mr. Vinod Kumar Gupta	*2803385	Nil	2803385
Mr. Govind Das Garg	*1401692	Nil	1401692
Mr. Anil Mittal	#2647071	Nil	2647071

### Notes :

1. The remuneration to the executive directors is being paid as per the approval of the shareholders at the general body meeting.
- \*2. Salary and perquisites includes Provident Fund and Gratuity etc.
- #3. Salary and perquisites includes Provident Fund, Bonus and Gratuity etc.
4. Presently, the Company does not have a scheme for grant of Stock options either to the executive directors or employees.
5. Mr. Anil Mittal is holding 1600 equity shares of the Company.

### Details of payment made to Non-Executive Directors during the year 2010-11 are given below:

Name of the Non-Executive Independent Director	Business relation with the Company	Total Sitting Fees
Mr. Satish Chandra Consul	None	38000
Mr. Dharam Pal Khanna	None	38000
Mr. Dilip Kumar Panchaity	None	26000
Mr. Dilip Kumar Sinha	None	12000

### Notes:

1. The above figures consist of fees paid for attendance of Board and the Committee meetings.
2. Mr. Dilip Kumar Sinha is holding 1333 equity shares of the Company.

## 6. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

In compliance with the requirement of the Corporate Governance under the Listing Agreement with the Stock Exchanges, the Company has constituted the 'Shareholders'/ Investors' Grievance Committee which is

chaired by a Non-Executive/ Independent to specifically look into issues relating to redressal of shareholders queries and complaints.

#### TERMS OF REFERENCE :

To specifically look into redressing shareholders' and investors' complaints in the following areas:

- Transfer of shares;
- Non-receipt of declared dividends;
- Non-receipt of shares lodged for transfer;
- Issue of Duplicate Shares; and
- any other matter of shareholders' interest.

#### COMPOSITION:

The Composition of the Investors' Grievance Committee is as follows:

**Chairman:** Mr. Satish Chandra Consul

**Member:** Mr. Dharam Pal Khanna

#### MEETINGS :

##### 1. Number of Committee meetings held and the dates on which held:

Four meetings of the Shareholders'/Investors' Grievance Committee (SIGC) was held during the year 2010-11:

Sr. No.	Date	Day	Time
1.	5 <sup>th</sup> May, 2010	Wednesday	10.45 a.m.
2.	30 <sup>th</sup> July, 2010	Friday	10.45 a.m.
3.	11 <sup>th</sup> November, 2010	Thursday	10.45 a.m.
4.	31 <sup>st</sup> January, 2011	Monday	10.45 a.m.

##### 2. Attendance of each Member at the Investor Grievance Committee meetings held during the year

Name	Committee Meetings	
	Held	Attended
Mr. Satish Chandra Consul	4	4
Mr. Dharam Pal Khanna	4	4

The Company attends the shareholders'/Investors' grievances/ correspondences expeditiously.

Details pertaining to the number of complaints received and responded and the status thereof during the financial year ended 31st March, 2011 are given as follow :

The following table shows nature of complaints received during the year:

Sr. No.	Nature of Complaints	Opening	Received During the year	Resolved
1.	Non-receipt of Dividend Warrants	Nil	7	7
2.	Non-receipt of Share Certificates	Nil	10	10
3.	Non-receipt of Bonus Share Certificates	Nil	24	24
4.	Non-receipt of Replaced/Split/ Consolidated/ Duplicate Share Certificate	Nil	3	3
5.	Others	Nil	6	6
	<b>Total</b>	<b>Nil</b>	<b>50</b>	<b>50</b>

All the aforesaid complaints were responded to by the Company/Registrar & Transfer Agent, M/s. Link Intime India Pvt. Ltd. appropriately and there were no pending complaints at the end of the financial year 2010-11.

All the queries and complaints received during the financial year ended 31<sup>st</sup> March, 2011, were duly addressed and no queries are pending for resolution on that date.

#### Share Transfer Mechanism

The share transfers received are processed within 30 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. Demat requests are processed within 21 days from the date of receipt, to give credit of the shares through the Depositories.

A summary of transfer/transmission of securities of the Company is placed at Shareholders'/Investors' Grievance Committee.

**Compliance Officer:**

Ms. Archana Agar, Company Secretary of the Company is the Compliance Officer of the Company.

**7. GENERAL BODY MEETINGS**

**A. Annual General Meetings:**

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions
2009-10	30 <sup>th</sup> Sept., 2010	9.30 a.m.	Classique Club, Behind Infinity Mall, Link Road, Oshiwara, Andheri (West), Mumbai-400 053	One
2008-09	28 <sup>th</sup> Dec., 2009	9.30 a.m.	Classique Club, New Link Road, Oshiwara, Andheri (West), Mumbai-400 053	Nil
2007-08	30 <sup>th</sup> Sept., 2008	9.30 a.m.	Classique Club, New Link Road, Oshiwara, Andheri (West), Mumbai-400 053	Nil

**B. Special Resolutions :**

At the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2010, one special resolution was passed for further issue of shares of the Company. The resolution was passed with the requisite majority.

**C. Extra-Ordinary General Meetings:**

In addition to Annual General Meeting, the Company holds General Meetings of the shareholders as and when need arises. There was no such meeting held during the year.

**D. Postal Ballot:**

No special resolution was passed through Postal Ballot during 2010-11. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

**8. DISCLOSURES**

**a) Related Party Transactions:**

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the suitable disclosure as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India have been reported in note 6 of **Schedule "P"** attached to the Accounts.

**b) Compliances by the Company**

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any other statutory authorities relating to the above.

**c) Risk Management framework**

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

**d) Reconciliation of Share Capital Audit**

Reconciliation of Share Capital Audit as mandated by SEBI requirement is carried out by an independent Company Secretary. The reports confirming that the aggregate number of equity shares of your Company held in demat form (with NSDL & CDSL) and in physical form, tally with the issued /paid-up capital of your Company, is placed before and noted by the Board from time to time.

**e) Prevention of Insider Trading**

The Company has framed its own Code for prevention of Insider Trading which is applicable to the Directors and Designated Employees of the Company.

**f) Code of Conduct**

The Company is committed to conducting its business in conformity with ethical standards and applicable laws and regulations. The Board of Directors has laid down Code of Conduct for all the Board members and all the employees in the management grade of the Company. The code covers among other things the Company's Commitment to honest & ethical personal conduct, fair competition, corporate social responsibility, sustainable environmental performance, health & safety, transparency and compliance of laws & regulations etc.

**g) Mandatory Requirements**

- Company has timely complied with all mandatory requirements of the Listing Agreement and also adopted the non-mandatory requirements wherever required.
- Though there in no formal Whistler Blower Policy, the Company takes cognizance of complaints and suggestions and takes appropriate corrective actions, wherever necessary.
- No personnel of the Company was denied excess to the Audit Committee during the year.

**9. MEANS OF COMMUNICATION**

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, Press Releases etc. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matter which in its opinion, are material and relevant for the shareholders.

**1. Financial Results:-**

<b>Quarterly Results</b>	<ul style="list-style-type: none"> <li>■ Published in the Financial Express and Navshakti.</li> <li>■ The results (Standalone as well as Consolidated) are also posted on the Company's website : <a href="http://www.pdindia.com">www.pdindia.com</a></li> <li>■ The results are also sent to the Stock Exchanges where shares of the Company are listed, immediately after the same are approved by the Board.</li> </ul>
<b>Annual Results</b>	Annual Report of the Company containing, interalia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Report on Corporate Governance, Auditors Report and other important information is circulated to the members and other entitled thereto every year.

- 2. Website:** The Company's corporate website [www.pdindia.com](http://www.pdindia.com) provides comprehensive information about its portfolio of businesses.
- 3. News Releases:** Official news releases are sent to Stock Exchanges for the information of the shareholders.
- 4. Management Discussion and Analysis (MDAR) :**  
The MDAR forms a part of this Annual Report.

**DECLARATION FROM MANAGING DIRECTOR**

All the Board members and senior management personnel have confirmed compliance with the Code. A declaration signed by the Managing Director pursuant to Clause 49 (I)(D)(ii) of the Listing Agreement for the year ended on 31st March, 2011:

**DECLARATION**

I, hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

**Place: Indore**  
**Date: 22<sup>nd</sup> August, 2011**

**Vinod Kumar Gupta**  
**Managing Director**

## 10. GENERAL SHAREHOLDERS' INFORMATION

1. 27th Annual General Meeting	
<b>Date</b>	30 <sup>th</sup> September 2011
<b>Time</b>	9.30 a.m.
<b>Venue</b>	The Classique Club, Behind Infinity Mall, Link Road, Opposite Raheja, Oshiwara, Andheri (West), Mumbai-400 053
<b>2. Financial Year</b>	1 <sup>st</sup> April to 31 <sup>st</sup> March
<b>3. Date of Book Closure</b>	Tuesday, 27 <sup>th</sup> September, 2011 to Friday, 30 <sup>th</sup> September, 2011 (both days inclusive).
<b>4. Listing on Stock Exchange(s)</b>	<p>The Shares of the company are listed on following premier Stock Exchanges of India having nationwide trading terminals:</p> <ul style="list-style-type: none"> <li>■ Bombay Stock Exchange Limited (BSE)</li> <li>■ National Stock Exchange of India Limited (NSE)</li> </ul> <p>Annual Listing fee for the financial year 2011-12 (as applicable) has been paid by the Company to the aforesaid Stock Exchange(s).</p>

### 5. Stock Code/ Symbol

<b>BSE</b>	
<b>Stock Code</b>	PARENTLD
<b>Scrip Code</b>	524689
<b>NSE</b>	PDPL EQ
<b>ISIN No.</b>	INE904D01019 (NSDL & CDSL)
<b>CIN No.</b>	L99999MH1983PLC126481

### 6. Market Price Data

The reported high and low closing prices during the year 31<sup>st</sup> March, 2011 on the Bombay Stock Exchange and the National Stock Exchange, where your Company's shares are frequently traded are given below :

Month	Quotations on BSE		Quotations on NSE	
	High Price	Low Price	High Price	Low Price
Apr, 2010	254.95	211.00	-	-
May, 2010	231.00	183.60	-	-
June, 2010	248.00	188.15	-	-
July, 2010	273.75	240.00	-	-
Aug, 2010	289.95	242.10	298.00	240.25
Sept, 2010	326.00	216.05	324.00	217.05
Oct, 2010	355.00	220.25	395.00	223.00
Nov, 2010	399.95	284.00	400.00	280.00
Dec, 2010	334.90	210.00	334.00	209.65
Jan, 2011	333.45	235.60	332.15	235.10
Feb, 2011	245.00	194.15	245.90	193.05
Mar, 2011	184.45	134.15	190.00	136.00

### 7. Shareholding Pattern as on 31<sup>st</sup> March, 2011

#### (a) Class-wise Distribution of Equity Shares as on 31<sup>st</sup> March, 2011

Slab of Shareholding	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1-500	4622	84.98	737118	2.85
501-1000	387	7.12	271129	1.05
1001-2000	193	3.55	266350	1.03
2001-3000	60	1.10	150807	0.58
3001-4000	18	0.33	67831	0.26
4001-5000	29	0.53	130129	0.50
5001-10000	51	0.94	368348	1.43
10001-and above	79	1.45	23875119	92.30
<b>Total</b>	<b>5439</b>	<b>100.00</b>	<b>25866831</b>	<b>100.00</b>

**(B) Shareholding Pattern as on 31<sup>st</sup> March, 2011**

SR. NO.	CATEGORY	NO. OF SHARES HELD	% OF SHARE-HOLDING
<b>A</b>	<b>PROMOTER'S HOLDING</b>		
1.	Promoters Indian Foreign	17921907 - -	69.27% - -
2.	Persons acting in Concert	-	-
	<b>Sub-Total</b>	<b>17921907</b>	<b>69.29%</b>
<b>B</b>	<b>NON-PROMOTER'S HOLDING</b>		
3.	Institutional Investors (a) Mutual funds and UTI (b) Banks, Financial Institutions (Central/State Govt. Institutions/Non-government Institutions) (c) Insurance Companies (d) FII's	7998 2102 1935 880658	0.03% 0.01% 0.01% 3.40%
	<b>Sub-Total</b>	<b>892693</b>	<b>3.45%</b>
4.	Others (a) Bodies Corporate (b) Indian Public (c) NRIs/OC (d) Any Other (Clearing Members, Trust, Directors)	2955856 3984022 35222 77131	11.43% 15.4% 0.14% 0.29%
	<b>Sub-Total</b>	<b>7052231</b>	<b>27.26%</b>
	<b>GRAND TOTAL (A+B)</b>	<b>25866831</b>	<b>100%</b>

**8. Registrar and Share Transfer Agent**

The Members are requested to correspond to the Company's Registrars & Share Transfer Agent – M/s. Link Intime India Private Limited quoting their Folio Number, Client ID, DP ID at the following address:

M/s. Link Intime India Pvt. Ltd.  
C - 13 Kantilal Maganlal Estate,  
Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078  
Tel No: 022 - 25946970  
Fax No: 022 - 25946969  
Email : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Share Transfer System :**

M/s. Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company. Transfers of shares are approved by the Share Transfer Committee referred to as 'Transfer and Shareholders'/ Investors' Grievance Committee' or Delegated Authority which meets on quarterly basis.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

**Green Initiative in Corporate Governance**

Pursuant to Circular No. 17/2011 dated 21<sup>st</sup> April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company.

Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar & Transfer Agent, M/s. Link Intime India Pvt. Ltd. by sending a letter signed by the shareholders and intimate changes in the e-mail ids from time to time.

**9. Dematerialization of shares**

Trading in Company's share is permitted compulsorily in dematerialized form as per notification issued by SEBI.

The Break-up of shares in physical and demat form as on 31<sup>st</sup> March, 2011 is as follows :

Particulars of Equity Shares	Equity Shares of Rs.10/-each	
	Number	% of Total
NSDL	66,79,968	25.82
CDSL	1,67,58,977	64.79
<b>Sub-Total</b>	<b>2,34,38,945</b>	<b>90.61</b>
Physical	24,27,886	9.39
<b>Total</b>	<b>2,58,66,831</b>	<b>100.00</b>

Shareholders, who continue to hold shares in physical form, are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic/ dematerialized form.

#### 10. Outstanding GDRs/ ADRs/ Warrants or any other convertible instruments and their impact on equity:

The Company has 29,62,102, 0% optionally convertible redeemable preference shares of Rs. 10/- each which are convertible within a period of 5 years w.e.f. 1<sup>st</sup> November, 2008.

#### 11. Plant Locations

##### (1) INDIA

Location	Address
Madhya Pradesh	Village Asrawad, Post Dudhia, Nemawar Road, Indore-453 331, (M. P.)
Himachal Pradesh	Village Bhud, Tehsil Nalagarh, Distt. Solan – 173 205 (H. P.)
Goa	Honda Industrial Estate, Plot No.1, Phase III, Honda, Sattari-403 530 (Goa)
Punjab	Village Sura, Post Suranussi, Jalandhar-144 027 (Punjab)

##### (2) OVERSEAS

Location	Address
Mauritius	Old Moka Road, Bell Village, P.O.Box 770, Republic of Mauritius
Kazakhstan	Arna Industrial Estate, Kapchagai, Republic of Kazakhstan

#### 12. Address for Correspondence

For all investor related matters, the address for correspondence shall be:

<b>Company</b>	<b>“Company Secretary”</b> Parenteral Drugs (India) Limited Shree Ganesh Chambers, Navlakha Crossing, A.B.Road, Indore (M.P.)-452 001 E-mail : <a href="mailto:investor@pdindia.com">investor@pdindia.com</a>
<b>Registrars and Share Transfer Agent</b>	M/s. Link Intime India Pvt. Ltd. C - 13 Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Tel No : 022 - 25946970 Fax No : 022 - 25946969 E-mail : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

**Place: Indore**

**Date: 22<sup>nd</sup> August, 2011**

**FOR AND ON BEHALF OF THE BOARD**

**Manoharlal Gupta**  
**Chairman-cum-Managing Director**

# Certificate

**To**

**The Members of  
Parenteral Drugs (India) Limited**

We have examined the compliance of the conditions of Corporate Governance by Parenteral Drugs (India) Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the listing agreement of the said company with Stock Exchange(s).

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

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2011 no investor grievances are pending against the company as on date as per the records maintained by the company and presented to the Investors'/Shareholders' grievance committee.

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

**Place : Indore**

**Date: 22<sup>nd</sup> August, 2011**

**For T.N.Unni & Co.  
Chartered Accountants  
Firm Regn No. 004890C**

**T.N.Unni  
(Partner)  
M. No. 014520**

# CEO Certification

## To the Board of Directors of Parenteral Drugs (India) Limited

I, Vinod Kumar Gupta, Managing Director, to the best of my knowledge and belief hereby certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2011 and that to the best of my knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the audit committee that:
  - (i) there has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) there has not been any significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there have not been any instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place : Indore**

**Date: 22<sup>nd</sup> August, 2011**

**Vinod Kumar Gupta**  
**Managing Director**

## AUDITORS' REPORT

To,

The Members of

**M/s. PARENTERAL DRUGS (INDIA) LIMITED**  
**MUMBAI**

1. We have audited the attached Balance Sheet of **Parenteral Drugs (India) Limited** as at 31<sup>st</sup> March, 2011 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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 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 mis-statement. 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we set out 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 in paragraph 3 above, we report that;
  - a) 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;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) 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 Section 211(3C) of the Act;
  - e) On the basis of written representation received from the directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts together with the notes thereon attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - (ii) In so far as it relates to the Profit and Loss Account, of the profit for the year ended on that date.
    - (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For T.N.Unni & Co.**  
**Chartered Accountants**  
**Firm Regn No. 004890C**

**Place: Indore**  
**Date : 22<sup>nd</sup> August 2011**

**T.N.Unni**  
**(Partner)**  
**M. No. 014520**

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the Members of Parenteral Drugs (India) Limited on the accounts for the year ended 31<sup>st</sup> March, 2011]

1. a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
- b) The Fixed assets of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- c) In our opinion, and according to the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the year.
2. a) The stock of finished goods, stores, spare parts and raw material lying at its location have been physically verified by the management at intervals during the financial year and the frequency of verification is considered reasonable.
- b) In our opinion and according to the information and explanations given to us, 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.
- c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the books of records were not material.
3. a) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has taken unsecured loans from 7 (seven) companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 785.44 lacs and the year end balance of such loans aggregated to Rs. 49.91 lacs.
- c) The rate of interest and other terms and conditions of unsecured loan taken by the company, are prima facie not prejudicial to the interest of the Company.
- d) Payment of the principal amount and interest are also regular during the year.
4. In our opinion there is an adequate internal control system 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 and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under Section 301 of Act, have been so entered.
- b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of Act, and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public, and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not attracted in case of borrowings made by the Company. No order under the aforesaid sections has been passed by the Company Law Board on the Company.
7. The Company has appointed a firm of Chartered Accountants to carry out the internal audit, and the scope of audit is commensurate with its size and nature of business.
8. Maintenance and cost audit of cost records has been prescribed for the products of the company by the Central

Government, under Section 209(1) (d) of the Companies Act, 1956, and in our opinion prima facie, all cost records are being maintained by the Company.

9. a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material dues as applicable, have been regularly deposited by the Company during the year with the appropriate authorities.
- b) As at 31<sup>st</sup> March, 2011 according to the records of the Company and the information and explanations given to us, the disputed demand of excise duty to the tune of Rs. 230.20 lacs has been challenged by the Company and show cause notices are pending for adjudication.
10. The Company neither has accumulated losses as at 31<sup>st</sup> March, 2011 nor has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. On the basis of information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or banks.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. The Company is not dealing or trading in Shares, securities, debentures and other investments and the investment made by the Company in shares and other securities has been held in its own name in respect of which the Company has maintained adequate records.
15. The Company has assumed the Corporate Guarantee for loans taken by its subsidiary companies Goa Formulations Limited and Parenteral Surgicals Limited and has taken counter guarantee. The terms and condition of Corporate

Guarantee are not prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us the term loans taken by the Company were applied for the purpose for which the loans were obtained.
17. Based on the information and explanations given to us and on examination of the books of the Company, in our opinion the funds raised on a short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. No debentures have been issued by the Company during the year.
20. During the year, the Company has not raised money by way of public issue.
21. According to the information and explanations given to us and the examination of the records we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For T.N.Unni & Co.**  
**Chartered Accountants**  
**Firm Regn No. 004890C**

**Place: Indore**  
**Date : 22<sup>nd</sup> August 2011**

**T.N.Unni**  
**(Partner)**  
**M. No. 014520**

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

### BALANCE SHEET AS AT 31.03.2011

(Rupees)

		AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE</b>			
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	<b>A</b>	455556330	317886250
RESERVES & SURPLUS	<b>B</b>	2916710400	2887632204
<b>LOAN FUNDS</b>			
SECURED LOANS	<b>C</b>	2390075332	1794722276
UNSECURED LOANS	<b>D</b>	125411989	198116552
	<b>TOTAL</b>	<b>5887754051</b>	<b>5198357282</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	<b>E</b>	3588616292	2580025414
LESS DEPRECIATION		429734050	320337814
<b>NET BLOCK</b>		<b>3158882242</b>	<b>2259687600</b>
<b>INVESTMENTS</b>		<b>1396407157</b>	<b>1395335000</b>
(See Note No. 15 of Notes on Accounts)			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
INVENTORIES	<b>F</b>	690065445	669513983
SUNDRY DEBTORS	<b>G</b>	781387823	1017133587
CASH & BANK BALANCES	<b>H</b>	46468679	96939549
LOANS & ADVANCES	<b>I</b>	424877093	371255999
		<b>1942799040</b>	<b>2154843118</b>
<b>LESS:CURRENT LIABILITIES AND PROVISIONS</b>	<b>J</b>	610398033	611572080
<b>NET CURRENT ASSETS</b>		<b>1332401007</b>	<b>1543271038</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		63645	63644
	<b>TOTAL</b>	<b>5887754051</b>	<b>5198357282</b>
<b>NOTES ON ACCOUNTS</b>	<b>P</b>		

As per our report of even date attached  
For **T.N.Unni & Co.**  
Chartered Accountants  
Firm Regn No. 004890C  
**T.N.Unni**  
Partner  
M. No. 014520  
**Place : Indore**  
**Date : 22<sup>nd</sup> August, 2011**

**Ms. Archana Agar**  
Company Secretary

For and on behalf of the Board  
**Manoharlal Gupta**  
Chairman-Cum-Managing Director  
**Vinod Kumar Gupta**  
Managing Director  
**Govind Das Garg**  
Whole-time Director

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2011**

(Rupees)

SCHEDULE	For the year ended on 31.03.2011	For the year ended on 31.03.2010
<b>INCOME</b>		
SALES (NET OF RETURNS)	3807134293	3372821290
INCREASE/DECREASE IN STOCK (+/-) <b>K</b>	37471401	-1868740
OTHER INCOME	5184664	13388147
<b>TOTAL</b>	<b>3849790357</b>	<b>3384340697</b>
<b>EXPENDITURE</b>		
MATERIAL CONSUMED	2212427549	1848321776
MANUFACTURING EXPENSES <b>L</b>	292923624	221351016
EXPENDITURE ON EMPLOYEES <b>M</b>	166044928	107333624
ADMINISTRATIVE & GENERAL EXP. <b>N</b>	208296136	183337744
SELLING & DISTRIBUTION EXPENSES <b>O</b>	518367423	458833158
INTEREST & FINANCIAL OUTLAY	225086526	138025799
DEPRECIATION <b>E</b>	109354297	76661373
<b>TOTAL</b>	<b>3732500483</b>	<b>3033864490</b>
<b>PROFIT BEFORE TAXATION</b>	<b>117289874</b>	<b>350476207</b>
LESS: INCOME TAX FOR THE YEAR	23374377	58829247
ADD/LESS : TAX ADJUSTMENT FOR PREVIOUS YEARS	-128281	109964
LESS: PROVISION FOR DEFERRED TAX LIABILITIES	6636818	18859022
<b>PROFIT AFTER TAX</b>	<b>87150398</b>	<b>272897902</b>
<b>ADD: BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR</b>	<b>494421421</b>	<b>306737104</b>
<b>SURPLUS AVAILABLE FOR APPROPRIATION</b>	<b>581571820</b>	<b>579635006</b>
<b>APPROPRIATION</b>		
TRANSFERRED TO GENERAL RESERVE	--	40934685
PROPOSED DIVIDEND	--	37846831
TAX ON DISTRIBUTED PROFIT	--	6432069
<b>SURPLUS TRANSFERRED TO BALANCE SHEET</b>	<b>581571820</b>	<b>494421422</b>
<b>EARNING PER SHARE</b>	<b>3.37</b>	<b>14.44</b>
<b>DILUTED EARNING PER SHARE</b>	<b>3.37</b>	<b>14.44</b>
<b>NOTES ON ACCOUNTS</b> <b>P</b>		

As per our report of even date attached  
 For **T.N.Unni & Co.**  
 Chartered Accountants  
 Firm Regn No. 004890C  
**T.N.Unni**  
 Partner  
 M. No. 014520  
**Place : Indore**  
**Date : 22<sup>nd</sup> August, 2011**

**Ms. Archana Agar**  
 Company Secretary

For and on behalf of the Board  
**Manoharlal Gupta**  
 Chairman-Cum-Managing Director  
**Vinod Kumar Gupta**  
 Managing Director  
**Govind Das Garg**  
 Whole-time Director

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

**SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT**

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
26500000 Equity Shares of Rs. 10/- each	265000000	265000000
3500000 Shares, Redeemable, Non Cumulative, Non convertible	35000000	35000000
Preference Share of Rs. 10/- Each		
2962102 - 0% Optionally convertible, redeemable	29621020	29621020
Preference Share of Rs. 10/- Each		
7037898 - Redeemable Preference shares of Rs.10/-each	70378980	70378980
<b>Issued Subscribed and Paid Up</b>		
Equity Share Capital		
25866831 Equity Shares of Rs. 10/- each (including 12751428 Equity Shares of Rs.10 /- each Bonus shares issued as fully paid up out of free reserve & 1042560 Equity shares of 10 each issued as fully paid up out of revaluation reserves)	258668310	194001230
Preference Share Capital		
3500000 Shares, Redeemable, Non Cumulative, Non convertible	35000000	35000000
Preference Share of Rs. 10/- Each		
2962102 - 0% Optionally convertible, redeemable	29621020	29621020
Preference Share of Rs. 10/- Each		
Share Application Money for Preference Share Capital	132267000	59264000
<b>TOTAL</b>	<b>455556330</b>	<b>317886250</b>
<b>SCHEDULE B</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve	91824794	156491874
Opening balance	156491874	
Less : Bonus Share Issued	64667080	
Profit & Loss A/c	581571820	494421422

ANNEXURE TO AUDITORS' REPORT

BALANCE SHEET

CERTIFICATE

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

(Rupees)

		AS AT 31.03.2011	AS AT 31.03.2010
Capital Reserve		100000	100000
Capital subsidy Reserve (09-10)		3000000	3000000
Revaluation Reserve		12064189	12106128
Share Premium		2037074013	2037074013
Amalgamation reserve		34422287	34422287
Deferred Tax Reserve		156653297	150016480
Reserve for the previous years	150016480		
Add:Liability for the current year	6636818		
	<b>TOTAL</b>	<b>2916710400</b>	<b>2887632204</b>
<b>SCHEDULE C</b>			
<b>SECURED LOANS</b>			
(See also note no.2 of Notes on accounts)			
State Bank of India,Commercial Branch ,Indore		12459326	25221160
Term Loan I I for Baddi plant			
State Bank of India,Commercial Branch ,Indore		49521933	70747104
Term Loan I I I for Baddi plant			
State Bank of India,Commercial Branch ,Indore		186958988	232386799
Term Loan I V for Baddi plant			
State Bank of India,Commercial Branch ,Indore		504802911	498826348
Term Loan - V for Indore plant			
State Bank of India,Commercial Branch ,Indore		15335511	64708313
Corporate Loan I			
State Bank of India,Commercial Branch ,Indore		303214223	--
Corporate Loan II			
Punjab National Bank, Chandigarh		11372101	16401823
Term Loan for Baddi plant			
Punjab National Bank, Chandigarh		9319846	13946986
Term Loan for Indore plant			
State Bank of India,Commercial Branch ,Indore		942430355	614452713
Cash Credit			
Punjab National Bank, Chandigarh		352456428	258031030
Cash Credit			
HDFC Bank Ltd		2203710	--
Vehicle Finance			
	<b>TOTAL</b>	<b>2390075332</b>	<b>1794722276</b>
<b>SCHEDULE D</b>			
<b>UNSECURED LOANS</b>			
From Directors & Relatives		4990732	5541225
Inter Corporate Deposit		--	73003000
Security Deposit from Dealers & suppliers		120421257	119572327
	<b>TOTAL</b>	<b>125411989</b>	<b>198116552</b>

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

**SCHEDULE "E"  
FIXED ASSETS AND DEPRECIATION AS ON 31.03.2011  
(Rupees)**

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	As on 01.04.2010	Addition	Transfer	As on 31.03.2011	Up to 01.04.2010	For the Year	Depreciation On Revaluation	Written Back	As on 31.03.2011	As on 31.03.2010	
LAND	33869325	--	--	33869325	--	--	--	--	--	33869325	33869325
FACTORY BUILDING	345712057	45868939	--	391580996	61299404	10881297	27455	--	72208156	319372840	284412653
OFFICE PREMISES	1566460	--	--	1566460	202466	9780	--	--	212246	1354214	1363994
VEHICALS	11153781	2400000	--	13553781	7876050	883975	--	--	8760024	4793757	3277731
OFFICE EQUIPMENTS	3277525	550233	--	3827758	1382664	146313	--	--	1528977	2298781	1894861
ELECTRICAL INSTALLATION	43786717	8894204	--	52680921	12087361	2112908	847	--	14201116	38479805	31699356
PLANT & MACHINERY	1843825349	462279577	--	2306104926	208657664	92866496	13637	--	301537797	2004567129	1635167684
FURNITURE & FITTINGS	15979469	3467391	--	19446860	7896163	1114016	--	--	9010179	10436680	8083305
COMPUTER & SOFTWARE	24100502	1236241	--	25336743	20936049	1339513	--	--	22275562	3061182	3164453
CAPITAL WORK IN PROCESS	256754231	577398336	93504045	740648522	--	--	--	--	--	740648522	256754231
<b>TOTAL</b>	<b>2580025415</b>	<b>1102094921</b>	<b>93504045</b>	<b>3588616291</b>	<b>320337821</b>	<b>109354297</b>	<b>41939</b>	<b>0</b>	<b>429734050</b>	<b>3158882234</b>	<b>2259687594</b>
PREVIOUS YEAR FIGURES	1591418596	1125325533	136718715	2580025414	243634504	76661373	41939	0	320337816	2259687598	1347784092

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE F</b>		
<b>INVENTORIES (At Cost or market value whichever is less)</b>		
(As taken, valued & certified by Management)		
Raw Material and Packing Material and stores	251707585	268627524
Finished Goods and SIP	438357860	400886459
<b>TOTAL</b>	<b>690065445</b>	<b>669513983</b>
<b>SCHEDULE G</b>		
<b>SUNDRY DEBTORS</b>		
Due for more than 6 months (considered good)	29585318	25916869
Other Debts (Considered good)	751802505	991216718
<b>TOTAL</b>	<b>781387823</b>	<b>1017133587</b>
<b>SCHEDULE H</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	2070432	2403501
Cheques in Hand	19663907	10621781
In Current Account with Scheduled Banks	2990327	44613639
In Fixed Deposit with Scheduled Banks	21744012	39300628
<b>TOTAL</b>	<b>46468679</b>	<b>96939549</b>
<b>SCHEDULE I</b>		
<b>LOANS AND ADVANCES</b>		
Advances (Includes 1074.03 lacs to subsidiary companies) (Recoverable in cash or in kind or for value to be received, considered good )	357761211	235068864
Accrued and Prepaid	2644083	2782170
Dividend receivable	--	23040000
Tender and other Deposits	36503444	31695337
Income Tax paid	27968355	78669628
1) Tax Deducted at Source	2744145	
2) Advance Income Tax	5845420	
3) Income Tax Payments on a/c pending Assessments/Appeals	18091093	
4) Advance Fringe benefit tax	1287697	
<b>TOTAL</b>	<b>424877093</b>	<b>371255999</b>

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE J</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
Sundry Creditors (Includes Rs. 2274.97 lacs Capital Goods Creditors)	478635884	380764059
Outstanding Liabilities	93701596	63222059
Dividend payable	--	37846831
Taxes Payable	33999215	129739131
1) Provision for Income Tax for the year	23374377	
2) Tds Payable	8457920	
3) Other Taxes Payable	2166918	
Excise Duty Payable	4061337	--
<b>TOTAL</b>	<b>610398033</b>	<b>611572080</b>

(Rupees)

	For the year ended on 31.03.2011	For the year ended on 31.03.2010
<b>SCHEDULE K</b>		
<b><u>INCREASE/DECREASE IN STOCK</u></b>		
Stock of finished goods and SIP as at the close of the year	438357860	400886459
Less: Stock of finished goods and SIP as at the commencement of the year	400886459	402755199
<b>TOTAL</b>	<b>37471401</b>	<b>-1868740</b>

### SCHEDULE L

#### **MANUFACTURING EXPENSES**

Factory Expenses	19227758	14523646
Analytical, Testing Expenses & Processing expenses	120619728	82491575
Power, Coal and Fuel	111946276	94237181
Consumable Stores	8302750	5365593
Repairs and Maintenance to fixed assets	9791825	12109332
Excise Duty	23035287	12623689
<b>TOTAL</b>	<b>292923624</b>	<b>221351016</b>

ANNEXURE TO AUDITORS' REPORT

BALANCE SHEET

CERTIFICATE

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

(Rupees)

	For the year ended on 31.03.2011	For the year ended on 31.03.2010
<b>SCHEDULE M</b>		
<b><u>EXPENDITURE ON EMPLOYEES</u></b>		
Salaries (Including P.F. Bonus ,Gratuity & Earned Leave)	164055097	105663351
Staff Welfare	1989831	1670273
<b>TOTAL</b>	<b>166044928</b>	<b>107333624</b>
<b>SCHEDULE N</b>		
<b><u>ADMINISTRATIVE &amp; GENERAL EXPENSES</u></b>		
Rent, Rates, Taxes & Insurance	116441738	119294112
Stationery & printing	6360430	4822971
Postage, Telegram & Telephone	19870579	17676473
Legal & Professional Expenses	25937367	8458590
Directors' Remuneration	8400000	8400000
Auditors' Remuneration	220600	110300
Conveyance Expenses	9103822	9853564
Vehicle Running & Maintenance	4258982	3272960
Repairs & Maintenance Off. Bldg.	806616	640533
Miscellaneous and general expenses	11020328	7002758
Software & computer maintenance	732869	372224
Membership & Subscription	1037746	1014892
Licence & Fees	4105059	2418367
<b>TOTAL</b>	<b>208296136</b>	<b>183337744</b>
<b>SCHEDULE O</b>		
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Travelling Expenses	169594846	101078011
Business Promotion	18010482	6548252
Carriage Outward	211451432	192607787
Advertising, Publicity and Conference	10531177	5720792
Sales Commission	66083558	127737658
Sales Incentive	40123169	19635600
Miscellaneous Selling Expenses	2572759	5505058
<b>TOTAL</b>	<b>518367423</b>	<b>458833158</b>

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

### SCHEDULE - P ACCOUNTING POLICIES & NOTES ON ACCOUNTS

#### Significant Accounting Policies

- I) The Financial Statements are prepared at historical costs.
- ii) Recognition of Revenue and Expenditure
- a) All revenue and expenditure are recognised and accounted for on accrual basis.
- b) Foreign Exchange Transactions
- Transactions in Foreign Currency are recorded in financial statements based on the exchange rate existing at the time of the transactions.
- c) Export incentives are accounted for on receipt basis in view of uncertainties.
- d) Taxation
- Provision for taxation of income tax is made on the basis of the taxable profit computed for current accounting year in accordance with the Income Tax Act 1961.
- Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for at the current rates of tax to the extent the timing difference are expected to crystallise, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which such Deferred Tax Assets can be realised.
- e) Figures for the previous year have been re-grouped and rearranged wherever considered necessary.
- iii) Fixed Assets
- a) Fixed Assets are stated at historical cost as in the past and the assets prior to 1993-94 are at values adjusted by revaluation, which includes expenditure incurred on the acquisition fabrication and/or installation.
- b) Pre-operative expenditure comprising revenue expenses incurred in connection with project implementation during the period upto commencement

of commercial production are treated as part of project cost and are capitalized.

- iv) Depreciation
- a) Depreciation on fixed assets has been calculated on straight line method at the rates prescribed in schedule XIV of the Companies Act 1956.
- b) No Depreciation has been provided on Capital Work in Progress.
- c) Capital subsidy received has been reduced from the cost of fixed assets for purpose of calculating depreciation.
- v) Inventories
- Inventories are valued at cost, including excise duty on finished products and the element of such expenses & taxes which are directly identifiable to represent cost.
- vi) Analytical Testing and processing expenses also includes labour charges.
- vii) Borrowing Cost
- Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.
- viii) Separate sets of books of accounts are maintained for separate units of production, as required by law.
- xi) Investments :- Long Term Investments are stated at cost.

#### Notes Forming part of Accounts

- In the opinion of the Board of Directors of the Company the current assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**2. Secured Loans**

(Referred to in Schedule 'C')

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>State Bank of India, Commercial Branch, Indore</b> Term Loan II for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	12459326	25221160
<b>State Bank of India, Commercial Branch, Indore</b> Term Loan III for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	49521933	70747104
<b>State Bank of India, Commercial Branch, Indore</b> Term Loan IV for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	186958988	232386799
<b>State Bank of India, Commercial Branch, Indore</b> Term Loan V for Indore plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited and secured by pledge of 5 lacs BSE traded Shares of the Company held by Rajratan Exports Limited)	504802911	498826348
<b>State Bank of India, Commercial Branch, Indore</b> Corporate Loan I (Secured by first pari-passu charge on fixed assets of the Company and specifically secured by pledge of 20 lacs BSE traded Shares of the Company held by Rajratan Exports Limited.)	15335511	64708313
<b>State Bank of India, Commercial Branch, Indore</b> Corporate Loan II (Secured by first pari-passu charge on fixed assets of the Company and specifically secured by pledge of 20 lacs BSE traded Shares of the Company held by Rajratan Exports Limited.)	303214223	--

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>Punjab National Bank, Chandigarh</b> Term Loan for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	11372101	16401823
<b>Punjab National Bank, Chandigarh</b> Term Loan (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	9319846	13946986
<b>State Bank of India, Commercial Branch, Indore</b> Cash Credit (Secured by first pari-passu charge on current assets of the Company and second pari-passu charge on fixed assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors and by Smt. Alpana Gupta and by Diamond Crystal Private Limited)	942430355	614452713
<b>Punjab National Bank, Chandigarh</b> Cash Credit (Secured by first pari-passu charge on current assets of the Company and second pari-passu charge on fixed assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors and by Smt. Alpana Gupta and by Diamond Crystal Private Limited)	352456428	258031030
<b>HDFC Bank Limited</b> Vehicle Finance (Secured by hypothecation of bus)	2203710	--

ANNEXURE TO AUDITORS' REPORT

BALANCE SHEET

CERTIFICATE

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**3. Contingent Liabilities.**

- a) Counter Guarantee given to Bank against guarantee issued by it to the tune of Rs.911.72 Lacs (Previous year Rs. 501.46 lacs).
- b) Two group companies have offered collateral securities (1) by mortgage of one company immovable properties & (2) by pledge of shares in favour of the Company against credit facilities and corporate loan. Amount involved is uncertain.
- c) Corporate Guarantee given to two subsidiary companies to the tune of Rs. 3050 lacs.
- d) Certain show-causes notices are pending to be adjudicated by the Central excise department. The challenged demand under the notices is Rs.230.20 lacs and one demand under CST Act for Rs. 255.94 lacs for which the Company have filled an appeal with DC (Appeal).
- e) Gratuity fund contribution towards past service liability to the tune of Rs.118.90 lacs.

**4. Managerial Remuneration :**

(Amount in Rs.)

S.No.	NAME OF DIRECTOR	SALARY*
1.	Shri Manoharlal Gupta Chairman Cum Managing Director	28,03,385/-
2.	Shri Vinod Kumar Gupta Managing Director	28,03,385/-
3.	Shri Govind Das Garg Whole-Time Director	14,01,692/-
4.	Shri Anil Mittal Whole-Time Director	26,47,071/-
	<b>TOTAL</b>	<b>96,55,533/-</b>

\*Note: Includes Salary and other cost to the Company

5. The Company is principally engaged in the business of pharmaceutical. Accordingly there are no segments as per Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India.

6. Related party disclosure in accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below :-

**Related Party Relationship and Transactions with Related Parties**
**A) Name of Related Parties & Description of relationship :**

1.	<b>Subsidiaries</b>	Parenteral Biotech Limited, Abhay Drugs Limited, Parenteral Impex Limited, Anjaney Pharmaceuticals Limited, Parentech Healthcare Limited, Parenteral Surgical Limited, Punjab Formulations Limited, Goa Formulations Limited, Mascareignes Pharmaceuticals Manufacturing Co. Limited, Parenteral Drugs Kazakhstan			
2.	<b>Key Management Personnel</b>	Manohar Lal Gupta Chairman cum Managing Director	Vinod Kumar Gupta Managing Director	Govind Das Garg Whole Time Director	Anil Mittal Whole Time Director
3.	<b>Relatives of Key Management Personnel</b>	Alpana Gupta, wife Umashankar Gupta, father Ravindra Gupta, brother Aditya Gupta, son Ayush Gupta, son	Aruna Gupta, wife Ramesh Gupta, brother Abhay Gupta, son Archana Gupta, daughter	Shashi Garg, wife Manish Garg, son Ashish Garg, son	Deepali Mittal, wife Lalit Mittal, brother
4.	<b>Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel</b>	Rajratan Exports Pvt. Limited, Mahaganpati Investments Pvt. Limited, PDPL Holdings Pvt. Limited, PDPL Securities Pvt. Limited, Parenteral Medicines Limited, Panorama Remedies Limited, Anitas Exports Pvt. Limited, Lalit Media & Education Limited, Orissa Formulations Private Limited, Anitas Management Pvt. Limited, MVG Mercantile Pvt. Limited, Vino Infratech Pvt. Limited, Chiron Metco Limited, Chetan Medicaments Private Limited, Diamond Crystal Private Limited, Earawat Steels Private limited, Neptune Packaging Private Limited, Prem Pharmaceuticals, Parenteral Commercial Services Pvt. Limited, Manish Medicates Pvt. Limited, AGT Mercantile Pvt. Limited, Simtrad Overseas Pvt. Limited, KRM Holdings Pvt. Limited			

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

### B. Summary of Related Party Transactions

(Rs. In Lacs)

Particulars	Subsidiary	Company under control	Individuals having control	Others
<b>a) Transactions</b>				
01. Managerial Remuneration	Nil	Nil	96.55	Nil
02. Sale of Goods / Material	2167.55	0.22	Nil	Nil
03. Purchase of Goods/Material	758.53	Nil	Nil	Nil
04. Fixed Assets Purchased	19.80	6747.27	Nil	Nil
05. Loans Received	69.04	Nil	Nil	67.50
06. Loans Given	420.56	503.16	Nil	Nil
07. Office Rent Given	Nil	13.20	Nil	Nil
08. Job Work Income	345.13	Nil	Nil	Nil
09. Job Work charges paid	147.89	Nil	Nil	Nil
10. Investment in shares of Subsidiary companies	40.72	Nil	Nil	Nil
11. Remuneration to relatives of key management personnel	Nil	Nil	35.42	Nil
<b>b) Outstanding Balance as on 31.03.2011</b>				
Investments	13962.97	Nil	Nil	Nil
Outstanding for Capital Goods	Nil	2159.77	Nil	Nil
Debtors for Goods Sold	352.66	Nil	Nil	55.57
Creditors for Goods Purchased	880.33	Nil	Nil	Nil
Outstanding Loans	1074.03	405.20	Nil	(4.52)

7. Auditors Remuneration in Profit & Loss account as under:-

Audit Fees	Rs. 1,98,540.00
Tax Audit Fees	Rs. 22,060.00

<b>Total</b>	<b>Rs. 2,20,600.00</b>
--------------	------------------------

8. There are no outstanding dues in excess of Rs. 1.00 lac each payable to SSI units for more than 30 days in so far as they could be identified as per Micro, Small and Medium Enterprises Development Act, 2006.

9. Other income includes:-

a) Interest	Rs. 16.04 Lacs
b) Dividend Income	Rs. 0.07 Lacs
c) Unclaimed balances (Net)	Rs. 12.90 Lacs
d) Sale of assets	Rs. 1.75 Lacs
e) Long term Capital gain	Rs. 15.73 Lacs
f) Misc. Income	Rs. 5.35 Lacs

10. Raw Material consumption also includes Rs 3618.97 lacs for purchase of goods for Trade. (Previous year Rs 3271.77 lacs)

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

11. One group Company, Shareholder of 35,00,000 Redeemable, Non Cumulative, Non Convertible Preference Shares have waived its right to claim dividend on such Shares.

12. Calculation of Basic and Diluted Earning per Share

Particulars	31.03.2011	31.03.2010
<b>Earnings available for Equity Shareholders</b>		
Profit After Tax	8,71,50,398/-	27,28,97,903/-
Earnings for Basic and Diluted Earning per Share	8,71,50,398/-	27,28,97,903/-
<b>Per Share for Basic and Diluted Earning per Share</b>		
No. of Shares Outstanding	1,94,00,123	1,82,00,123
Add: Shares issued during the previous years against warrants	---	7,00,000
Add: Bonus Shares Issued during the year 3:1	64,66,708	---
<b>Total Weighted Average No. of Shares</b>	<b>2,58,66,831</b>	<b>1,89,00,123</b>

13. Consequent to the issuance of Accounting Standard 22 "Accounting for Taxes on Income" by the Institute of Chartered Accountants of India, the Company has recognised the deferred tax liability aggregating to Rs. 66,36,818/- in the Profit & Loss Accounts in the current year.

(Amount in Rs.)

Particulars	Upto 31.03.10	Arising during the year	Balance Carried as at 31.03.11
Deferred Tax Liabilities			
On account of timing difference in depreciation	214405727/-	33727059/-	248132786/-
<b>Total Deferred Tax Liability</b>	<b>214405727/-</b>	<b>33727059/-</b>	<b>248132786/-</b>
Deferred Tax Assets			
On account of timing Difference In disallowance u/s 43B of the Income Tax Act, 1961.	5209447/-	3715864/-	8925311/-
Deferred Tax Assets			
On account of MAT Credit available	59179800/-	23374377/-	82554178/-
<b>Total deferred Tax Assets</b>	<b>64389247/-</b>	<b>27090241/-</b>	<b>91479489/-</b>
<b>Net Deferred Tax Liability</b>	<b>150016480/-</b>	<b>6636818/-</b>	<b>156653297/-</b>

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

14. Information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI of Companies Act 1956

### a) Particulars of licensed & installed capacity and production

(Units in Lacs)

Particulars	Licensed Capacity (p.a)	Installed Capacity (p.a.)	Production Current Year
<b>I.V. SECTION</b>	2700.00	2700.00	1876.81*
Large Volume	(2400.00)	(2400.00)	(1675.42)
<b>TABLET SECTION</b>	14250.00	14250.00	3536.44**
Tablets/Capsules	(14250.00)	(14250.00)	(3077.54)
<b>OPHTHALMICS SECTION</b>	4500.00	4500.00	2618.82
Ampoules	(4500.00)	(4500.00)	(2177.24)
Injections	1080.00	1080.00	284.97**
	(1080.00)	(1080.00)	(315.35)

\* It includes 103.84 lacs bottle manufactured on job work.

\*\* Tablets includes Trading Purchase for 534.07 lacs nos (previous year 91.79 lacs nos) and Injections includes Trading Purchase for 64.47 lacs nos. (previous year 73.21 lacs nos)

### b) Particulars of Sales

Particulars	Quantity (Nos. in lacs)	Value (Rs. in lacs)
<b>I.V. SECTION</b>		
I.V. Transfusion	1830.07	19039.45
Fluid bottles	(1720.58)	(16252.18)
<b>TABLET SECTION</b>		
Tablets/Capsules	3501.51	3841.14
	(3039.68)	(3713.26)
<b>OPHTHALMICS SECTION</b>		
Ampoules	2432.64	2766.93
	(2391.84)	(2704.50)
Liquid Syrup (Bottles)	31.92	693.64
	(24.13)	(511.57)
Injection (Nos)	340.58	7983.81
	(210.98)	(6752.86)
Goods for Resale/		3746.38
Other Sales		(3793.84)

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**c) Details of Quantity & Value of Opening & Closing stock of finished goods & Work in Process**

Particulars	Opening Stock		Closing Stock	
	Quantity (Units in Lacs)	Value (Rs.in lacs)	Quantity (Units in Lacs)	Value (Rs.in lacs)
<b>Finished Goods</b>				
I.V. Transfusion (Fluid Bottles)	237.69 (282.85)	1178.71 (1469.59)	284.44 (237.69)	1826.50 (1178.71)
Tablet/Capsules (Nos.)	1021.46 (1065.57)	787.98 (889.25)	1085.78 (1021.46)	886.83 (787.98)
Ophthalmic (Ampoules)	661.39 (742.44)	483.18 (615.13)	811.08 (661.39)	621.83 (483.18)
Liquid Syrup (Bottles)	7.85 (8.60)	90.62 (107.31)	6.08 (7.85)	206.06 (90.62)
Injections (Units)	105.31 (36.43)	1134.69 (602.95)	67.55 (105.31)	621.07 (1134.69)
<b>Work in Process</b>				
Tablet/Capsules (Nos.)	221.16 (139.19)	113.66 (83.10)	191.78 (221.16)	80.21 (113.66)
Ophthalmic (Ampoules)	89.10 (222.65)	104.71 (185.73)	125.59 (89.10)	72.54 (104.71)
Injections	39.65 (4.15)	115.17 (74.49)	21.01 (39.65)	68.07 (115.17)

Note: 1. Figures in brackets represent previous year figures.

2. Production figures also include work in process.

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

### d) Material Consumed

Materials	Quantity (MTs)		Value (Rs. in lacs)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
1. Plastic Granules	6330.00	4627.84	5495.52	3432.75
2. Other Materials			16628.75	15010.47
<b>Total Material Consumed</b>			<b>22124.27</b>	<b>18483.22</b>

	Year ended 31.03.2011	Year ended 31.03.2010
Material Consumed		
(i) Indigenous	89.63%	76.80%
(ii) Imported	10.37%	23.20%

### e) Foreign Exchange Outgo

	Year Ended 31.03.2011	Year Ended 31.03.2010
a) CIF Value of Import		
Raw Material	Rs. 2294.16 lacs	Rs. 4289.70 lacs
Packing Material	Nil	Nil
Capital Goods	Rs. 159.76 Lacs	Rs. 1.45 lacs
b) Remittance in Foreign Exchange towards (a) (Out go)	Rs. 2853.10 lacs	Rs. 2661.83 lacs
c) Remittance in Foreign Exchange for product regn and others	Rs. 12.77 lacs	Rs. 19.46 lacs
d) Remittance in Foreign Exchange for Dividend	Nil	Nil
e) Foreign Traveling Outgo	Rs. 14.40 lacs	Rs. 22.76 lacs
f) Earning in Foreign Exchange	Rs. 1429.20 lacs	Rs. 454.90 lacs

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

15. The details of the investments made are as under (at Cost): -

Script	Face Value (Rupees)	Quantity		Amount (Rs. in Lacs)	
		Year 31.03.2011	Year 31.03.2010	Year 31.03.2011	Year 31.03.2010
<b>Quoted</b>					
Medicaman Biotech Limited (Market Value Rs.24.95 per Share)	10	10000	10000	1.00	1.00
PNB Principle Long Term Mutual Fund	10	—	200000	---	20.00
SBI One India Fund	10	—	100000	—	10.00
<b>Unquoted</b>					
Parenteral Biotech Limited Equity Shares (Subsidiary of the Company)	10	127500	127500	12.75	12.75
Abhay Drugs Limited Equity Shares (Subsidiary of the Company)	10	50000	50000	5.00	5.00
Parenteral Impex Limited Equity Shares (Subsidiary of the Company)	10	50000	50000	5.00	5.00
Parentech Healthcare Limited Equity Shares (Subsidiary of the Company)	10	495000	495000	49.50	49.50
Anjaney Pharmaceuticals Limited Equity Shares (Subsidiary of the Company)	10	50000	50000	5.00	5.00
Parenteral Surgicals Limited Equity Shares (Subsidiary of the Company)	10	50000	50000	5.00	5.00
National Saving Certificate				0.10	0.10
Punjab Formulations Limited Equity Shares	10	600000	600000	9900.00	9900.00
Preference Shares (Subsidiary of the Company)	10	2400000	2400000	240.00	240.00
Goa Formulations Limited Equity Shares (Subsidiary of the Company)	10	3250000	3250000	3700.00	3700.00

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

Script	Face Value (Rupees)	Quantity		Amount (Rs. in Lacs)	
		Year 31.03.2011	Year 31.03.2010	Year 31.03.2011	Year 31.03.2010
Mascareignes Pharmaceuticals Manufacturing Co. Limited Equity Shares (Subsidiary of the Company)	Mu 1	35538824	—	7.67	—
Parenteral Drugs Kazakhstan (Subsidiary of the Company) Pending Allotment				33.05	—

As per our report of even date attached  
 For **T.N.Unni & Co.**  
 Chartered Accountants  
 Firm Regn No. 004890C  
**T.N.Unni**  
 Partner  
 M. No. 014520  
**Place : Indore**  
**Date : 22<sup>nd</sup> August, 2011**

**Ms. Archana Agar**  
 Company Secretary

For and on behalf of the Board  
**Manoharlal Gupta**  
 Chairman-Cum-Managing Director  
**Vinod Kumar Gupta**  
 Managing Director  
**Govind Das Garg**  
 Whole-time Director

# Certificate

To,

**The Board of Directors**

Parenteral Drugs (India) Limited

340, Laxmi Plaza, Laxmi Industrial Estate

New Link Road, Andheri (W)

MUMBAI-400 053

We have examined the attached cash flow statement of the Parenteral Drugs (India) Limited for the period ended 31.03.2011. The statement has been prepared by the Company in accordance with the requirement of clause 32 of the Stock Exchange and is based on in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 22<sup>nd</sup> August, 2011 to the members of the Company.

**Place : Indore**

**Date: 22<sup>nd</sup> August, 2011**

**For T.N.Unni & Co.**

**Chartered Accountants**

**Firm Regn No. 004890C**

**T.N.Unni**

**(Partner)**

**M. No. 014520**

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

(Rs. in Lacs)

	YEAR ENDED 31.03.2011		YEAR ENDED 31.03.2010
<b>A - CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Net profit before tax and extra-ordinary items</b>	<b>1172.89</b>		<b>3461.56</b>
<b>adjustment for :</b>			
1. Depreciation	1093.54		766.61
2. Interest	2250.87	3344.41	1380.26
<b>Operating profit before working capital change</b>	<b>4517.30</b>		<b>5608.43</b>
<b>adjustment for :</b>			
1. Trade and other receivable	1821.27		-2768.56
2. Inventories	-205.51		-447.85
3. Trade and other Payable	4212.29	5828.05	4539.79
<b>Cash Generated from Operation</b>	<b>10345.35</b>		<b>6931.81</b>
1. Interest Paid	-2250.87		-1380.26
2. Direct Taxes Paid	-235.03		-651.51
<b>Cash Flow Before Extraordinary items</b>	<b>7859.45</b>		<b>4900.04</b>
Extra ordinary Items	--		30.00
<b>Net cash from operating activities.....A</b>	<b>7859.45</b>		<b>4930.04</b>
<b>B - CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of fixed assets	-10085.91		-9886.06
Purchase of investments	-40.72		-44.50
Sale of investments	30.00		--
Dividend Received	--		43.20
<b>Net Cash used in investing activities ....B</b>	<b>-10096.63</b>		<b>-9887.36</b>
<b>C - CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Proceeds from issue of share capital (Share Application Money)	730.03		2013.23
Proceeds from long term borrowings	3809.48		5148.29
Repayment of Finance Liabilities	-2807.03		-1800.80
Dividend Paid	--		-378.47
<b>Net Cash from Financing Activities ....C</b>	<b>1732.48</b>		<b>4982.25</b>
<b>Net increase/decrease in Cash &amp; Cash equivalents (A+B+C)</b>	<b>-504.70</b>		<b>24.93</b>
Cash and Cash equivalents as at 01.04.2010 (Opening Balance)	969.39		944.46
Cash and Cash equivalents as at at 31.03.2011 (Cash & Bank Balance)	464.69		969.39
(Closing Balance)			
(Previous year figure have been re-grouped wherever necessary)			

As per our report of even date attached

For **T.N.Unni & Co.**

Chartered Accountants

Firm Regn No. 004890C

**T.N.Unni**

Partner

M. No. 014520

**Place : Indore**

**Date : 22<sup>nd</sup> August, 2011**

**Ms. Archana Agar**

Company Secretary

For and on behalf of the Board

**Manoharlal Gupta**

Chairman-Cum-Managing Director

**Vinod Kumar Gupta**

Managing Director

**Govind Das Garg**

Whole-time Director

CERTIFICATE

CASH FLOW

SCHEDULE VI

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**SCHEDULE VI**
**PART IV**
**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**
**I. REGISTRATION DETAILS**

 Registration No. 

L	9	9	9	9	9	M	H	1	9	8	3
P	L	C	1	2	6	4	8	1			

 Balance Sheet Date 

3	1	0	3	2	0	1	1
Date		Month		Year			

**II. CAPITAL RAISED DURING THE YEAR**

(Amount in Rs. Thousands)

 Public Issue 

N	I	L
---	---	---

 Rights Issue 

N	I	L
---	---	---

 Bonus Issue 

6	4	6	6	7
---	---	---	---	---

 Private Placement 

N	I	L
---	---	---

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

(Amount in Rs. Thousands)

 Total Liabilities 

5	8	8	7	7	5	4
---	---	---	---	---	---	---

 Total Assets 

5	8	8	7	7	5	4
---	---	---	---	---	---	---

 Sources of Funds  
 Paid-up Capital 

3	2	3	2	8	9
---	---	---	---	---	---

 Reserves & Surplus 

2	9	1	6	7	1	0
---	---	---	---	---	---	---

 Share App. Money for Pef. Share 

1	3	2	2	6	7
---	---	---	---	---	---

 Secured Loans Application of Funds 

2	3	9	0	0	7	5
---	---	---	---	---	---	---

 Unsecured Loans 

1	2	5	4	1	2
---	---	---	---	---	---

 Net Fixed Assets 

3	1	5	8	8	8	2
---	---	---	---	---	---	---

 Investments 

1	3	9	6	4	0	7
---	---	---	---	---	---	---

 Net Current Assets 

1	3	3	2	4	0	1
---	---	---	---	---	---	---

 Misc. Expenditure 

					6	3
--	--	--	--	--	---	---

**IV. PERFORMANCE OF COMPANY**

(Amount in Rs. Thousands)

 Turnover 

3	8	0	7	1	3	4
---	---	---	---	---	---	---

 Total Expenditure 

3	6	8	9	8	4	4
---	---	---	---	---	---	---

 Profit / Loss before tax 

✓	-	1	1	7	2	9	0
---	---	---	---	---	---	---	---

 Profit / Loss after tax 

✓	-		8	7	1	5	0
---	---	--	---	---	---	---	---

 Earning per Share in Rs. 

	3	.	3	7
--	---	---	---	---

 Divident rate % 

N	I	L
---	---	---

**V. GENERIC NAMES OF PRODUCT OF THE COMPANY**

(as per monetary terms)

 Item Code No.(ITC Code) 

3	0	0	3	3	9	0	0
---	---	---	---	---	---	---	---

 Product Description 

I	N	T	R	A	V	E	N	O	U	S	
T	R	A	N	S	F	U	S	I	O	N	S

 Item Code No.(ITC Code) 

3	0	0	4	9	0	9	9
---	---	---	---	---	---	---	---

 Product Description 

T	A	B	L	E	T		
C	A	P	S	U	L	E	S

 Item Code No.(ITC Code) 

3	0	0	4	9	0	7	6
---	---	---	---	---	---	---	---

 Product Description 

W	A	T	E	R	F	O	R		
I	N	J	E	C	T	I	O	N	S

 For **T.N.Unni & Co.**  
 Chartered Accountants  
 Firm Regn No. 004890C  
**T.N.Unni**  
 Partner  
 M. No. 014520  
**Place : Indore**  
**Date : 22<sup>nd</sup> August, 2011**
**Ms. Archana Agar**  
 Company Secretary

 For and on behalf of the Board  
**Manoharlal Gupta**  
 Chairman-Cum-Managing Director  
**Vinod Kumar Gupta**  
 Managing Director  
**Govind Das Garg**  
 Whole-time Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Particular											
A	Name of the Subsidiary Company	GFL	ADL	APL	PHL	PIL	PBL	PFL	PSL	MPM	PDK
B	Financial year of the Subsidiary ended on	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
C	Holding Company's Interest	32,50,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	4,95,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	1,27,500 Equity Shares of Rs. 10/- each	6,00,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	3,55,38,824 Shares of MUR 1 each	Pending allotment
	2) Paid up value Fully paid-up	32,50,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	9,00,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	2,50,000 Equity Shares of Rs. 10/- each	6,00,000 Equity Shares of Rs. 10/- each	50,000 Equity Shares of Rs. 10/- each	6,96,83,969 Shares of MUR 1 each	90%
	3) Percent of holding *60 Shares are held by nominee	100%*	100%*	100%*	55%*	100%*	51%*	100%*	100%*	51%	
D	Net aggregate amount of profit (Losses) of the Subsidiary so far as they concern members of Parenteral Drugs (India) Limited and is not dealt within the Company's account										
	a) Profit (Loss) for the Subsidiary's financial year	1,41,31,626	NIL	NIL	71,71,374	NIL	NIL	22,75,589	NIL	(34,33,904)	NIL
	b) Profit (Loss) for the previous financial years of the subsidiary since it became the subsidiary of Parenteral Drugs (India) Limited	26,49,232	NIL	NIL	1,62,275	NIL	NIL	3,25,55,958	NIL	NIL	NIL
E	Net aggregate amount of the profits (Losses) of the Subsidiary so far or those profits (Losses) are dealt within Parenteral Drugs (India) Ltd's account										
	a) For the previous financial year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	b) For the previous financial year's since it became the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	43,20,000	NIL	NIL	NIL

## PARENTERAL DRUGS (INDIA) LTD., MUMBAI

### SUMMARY OF FINANCIAL INFORMATION FO SUBSIDIARY COMPANIES

Particular	GFL	ADL	APL	PHL	PIL	PBL	PFL	PSL	MPM	PDK
Name of the Subsidiary Company										
A Issued and Subscribed Share Capital	3,25,00,000	5,00,000	5,00,000	90,00,000	5,00,000	25,00,000	3,00,00,000	5,00,000	5,41,63,507	NIL
B Reserves	1,96,36,476	NIL	NIL	1,35,90,912	NIL	NIL	5,72,70,172	NIL	(6,17,34,410)	NIL
C Total Assets	28,94,69,634	5,25,000	5,00,000	9,17,48,994	54,05,600	4,58,45,599	47,16,87,849	7,99,77,044	6,60,86,483	1,10,13,000
D Total Liabilities	28,94,69,634	5,25,000	5,00,000	9,17,48,994	54,05,600	4,58,45,599	47,16,87,849	7,99,77,044	6,60,86,483	1,10,13,000
E Investments (except investment in subsidiaries)	NIL	NIL	NIL	NIL	NIL	NIL	4,00,00,000	NIL	NIL	NIL
F Turnover	19,76,89,983	NIL	NIL	17,28,57,060	NIL	NIL	47,61,22,602	17,76,36,592	3,37,08,783	NIL
G Profit/(Loss) before taxation	1,63,93,626	NIL	NIL	1,96,28,823	NIL	NIL	57,20,826	(6,30,91,512)	(34,33,904)	NIL
H Provision for Taxation	22,62,000	NIL	NIL	65,89,961	NIL	NIL	34,45,237	NIL	NIL	NIL
I Profit After Taxation	1,41,31,626	NIL	NIL	1,30,38,862	NIL	NIL	22,75,589	(6,30,91,512)	(34,33,904)	NIL
J Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Abbreviation Stands for :

GFL - GOA FORMULATIONS LIMITED (BECAME SUBSIDIARY ON 01.11.2008)

ADL - ABHAY DRUGS LIMITED (BECAME SUBSIDIARY ON 21.12.2006)

APL - ANJANEY PHARMACEUTICALS LIMITED (BECAME SUBSIDIARY ON 21.12.2006)

PHL - PARENTECH HEALTHCARE LIMITED (BECAME SUBSIDIARY ON 21.12.2006)

PIL - PARENTERAL IMPEX LIMITED (BECAME SUBSIDIARY ON 21.12.2006)

PBL - PARENTERAL BIOTECH LIMITED (BECAME SUBSIDIARY ON 02.03.98)

PFL - PUNJAB FORMULATIONS LIMITED (BECAME SUBSIDIARY ON 01.11.2008)

PSL - PARENTERAL SURGICALS LIMITED (BECAME SUBSIDIARY ON 21.12.2006)

MPM - MASCAREIGNES PHARMACEUTICALS MANUFACTURING CO. LTD. (BECAME SUBSIDIARY ON 01.04.2010)

## REPORT OF THE AUDITORS' ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached Consolidated Balance Sheet of **M/s. Parenteral Drugs (India) Limited** and its subsidiaries i.e. M/s Punjab Formulations Limited, M/s Goa Formulations Limited, M/s. Parenteral Biotech Limited, M/s Parenteral Impex Limited, M/s Abhay Drugs Ltd., M/s Anjaney Pharmaceuticals Ltd., M/s Parentech Healthcare Ltd., M/s Parenteral Surgicals Limited as at 31<sup>st</sup> March 2011, and the Consolidated Profit & Loss Account of the Company for the year then ended.

These consolidated financial statements are the responsibility of the management of Parenteral Drugs (India) Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material mis-statement. 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 standard presentation. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statements of Punjab Formulations Limited (Indian Subsidiary) whose financial statements reflected total assets of Rs. 4716.88 lacs as at 31<sup>st</sup> March 2011 and total revenue of Rs. 4761.23 lacs for the year ended on that date.

We have audited the financial statements of Goa Formulations Limited (Indian Subsidiary) whose financial statements reflected total assets of Rs. 2894.70 lacs as at 31<sup>st</sup> March 2011 and total revenue of Rs. 1976.90 lacs for the year ended on that date.

We have audited the financial statements of Parenteral Biotech Limited (Indian Subsidiary) whose financial statements reflected total assets of Rs. 458.46 lacs as at 31<sup>st</sup> March 2011 and total revenue of Nil for the year ended on that date.

We have audited the financial statements of Parenteral Impex Limited (Indian Subsidiary) whose financial statements reflected total assets of Rs. 54.06 lacs as at 31<sup>st</sup> March 2011 and total revenue of Nil for the year ended on that date.

We have audited the financial statements of Abhay Drugs Ltd. (Indian Subsidiary) whose financial statements reflected total assets of Rs. 5.25 lacs as at 31<sup>st</sup> March 2011 and total revenue of Nil for the year ended on that date.

We have audited the financial statements of Anjaney Pharmaceuticals Ltd. (Indian Subsidiary) whose financial statements reflected total assets of Rs. 5.00 lacs as at 31<sup>st</sup> March 2011 and total revenue of Nil for the year ended on that date.

We have audited the financial statements of Parentech Healthcare Ltd. (Indian Subsidiary) whose financial statements reflected total assets of Rs. 917.49 lacs as at 31<sup>st</sup> March 2011 and total revenue of Rs. 1728.57 lacs for the year ended on that date.

We have audited the financial statements of Parenteral Surgicals Limited (Indian Subsidiary) whose financial statements reflected total assets of Rs. 799.77 lacs as at 31<sup>st</sup> March 2011 and total revenue of Rs. 1776.37 lacs for the year ended on that date.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Parenteral Drugs (India) Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us, and subject to the separate audit reports on individual audited financial statements of Parenteral Drugs (India) Limited and its subsidiaries, we are of the opinion that :

- (a) the Consolidated Balance Sheet given a true and fair view of the consolidated state of affairs of Parenteral Drugs (India) Limited and its subsidiaries as at 31<sup>st</sup> March 2011;
- (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Parenteral Drugs (India) Limited and its subsidiaries for the year then ended.
- (c) the Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flow of the group for the year then ended.

**Place : Indore**

**Date: 22<sup>nd</sup> August, 2011**

**For T.N.Unni & Co.**  
**Chartered Accountants**  
**Firm Regn No. 004890C**

**T.N.Unni**  
**(Partner)**  
**M. No. 014520**

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**CONSOLIDATED BALANCE SHEET AS AT 31.03.2011**

(Rupees)

	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	<b>A</b>	565556330	317886250
RESERVES & SURPLUS	<b>B</b>	2938397245	2974681654
MINORITY INTEREST		6354037	5390706
<b>LOAN FUNDS</b>			
SECURED LOANS	<b>C</b>	2861349956	2069696910
UNSECURED LOANS	<b>D</b>	396438046	488597550
	<b>TOTAL</b>	<b>6768095614</b>	<b>5856253070</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	<b>E</b>	4018106566	2926623803
LESS DEPRECIATION		494295860	368559230
<b>NET BLOCK</b>		<b>3523810706</b>	<b>2558064573</b>
<b>INVESTMENTS</b>		<b>40110000</b>	<b>3410000</b>
<b>GOODWILL</b>		<b>1321817044</b>	<b>1321817044</b>
<b>(Excess of Cost over equity portion in Subsidiaries)</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
INVENTORIES	<b>F</b>	908810212	854318597
SUNDRY DEBTORS	<b>G</b>	1039828729	1229117797
CASH & BANK BALANCES	<b>H</b>	81775263	128194906
LOANS & ADVANCES	<b>I</b>	588631498	436248394
		<b>2619045702</b>	<b>2647879694</b>
<b>LESS:CURRENT LIABILITIES AND PROVISIONS</b>	<b>J</b>	767096576	709039500
<b>NET CURRENT ASSETS</b>		<b>1851949126</b>	<b>1938840194</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		30408737	34121260
	<b>TOTAL</b>	<b>6768095613</b>	<b>5856253070</b>
<b>NOTES ON ACCOUNTS</b>	<b>P</b>		

As per our report of even date attached  
 For **T.N.Unni & Co.**  
 Chartered Accountants  
 Firm Regn No. 004890C  
**T.N.Unni**  
 Partner  
 M. No. 014520  
**Place : Indore**  
**Date : 22<sup>nd</sup> August, 2011**

**Ms. Archana Agar**  
 Company Secretary

For and on behalf of the Board  
**Manoharlal Gupta**  
 Chairman-Cum-Managing Director  
**Vinod Kumar Gupta**  
 Managing Director  
**Govind Das Garg**  
 Whole-time Director

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2011**

(Rupees)

SCHEDULE	For the year ended on 31.03.2011	For the year ended on 31.03.2010
<b>INCOME</b>		
SALES (NET OF RETURNS)	4865149313	4144543530
INCREASE/DECREASE IN STOCK (+/-)	K 30806441	49355715
OTHER INCOME	8014196	18652420
<b>TOTAL</b>	<b>4903969949</b>	<b>4212551665</b>
<b>EXPENDITURE</b>		
MATERIAL CONSUMED	2848679746	2324417740
MANUFACTURING EXPENSES	L 369189534	283784959
EXPENDITURE ON EMPLOYEES	M 217528659	139515665
ADMINISTRATIVE & GENERAL EXP.	N 279669081	212613976
SELLING & DISTRIBUTION EXPENSES	O 685154109	589805161
INTEREST & FINANCIAL OUTLAY	285546391	174816470
DEPRECIATION	E 125694693	90297676
<b>TOTAL</b>	<b>4811462213</b>	<b>3815251647</b>
<b>PROFIT BEFORE TAXATION</b>		
	<b>92507736</b>	<b>397300018</b>
LESS: INCOME TAX FOR THE YEAR	35047358	71239231
ADD/LESS : TAX ADJUSTMENT FOR PREVIOUS YEARS	-128281	109964
LESS: PROVISION FOR DEFERRED TAX LIABILITIES	7261035	21731854
<b>PROFIT AFTER TAX</b>		
	<b>50071062</b>	<b>304438897</b>
<b>ADD: BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR</b>		
	<b>531169741</b>	<b>312060135</b>
<b>SURPLUS AVAILABLE FOR APPROPRIATION</b>		
	<b>581240803</b>	<b>616499032</b>
<b>APPROPRIATION</b>		
TRANSFERRED TO GENERAL RESERVE	--	40934685
PROPOSED DIVIDEND	--	37846831
TAX ON DISTRIBUTED PROFIT	--	6432069
LESS: MINORITY INTEREST	5867488	115706
<b>SURPLUS TRANSFERRED TO BALANCE SHEET</b>		
	<b>575373315</b>	<b>531169741</b>
<b>EARNING PER SHARE</b>		
	<b>1.94</b>	<b>16.11</b>
<b>DILUTED EARNING PER SHARE</b>		
	<b>1.94</b>	<b>16.11</b>
<b>NOTES ON ACCOUNTS</b>		
	<b>P</b>	

As per our report of even date attached  
For **T.N.Unni & Co.**  
Chartered Accountants  
Firm Regn No. 004890C  
**T.N.Unni**  
Partner  
M. No. 014520  
**Place : Indore**  
**Date : 22<sup>nd</sup> August, 2011**

**Ms. Archana Agar**  
Company Secretary

For and on behalf of the Board  
**Manoharlal Gupta**  
Chairman-Cum-Managing Director  
**Vinod Kumar Gupta**  
Managing Director  
**Govind Das Garg**  
Whole-time Director

AUDITORS' REPORT ON CFS

CONSOLIDATED BALANCE SHEET

CONSOLIDATED CASH FLOW

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET & PROFIT & LOSS ACCOUNT**

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
26500000 Equity Shares of Rs. 10/- each	265000000	265000000
3500000 Shares, Redeemable, Non Cumulative, Non convertible	35000000	35000000
Preference Share of Rs. 10/- Each		
2962102 - 0% Optionally convertible, redeemable	29621020	29621020
Preference Share of Rs. 10/- Each		
7037898 - Redeemable Preference shares of Rs.10/- each	70378980	70378980
<b>Issued Subscribed and Paid Up</b>		
<b>Equity Share Capital</b>		
25866831 Equity Shares of Rs. 10/- each	258668310	194001230
(including 12751428 Equity Shares of Rs.10 /- each Bonus shares issued as fully paid up out of free reserve & 1042560 Equity shares of 10 each issued as fully paid up out of revaluation reserves)		
<b>Preference Share Capital</b>		
3500000 Shares, Redeemable, Non Cumulative, Non convertible	35000000	35000000
Preference Share of Rs. 10/- Each		
2962102 - 0% Optionally convertible, redeemable	29621020	29621020
Preference Share of Rs. 10/- Each		
Share Application Money for Preference Share Capital	242267000	59264000
<b>TOTAL</b>	<b>565556330</b>	<b>317886250</b>

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE B</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve	93824794	158491874
Opening balance	158491874	
Less : Bonus Share Issued	<u>64667080</u>	
Profit & Loss A/c	575373315	531169741
Capital Reserve	100000	100000
Capital Subsidy Reserve (09-10)	6000000	6000000
Revaluation Reserve	12064189	12106128
Share Premium	2037074013	2037074013
Amalgamation reserve	34422287	34422287
Deferred Tax Reserve	179538646	172277612
Reserve for the previous years	172277612	
Add:Liability for the current year	<u>7261035</u>	
Dividend Reserve Account	--	23040000
<b>TOTAL</b>	<b>2938397245</b>	<b>2974681654</b>
<b>SCHEDULE C</b>		
<b>SECURED LOANS</b>		
<b>State Bank of India,Commercial Branch ,Indore</b>	12459326	25221160
Term Loan I I for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)		
<b>State Bank of India,Commercial Branch ,Indore</b>	49521933	70747104
Term Loan I I I for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)		
<b>State Bank of India,Commercial Branch ,Indore</b>	186958988	232386799
Term Loan I V for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)		

AUDITORS' REPORT ON CFS

CONSOLIDATED BALANCE SHEET

CONSOLIDATED CASH FLOW

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>State Bank of India, Commercial Branch ,Indore</b> Term Loan - V for Indore plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited and secured by pledge of 5 lacs BSE traded Shares of the Company held by Rajratan Exports Limited)	504802911	498826348
<b>State Bank of India, Commercial Branch ,Indore</b> Corporate Loan I (Secured by first pari-passu charge on fixed assets of the Company and specifically secured by pledge of 20 lacs BSE traded Shares of the Company held by Rajratan Exports Limited.)	15335511	64708313
<b>State Bank of India, Commercial Branch ,Indore</b> Corporate Loan II Secured by first pari-passu charge on fixed assets of the Company and specifically secured by pledge of 20 lacs BSE traded Shares of the Company held by Rajratan Exports Limited.)	303214223	--
<b>Punjab National Bank, Chandigarh</b> Term Loan for Baddi plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	11372101	16401823
<b>Punjab National Bank, Chandigarh</b> Term Loan for Indore plant (Secured by first pari-passu charge on fixed assets of the Company and second pari-passu charge on current assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors, by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	9319846	13946986
<b>State Bank of India, Commercial Branch ,Indore</b> Cash Credit (Secured by first pari-passu charge on current assets of the Company and second pari-passu charge on fixed assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors and by Smt. Alpana Gupta and by Diamond Crystal Private Limited.)	942430355	614452713

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>Punjab National Bank, Chandigarh</b> Cash Credit (Secured by first pari-passu charge on current assets of the Company and second pari-passu charge on fixed assets of the Company and guaranteed by two managing directors, one director and by third parties i.e. by HUF of three Directors and by Smt. Alpana Gupta and by Diamond Crystal Private Limited)	352456428	258031030
<b>HDFC Bank Ltd</b> Vehicle Finance (Secured by hypothecation of bus)	2203710	--
<b>Punjab National Bank, Chandigarh</b> Term Loan for Jalandhar Plant (Secured against Hypothecation of Plant and Machinery along with equitable charge on Land & Building belonging to the Company & the personal guarantee of the Directors)	--	13116116
<b>Punjab National Bank, Chandigarh</b> Cash Credit for Jalandhar Plant (Secured against hypothecation of all Current Assets including stocks & book debts belonging to the Company & personal guarantee of the Directors)	--	137232385
<b>Cholamandalam DBS Finance Ltd.</b> Vehicle Loan (Secured against hypothecation of Vehicle financed)	--	58118
<b>State Bank of India, Indore</b> Term Loan for Jalandhar Plant (Secured by first charge on fixed assets of the Company & second charge on current assets of the Company & the personal guarantee of the directors)	7803098	--
<b>State Bank of India, Indore</b> Cash Credit Loan for Jalandhar Plant (Secured by first charge on current assets of the Company & second charge on fixed assets of the Company & the personal guarantee of the directors)	192300411	--
<b>State Bank of India, Indore</b> Corporate Loan for Jalandhar Plant (Secured by first charge on fixed assets of the Company & second charge on current assets of the Company & the personal guarantee of the directors)	46016602	--
<b>HDFC Bank Limited</b> Vehicle Finance for Jalandhar (Secured against hypothecation of Vehicle financed)	560900	--

AUDITORS' REPORT ON CFS

CONSOLIDATED BALANCE SHEET

CONSOLIDATED CASH FLOW

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

(Rupees)

	AS AT 31.03.2011	AS AT 31.03.2010
<b>Punjab National Bank, Goa</b>	61531563	73568045
Term Loan for Goa Plant (Secured by first charge on Fixed Assets of the Company & second charge on Current Assets of the Company & personal guarantee of the Directors & corporate guarantee of Holding Company)		
<b>Punjab National Bank, Goa</b>	50736907	32681692
Cash Credit for Goa Plant (Secured by first charge on Current Assets of the Company & second charge on Fixed Assets of the Company & personal guarantee of the Directors & corporate guarantee of Holding Company)		
<b>State Bank of India, Indore</b>	45893044	--
Cash Credit Loan for PSL (Secured by Hypothecation of Current Assets, and personal guarantee of Director and Corporate Guarantee of Holding Company)		
<b>State Bank of India, Indore</b>	25665303	--
Cash Credit Loan for PHL (Secured by Hypothecation of Current Assets, and personal guarantee of Director)		
<b>Bank of India, New Delhi</b>	--	18318278
Over Draft Account (Secured by hypothecation of Current Assets, pledge of Term Deposits and Equity Shares of ITC Ltd and personal guarantee of Director)		
<b>Secured Loan from Mauritius Commercial Bank, Mauritius</b>	29734953	--
(Secured by all Assets of MPM)		
<b>Finance Lease from Mauritius Leasing, Mauritius</b>	11031843	--
(Secured by all lease assets of MPM)		
<b>TOTAL</b>	<b>2861349956</b>	<b>2069696910</b>
<b>SCHEDULE D</b>		
<b>UNSECURED LOANS</b>		
From Directors & Relatives	14554047	15180249
Inter Corporate Deposit	206615996	349685793
Security Deposit from Dealers & suppliers	175268003	123731508
<b>TOTAL</b>	<b>396438046</b>	<b>488597550</b>

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

**SCHEDULE "E"  
FIXED ASSETS AND DEPRECIATION AS ON 31.03.2011**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS ON 01.04.2010	ADDITION	DEDUCTION/ TRANSFER	AS ON 31.03.2011	UP TO 01.04.2010	FOR THE YEAR	DEPRECIATION ON REVALUATION	WRITTEN BACK	AS ON 31.03.2011	AS ON 31.03.2010
LAND	45316845	--	--	45316845	--	--	--	--	45316845	45316845
FACTORY BUILDING	461772728	47504057	--	509276785	74178374	14692590	27455	--	420378365	387594353
OFFICE PREMISES	1566460	--	--	1566460	202466	30660	--	233126	1333334	1363994
VEHICALS	14427991	3157689	13000	17572680	9356653	1201331	--	10557984	7014696	5071338
OFFICE EQUIPMENTS	4802914	550233	--	5353147	1513893	197831	--	1711724	3641423	3289021
ELECTRICAL INSTALLATION	54796131	8950190	--	63746321	13950827	2637955	847	--	47156692	40845304
PLANT & MACHINERY	2025276313	510666254	--	2535942567	239182523	103972535	13637	--	2192773875	1786093790
FURNITURE & FITTINGS	18339329	3499903	--	21839232	8448796	1264392	--	9713188	12126043	9890532
COMPUTER & SOFTWARE	26264241	1305041	--	27569282	21725697	1697400	--	23423097	4146185	4538544
CAPITAL WORK IN PROCESS	274060851	609366441	93504045	789923247	--	--	--	--	789923247	274060851
<b>TOTAL</b>	<b>2926623803</b>	<b>118499808</b>	<b>93517045</b>	<b>4018106566</b>	<b>368552330</b>	<b>125694694</b>	<b>41939</b>	<b>--</b>	<b>494295860</b>	<b>3523810706</b>
PREVIOUS YEAR FIGURES	1929358505	1138766438	141501140	2926623803	278359552	90297676	41939	139934	2558064573	1650998953

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

(Rupees)

		AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE F</b>			
<b><u>INVENTORIES (At Cost or market value whichever is less)</u></b>			
(As taken, valued & certified by Management)			
Raw Material and Packing Material and stores		327930160	317419208
Finished Goods and SIP		580880052	536899389
	<b>TOTAL</b>	<b>908810212</b>	<b>854318597</b>
<b>SCHEDULE G</b>			
<b><u>SUNDRY DEBTORS</u></b>			
Due for more than 6 months (considered good)		20675140	49196211
Other Debts (Considered good)		1019153589	1179921586
	<b>TOTAL</b>	<b>1039828729</b>	<b>1229117797</b>
<b>SCHEDULE H</b>			
<b><u>CASH &amp; BANK BALANCES</u></b>			
Cash in Hand		3185614	3065341
Cheques in Hand		32583641	14465791
In Current Account with Scheduled Banks		11879312	47351763
In Fixed Deposit with Scheduled Banks		34126695	63312011
	<b>TOTAL</b>	<b>81775263</b>	<b>128194906</b>
<b>SCHEDULE I</b>			
<b><u>LOANS AND ADVANCES</u></b>			
Advances (Recoverable in cash or in kind or for value to be received considered good )		495736609	281050711
Accrued and Prepaid		3163321	3121630
Dividend receivable		--	23040000
Tender and other Deposits		50399405	40333013
Income Tax paid		39332163	88703040
1) Tax Deducted at Source	4548451		
2) Advance Income Tax	7833813		
3) Income Tax Payments on a/c pending Assessments/Appeals	25662202		
4) Advance Fringe benefit tax	1287697		
	<b>TOTAL</b>	<b>588631498</b>	<b>436248394</b>
<b>SCHEDULE J</b>			
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Sundry Creditors		578663875	431725888
Outstanding Liabilities		123897119	85941251
Dividend payable		--	37846831
Taxes Payable		60474244	153525530
1) Provision for Income Tax for the year	35047358		
2) Income Tax payable for previous years	7417931		
3) Tds Payable	12099676		
4) Other Taxes Payable	5909279		
Excise Duty Payable		4061337	--
	<b>TOTAL</b>	<b>767096576</b>	<b>709039500</b>

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**

(Rupees)

	For the year ended on 31.03.2011	For the year ended on 31.03.2010
<b>SCHEDULE K</b>		
<b>INCREASE/DECREASE IN STOCK</b>		
Stock of finished goods and SIP as at the close of the year	567705830	536899389
Less: Stock of finished goods and SIP as at the commencement of the year	536899389	487543674
<b>TOTAL</b>	<b>30806441</b>	<b>49355715</b>
<b>SCHEDULE L</b>		
<b>MANUFACTURING EXPENSES</b>		
Factory Expenses	26668387	20976150
Analytical, Testing Expenses & Processing expenses	151359957	111064053
Power , Coal and Fuel	144960672	118323414
Consumable Stores	8725869	5730185
Repairs and Maintenance to fixed assets	11774651	14491722
Excise Duty	25699998	13199435
<b>TOTAL</b>	<b>369189534</b>	<b>283784959</b>
<b>SCHEDULE M</b>		
<b>EXPENDITURE ON EMPLOYEES</b>		
Salaries (Including P.F. Bonus , Gratuity & Earned Leave )	215154219	137609198
Staff Welfare	2374440	1906467
<b>TOTAL</b>	<b>217528659</b>	<b>139515665</b>
<b>SCHEDULE N</b>		
<b>ADMINISTRATIVE &amp; GENERAL EXPENSES</b>		
Rent, Rates, Taxes & Insurance	153758173	135557530
Stationery & printing	7676795	5763407
Postage, Telegram & Telephone	23925108	20937460
Legal & Professional Expenses	30538574	12485591
Directors' Remuneration	8400000	8400000
Auditors' Remuneration	315600	172360
Conveyance Expenses	9146064	9866052
Vehicle Running & Maintenance	6494251	4898550
Repairs & Maintenance Off. Bldg.	950888	749454
Miscellaneous and general expenses	26737903	8542850
Software & computer maintenance	1171312	903108
Membership & Subscription	1037746	1014892
Sundry Balance Written-off/Deferred Revenue W/off	4975402	89992
Licence & Fees	4541265	3232730
<b>TOTAL</b>	<b>279669081</b>	<b>212613976</b>
<b>SCHEDULE O</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Travelling Expenses	194809814	119576695
Business Promotion	23646412	13857570
Carriage Outward	302114422	261038622
Advertising, Publicity and Conference	10709729	5963728
Discount	18329660	19160088
Sales Commission	86892985	142516975
Sales Incentive	40123169	19635600
Miscellaneous Selling Expenses	8527918	8055883
<b>TOTAL</b>	<b>685154109</b>	<b>589805161</b>

AUDITORS' REPORT ON CFS

CONSOLIDATED BALANCE SHEET

CONSOLIDATED CASH FLOW

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**SCHEDULE - P  
ACCOUNTING POLICIES & NOTES ON ACCOUNTS**
**Significant Accounting Policies**

- (i) The Financial Statements are prepared at historical costs.
- (ii) The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of its country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries are not material.
- (iii) Principles of Consolidation  
The consolidated financial statements relate to Parenteral Drugs (India) Limited, its subsidiaries and have been prepared on the following basis:
- The financial statements of the Company and its subsidiaries have been combined on as line-by line basis by adding together the books value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction.
  - The differences between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of the shares in the subsidiaries is recognized in the financial statements as Goodwill/Capital reserve as the case may be.
  - Unaudited results of the Mascareignes Pharmaceuticals Manufacturing Co. Ltd. and Parenteral Drugs Kazakhstan whose financial year is different from the holding company have been taken on record.
  - The subsidiaries considered in the consolidated financial statements are:

Name of Company	Country of Incorporation	% ownership interest as at 31st March 2011	With effect from
Parenteral Biotech Limited	India	51%	01.12.1995
Abhay Drugs Limited	India	100%	21.12.2006
Parenteral Impex Limited	India	100%	21.12.2006
Anjaney Pharmaceuticals Ltd	India	100%	21.12.2006
Parentech Healthcare Limited	India	55%	21.12.2006
Parenteral Surgical Limited	India	100%	21.12.2006
Punjab Formulations Limited	India	100%	01.11.2008
Goa Formulations Limited	India	100%	01.11.2008
Mascareignes Pharmaceuticals Manufacturing Co. Ltd.	Mauritius	51%	01.04.2010
Parenteral Drugs Kazakhstan	Kazakhstan	90%	01.04.2010

(iv) Recognition of Revenue and Expenditure

- All revenue and expenditure are recognised and accounted for on accrual basis.
- Foreign Exchange Transactions

Transactions in Foreign Currency are recorded in financial statements based on the exchange rate existing at the time of the transactions.

Overseas subsidiaries are classified as non-integral operation as per AS-11 – The Effects of Changes in Foreign Exchange Rates. All the assets and liabilities are translated using exchange rate prevailing at the Balance Sheet date and income/expenditure are translated using average exchange rate prevailing during the reporting period.

## PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI

- c. Export incentives are accounted for on receipt basis in view of uncertainties.
- d. Taxation  
Provision for taxation of income tax is made on the basis of the taxable profit computed for current accounting year in accordance with the Income Tax Act 1961.  
Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for at the current rates of tax to the extent the timing difference are expected to crystallise, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which such Deferred Tax Assets can be realised.
- e. Figures for the previous year have been re-grouped and rearranged wherever considered necessary .
- (v) Fixed Assets
  - a. Fixed Assets are stated at historical cost as in the past and the assets prior to 1993-94 are at values adjusted by revaluation, which includes expenditure incurred on the acquisition fabrication and/or installation.
  - b. Pre-operative expenditure comprising revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of project cost and are capitalized.
- (vi) Depreciation
  - a. Depreciation on fixed assets has been calculated on straight line method at the rates prescribed in schedule XIV of the Companies Act 1956.
  - b. No Depreciation has been provided on Capital Work in Progress.
  - c. Capital subsidy received has been reduced from the cost of fixed assets for purpose of calculating depreciation.
- (vii) Inventories  
Inventories are valued at cost, including excise duty on finished products and the element of such expenses & taxes which are directly identifiable to represent cost.
- (viii) Analytical Testing and processing expenses also includes labour charges.
- (ix) Borrowing Cost  
Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.
- (x) Investments : - Long Term Investments are stated at cost.

### Signature to Schedules "A" to "P"

As per our report of even date attached  
 For **T.N.Unni & Co.**  
 Chartered Accountants  
 Firm Regn No. 004890C  
**T.N.Unni**  
 Partner  
 M. No. 014520  
**Place : Indore**  
**Date : 22<sup>nd</sup> August, 2011**

**Ms. Archana Agar**  
 Company Secretary

For and on behalf of the Board  
**Manoharlal Gupta**  
 Chairman-Cum-Managing Director  
**Vinod Kumar Gupta**  
 Managing Director  
**Govind Das Garg**  
 Whole-time Director

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

(Rs. In lacs)

	YEAR ENDED 31.03.2011		YEAR ENDED 31.03.2010	
<b>A - CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net profit before tax and extra-ordinary items		925.08		3973.00
<b>adjustment for :</b>				
1. Depreciation	1256.95		902.98	
2. Interest/Dividend	2855.46		1748.16	
3. Misc. Expenditure	49.60	4162.01		2651.14
<b>Operating profit before working capital change</b>		<b>5087.09</b>		<b>6624.14</b>
<b>adjustment for :</b>				
1. Trade and other receivable	369.06		-3838.80	
2. Inventories	-544.92		-1012.05	
3. Trade and other Payable	6068.23	5892.37	5484.63	633.78
<b>Cash Generated from Operation</b>		<b>10979.46</b>		<b>7257.92</b>
1. Interest Paid		-2855.46		-1748.16
2. Direct Taxes Paid		-351.76		-775.61
<b>Cash Flow Before Extraordinary items</b>		<b>7772.24</b>		<b>4734.15</b>
Extra ordinary Items		--		30.00
<b>Net cash from operating activities.....A</b>		<b>7772.24</b>		<b>4764.15</b>
<b>B - CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets		-10914.83		-9974.07
Purchase of investments		-400.00		--
Sale of investments		33.00		--
Pre-Operative Exp./Other Adjustment		-61.51		-197.16
<b>Net Cash used in investing activities ....B</b>		<b>-11343.34</b>		<b>-10171.23</b>
<b>C - CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from issue of share capital (Including Share Application Money)		1830.03		2053.73
Proceeds from long term borrowings		4526.66		6006.35
Repayment of Finance Liabilities		-3019.39		-2058.22
Payment of Dividend Reserve		-230.40		--
Dividend Paid		--		-378.47
<b>Net Cash from Financing Activities ....C</b>		<b>3106.90</b>		<b>5623.39</b>
<b>Net increase/decrease in Cash &amp; Cash equivalents (A+B+C)</b>		<b>-464.20</b>		<b>216.31</b>
Cash and Cash equivalents as at 01.04.2010 (Opening Balance)		1281.95		1065.64
Cash and Cash equivalents as at 31.03.2011 (Cash & Bank Balance)		817.75		1281.95
(Closing Balance)				
(Previous year figure have been re-grouped wherever necessary)				

As per our report of even date attached

 For **T.N.Unni & Co.**

 Chartered Accountants  
 Firm Regn No. 004890C

**T.N.Unni**

Partner

M. No. 014520

**Place : Indore**
**Date : 22<sup>nd</sup> August, 2011**
**Ms. Archana Agar**

Company Secretary

For and on behalf of the Board

**Manoharlal Gupta**

Chairman-Cum-Managing Director

**Vinod Kumar Gupta**

Managing Director

**Govind Das Garg**

Whole-time Director

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**  
 REGD. OFFICE: 340, LAXMI PLAZA, LAXMI INDUSTRIAL ESTATE,  
 NEW LINK ROAD, ANDHERI (WEST), MUMBAI-400 053

**ATTENDANCE SLIP**

**(Please complete this attendance slip and hand it over at the entrance of the meeting hall)**

I/We hereby record my/our presence at the 27<sup>th</sup> Annual General Meeting of the members of PARENTERAL DRUGS (INDIA) LIMITED held on 30<sup>th</sup> September, 2011 at The Classique Club, Behind Infinity Mall, Link Road, Opposite Raheja, Oshiwara, Andheri (West), Mumbai-400 053 at 9.30 A.M.

NAME(S) OF THE MEMBER(S)

REGISTERED FOLIO NO.

**Name of the Proxy (in block letters)**

**(To be filled in if the proxy attends instead of Member)**

**Member's / Proxy's Signature**

.....

**PROXY FORM**

**PARENTERAL DRUGS (INDIA) LIMITED, MUMBAI**  
 REGD. OFFICE: 340, LAXMI PLAZA, LAXMI INDUSTRIAL ESTATE,  
 NEW LINK ROAD, ANDHERI (WEST), MUMBAI-400 053

I/We.....of .....being a member/members of PARENTERAL DRUGS (INDIA) LIMITED hereby appoint Mr. /Mrs.....failing him/her Mr./Mrs ..... of ..... as my /our proxy to vote for me/us on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company to be held on 30<sup>th</sup> September, 2011 and /or at any adjournment thereof.

Signed by the said .....on this.....day of .....2011.

Regd. Folio No. ....

**Affix 15 Ps.  
Revenue  
Stamp**

**Note :**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy and the Proxy need not be a member of the Company.
2. The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before at the time fixed for the Annual General Meeting.

CONSOLIDATED CASH FLOW

ATTENDANCE SLIP

BLANK



**PARENTERAL DRUGS (INDIA) LIMITED MUMBAI**

Book Post

To



**PARENTERAL DRUGS  
(INDIA) LIMITED**

Shree Ganesh Chambers, Navlakha Crossing,  
A.B. Road, Indore - 452 001 (M.P.) India

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