

22nd Annual Report 2000-2001



JAGSONPAL PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

J.S. Kochhar -Chairman
 R.D. Thapar
 A.C. Chakrabortti
 R.P.S. Kochhar - Managing Director

GENERAL MANAGER

S.K. Dudeja

BANKERS

Punjab & Sind Bank
 Central Bank of India

AUDITORS

P.P. Thukral & Co.
 Chartered Accountants

REGISTERED OFFICE

T-210 J, Shahpur Jat,
 New Delhi-110049

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Notice

NOTICE is hereby given that the 22nd Annual General Meeting of the members of JAGSONPAL PHARMACEUTICALS LIMITED will be held on Saturday, the 29th day of September, 2001 at 10.00 A.M. at Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi-110003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date alongwith the reports of Auditors' and Directors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Sh. R.D.Thapar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS:

To consider and if thought fit to pass the following resolutions with or without modifications as Special Resolution:

5. ***RESOLVED THAT** the Company hereby accords its approval and consent under sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 and all other applicable statutory provisions, if any to the appointment of Mr. Jagmohan Singh Kochhar as Chairman of the Company and Board of Directors and to his receiving remuneration, benefits and amenities for a period of 5 years with effect from 1st April, 2002 upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Jagmohan Singh Kochhar, a draft whereof is placed before the meeting and for the purposes of identification is subscribed by one of the directors hereof, which agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Jagmohan Singh Kochhar, provided however, that the remuneration payable to Mr. Jagmohan Singh Kochhar, shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws,

policies, rules, regulations or guidelines in force from time to time.

The Draft agreement to be entered into between the Company and Mr. Jagmohan Singh Kochhar and the remuneration to be paid, is placed for the approval of the Members.

- A. The total remuneration payable to the Chairman shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956.
- B. i. For the Company's financial year 2002-03 and thereafter, the remuneration payable by way of salary shall be Rs.1,50,000/- per month and shall be subject to the over-all limits laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act 1956.
- ii. House rent allowance in addition to the above remuneration would be 60% of the Salary.
- iii. Perquisites in addition to the above remuneration would comprise of Leave travel concession, Club fees, medical reimbursement, personal accident insurance, such perquisites being restricted to Rs.6,00,000/- per annum, subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable. Provision of car for official duties and telephone at residence (including payment of long distance official calls) shall not be included for calculating the above ceiling.
- iv. In addition, Mr. Jagmohan Singh Kochhar shall be entitled to the Company's contribution to Provident Fund and Superannuation Fund and Gratuity payment in accordance with the rules of the Company. However, these payments shall not be included in the computation of limits of perquisites.
- v. Commission in addition to the above may be allowed subject to a maximum of 4% per annum subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956.

6. **"RESOLVED THAT** the Company hereby accords its approval and consent under Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 and all other applicable statutory provisions, if any to the appointment of Mr. Rajpal Singh Kochhar as Managing Director of the Company and Board of Directors and to his receiving remuneration, benefits and amenities for a period of 5 years with effect from 1st April, 2002 upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Rajpal Singh Kochhar, a draft whereof is placed before the meeting and for the purposes of identification is subscribed by one of the directors hereof, which agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Rajpal Singh Kochhar, provided however, that the remuneration payable to Mr. Rajpal Singh Kochhar, shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

The Draft agreement to be entered into between the Company and Mr. Rajpal Singh Kochhar and the remuneration to be paid, is placed for the approval of the Members.

- A. The total remuneration payable to the Managing Director shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956.
- B. i. For the Company's financial year 2002-03 and thereafter, the remuneration payable by way of salary shall be Rs.1,50,000/- per month and shall be subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act 1956.
- ii. House rent allowance in addition to the above remuneration would be 60% of the Salary.
- iii. Perquisites in addition to the above remuneration would comprise of Leave travel concession, Club fees, medical reimbursement, personal accident insurance, such perquisites being restricted to Rs.6,00,000/- per annum, subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956. For the purpose of calculating the above ceiling,

perquisites shall be evaluated as per Income Tax Rules wherever applicable. Provision of car for official duties and telephone at residence (including payment of long distance official calls) shall not be included for calculating the above ceiling.

- iv. In addition, Mr. Rajpal Singh Kochhar shall be entitled to the Company's contribution to Provident Fund and Superannuation Fund and Gratuity payment in accordance with the rules of the Company. However, these payments shall not be included in the computation of limits of perquisites.
- v. Commission in addition to the above may be allowed subject to a maximum of 4% per annum subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956.

7. **RESOLVED THAT** subject to the approvals and other permissions as may be required in this regard the approval of the company under section 81 and other applicable provisions of the Companies Act, 1956 be and is hereby given to issue and allot on preferential basis not more than 10,00,000 equity shares of Rs. 10/- each at such prices and/or premium as per the prevailing market conditions and the requirements of SEBI for determining the price at the time of such issue.

FURTHER THAT for the purpose of giving effect to the above, Sh. Jagmohan Singh Kochhar, Chairman and Sh. Rajpal Singh Kochhar, Managing Director be and are hereby authorised to finalise with the proposed investors number of shares to be issued, pricing of the issue, timing of the issue and to make or carry out any alterations or modifications to the above and to take all necessary action for obtaining the consent of any authority, without requiring any further approval of the General Meeting and to do all such acts, deeds, matters and things as they may in their absolute discretion, consider necessary, expedient, usual or proper.

By order of the Board

New Delhi
Dated : 21st June, 2001

Jagmohan Singh Kochhar
Chairman

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT TIME OF THE MEETING.
2. The explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2001 to 29th September, 2001 (both days inclusive).

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5 & 6

The Company had in its General meeting held on 22.10.1997 fixed the salary, perquisites and managerial remuneration of Mr. Jagmohan Singh Kochhar, Chairman and Mr. Rajpal Singh Kochhar, Managing Director with effect from 1st April, 1997 for a period of 5 years. Their contracts are proposed to be renewed with effect from 1st April, 2002 on the same salary, perquisites and other terms & conditions. The Directors consider that the services of Mr. Jagmohan Singh Kochhar and Mr. Rajpal Singh Kochhar are extremely useful, considering the excellent performance of the Company since their association as the Chairman and the Managing Director and it would be in the interest of the Company to re-appoint Mr. Jagmohan Singh Kochhar as the Chairman and Mr. Rajpal Singh Kochhar as the Managing Director. The Board had in its meeting held on 21.6.2001 approved the renewal of their contracts.

Mr. Jagmohan Singh Kochhar and Mr. Rajpal Singh Kochhar are interested in this Resolution.

The Directors recommend the resolution for approval of the shareholders.

Item No. 7

The Company has approached some funds and other strategic investors to invest through equity participation on preferential basis to part finance the modernisation cum restructuring plan. It is proposed to issue upto 10,00,000 equity shares of Rs. 10/- each at such premium and/or price(s) as may be determined as per the SEBI requirements.

SEBI REQUIREMENTS FOR PRICING OF PREFERENTIAL ISSUE

The issue of equity shares on preferential basis to a select group of person must fulfill certain requirement of the guidelines issued by the SEBI. The guidelines inter-alia prescribe the pricing of the issue which can be made at a price not less than the higher of the following:

The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date.

OR

The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the two weeks preceding the relevant date.

The proposed issue is required to be approved by the general body of the shareholders under section 81 of the Companies Act, 1956.

By order of the Board

Place : New Delhi
Dated : 21st June, 2001

Jagmohan Singh Kochhar
Chairman

Directors' Report

TO THE MEMBERS OF JAGSONPAL PHARMACEUTICALS LIMITED

Your Directors have pleasure in presenting their Twenty - Second Annual Report of the Company and the Audited Accounts, for the year ended 31st March, 2001.

Financial Highlights

The financial performance of the Company is as under:

(Rs. in Lacs)		
Particulars	Current Year	Previous Year
Sales	13651.87	11846.29
Other Income	21.74	43.25
Operating Expenditure	11698.37	10036.96
Profit before interest, depreciation and tax	1975.24	1852.59
Interest	509.19	444.81
Depreciation	89.95	78.34
Profit before Tax	1376.10	1329.44
Provision for taxation	361.00	388.00
Profit after Tax	1015.10	941.44
Balance brought forward	129.84	209.36
Profit available for appropriation	1144.94	1150.80
Appropriations:		
Proposed Dividend	98.24	98.24
Additional Income Tax on Dividend	10.02	21.61
Income Tax for earlier years	20.86	1.10
Transfer to General Reserve	900.00	900.00
Balance carried forward	115.82	129.84

Operations

The sales of the company grew by 15.24 % to Rs. 13651.87 lakhs for the year ended March, 2001, as compared to year ended March, 2000. Consequently profit before tax increased from 1329.44 lacs to 1376.10 lacs. The profit after tax also showed an improvement from Rs. 941.44 lacs to Rs. 1015.10 lacs. On an over all basis, the performance of the Company for the year under review can be considered satisfactory.

The above improvement has been achieved against heavy odds, such as, sluggish market trends, lower growth rate of the industry in particular and the severe competition from drug majors, who, with strong finance backing and marketing network, are taking aggressive postures to extend their market share by various methods. To make the matter worse, the company has been facing the fall out of the general economic slow down in the country. The company has, however, introduced various measures to counter the above factors so as to achieve continued growth and productivity.

Dividend

Your Directors are pleased to recommend for your consideration a dividend of 30 %. This will absorb a sum of Rs. 1,08,26,324/- (Sum for previous period Rs. 1,19,85,585/-).

Employees

The Company continued to maintain cordial relations with its employees at all levels. No man-days were lost during the current year due to industrial strife. The information as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is enclosed in Annexure 'B' and forms part of this Report.

Directors

Mr. G. S. Srivastava, director expired during the year after brief illness. He was associated with the company since 1966. The board has recounted his valued contribution to the company in many ways. It records the condolences expressed.

Mr. R. D. Thapar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Auditors

M/s P.P. Thukral & Co., Chartered Accountants retire as auditors at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors.

Energy, Technology & Foreign Exchange

As stipulated under the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the (Disclosure of particulars in the report of Board of Directors) Rules, 1985, Annexure 'A' contains the particulars pertaining to Conservation of Energy, Technology absorption and Foreign Exchange earning and outgo.

Directors Responsibility Statement

Your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- sufficient care has been taken 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;
- the annual accounts have been prepared on a going concern basis.

Acknowledgement

The Board of Directors would like to record their appreciation and gratitude to all employees of the organisation for their active co-operation and involvement. Thanks are also due, to Jagsonpal customers, dealers, suppliers and bankers.

for and on behalf of the Board of Directors

Place : New Delhi (J.S. Kochhar)
Dated : 21st June, 2001 Chairman

Annexure 'A' to the Directors' Report

Information pursuant to the Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.

FORM A
(See Rule 2)

Form for Disclosure of Particulars with respect to conservation of energy.

A. Power and fuel consumption

	2000-01	1999-00
1. Electricity		
(a) Purchased Units Kwh	12,53,701	8,38,540
Total amount Rs.	61,68,209	37,38,173
Avg. Rate/Unit Rs.	4.92	4.46
(b) Own generation		
(i) Through diesel Generation		
Units Kwh	9,98,639	9,21,638
Unit/cost of diesel oil Kwh	4.29	4.13
(ii) Through Steam turbine generator	N.A.	N.A.
2. Coal	N.A.	N.A.
3. Furnace oil		
Quantity K.Ltr.	3,59,000	3,24,000
Total Cost Rs.	48,23,020	33,24,348
Average Rate Rs.	13.43	10.26
4. Others/Internal generation (Please give details)	N.A.	N.A.

B. Consumption

It is not feasible to maintain energy consumption data by product category because of the very large number and variety of products with significantly different energy requirements.

FORM B
(See Rule 2)

Form for Disclosure of Particulars with respect to Technology Absorption.

Research and Development (R & D)**1. Specific areas in which R & D carried out by the Company.**

The R & D centre carried out Research and Development in the area of Bulk Drugs, Drugs Intermediaries and Pharmaceuticals.

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

During the current year the following projects were successfully accomplished by the R & D team. These projects are expected to contribute significantly towards the profitability of the Company.

Product	Application
Pacyl	Round the clock relief for restive mind.
Lycacid	For absolute glycaemic control with protection.
Lycored	Cell protector Anti-oxidant.

The R & D activities of the Company have resulted in manufacturing process upgradation, improving packaging and cost containment.

3. Future plan of action

R & D efforts will be continued in the areas of Bulk drugs and Drug formulations. These will be geared towards development of new product technologies which can be commercialised in future.

4. Expenditure on R & D

	(Rs. in Lacs)	
	March,01	March,00
(a) Capital Expenditure	13.49	2.45
(b) Revenue Expenditure	115.39	73.50
TOTAL	128.88	75.95
(c) Total R & D expenditure as a percentage of total turnover.	0.94%	0.56%

5. Foreign Exchange earnings Rs. 250.43 lacs

for and on behalf of the Board of Directors

Place : New Delhi
Dated : 21st June, 2001

(J.S. Kochhar)
Chairman

Annexure 'B' to the Directors' Report

Statement under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee's) Rules, 1975 as amended upto Date :

S.No.	Name & Age of the Employee	Designation	Qualification & Experience	Gross Remuneration Rs.	Net Remuneration Rs.
1.	Mr. Jagmohan Singh Kochhar (71 years)	Chairman	Experience in Senior Management (53 years)	71,19,500	41,17,000
2.	Mr. Rajpal Singh Kochhar (46 years)	Managing Director	M.Sc. (Pharmacy) USA (21 years)	71,19,500	41,17,000
3.	Mr. Sanjiv Kumar Dudeja (44 years)	General Manager	MBA (20 years)	15,43,300	8,95,800

1. Gross Remuneration includes : Salary, Bonus, Commission, Allowances and perquisites as per the Rules of the Company.
2. Net Remuneration excludes : Contribution towards Employees Provident Fund, Income tax deducted at source-value of taxable perquisites.
3. Mr. Jagmohan Singh Kochhar is the father of Mr. Rajpal Singh Kochhar.

for and on behalf of the Board of Directors

Place : New Delhi
Dated : 21st June, 2001

(J.S. Kochhar)
Chairman

Auditors' Report**TO THE MEMBERS OF JAGSONPAL PHARMACEUTICALS LIMITED**

We have audited the attached Balance Sheet of Jagsonpal Pharmaceuticals Limited, as at 31st March, 2001 and the Profit and Loss Account for the period 01.04.2000 to 31.03.2001, annexed thereto, and report that :

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph (1) 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 account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit and Loss Account are in agreement with the books of account;
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts comply with the Accounting Standards under Section 211 (3C) and give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view-
 - I. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001; and
 - II. in the case of the Profit & Loss Account, of the profit of the Company for the period ended on that date.
 - e) Based on representations made, and the information and explanations given to us, none of the Directors of the Company are, prima-facie, as at 31st March, 2001, disqualified from being appointed as director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For P. P. Thukral & Co.,
Chartered Accountants

New Delhi
21st June, 2001

(P.P. Thukral)

Annexure to Auditors' Report

(Referred to in Paragraph (1) of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, a major portion of fixed assets has been physically verified by the Management in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable to the best of our knowledge, no material discrepancies have been noticed on verification.
2. Land and Building have been revalued during the year as per technical estimates by expert valuers.
3. The stocks of finished and semi finished goods, stores, spare parts and raw materials have been physically verified by the Management.
4. In our opinion, and according to the information and explanations given to us, the frequency of verification are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
6. In our opinion, and on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken or granted any loans, secured or unsecured from/to Companies, firms or other parties listed in the register maintained under Section 301 and/or from the Companies under the same management, as defined under Section 370 (1B) of the Companies Act, 1956.
8. In respect of loans and advances in the nature of loans given by the Company, the repayment of principal and payment of interest are in accordance with the stipulated terms.

9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials, including components, plant and machinery, equipment and other assets, and with regard to sale of goods.
10. In our opinion and according to the information and explanations given to us, transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party; have been made at price which are reasonable, having regard to the prevailing market price for such goods, materials or services where such market price are available or the prices at which transactions for similar goods or materials have been made with other parties.
11. As explained to us, the Company has regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
12. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
13. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. The Company has no by-products.
14. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
15. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the said purpose, under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have generally been maintained.
16. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
17. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty, outstanding for a period of more than six months as at 31st March 2001 from the date they became payable.
18. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The Company is not a sick industrial Company within the meaning of Clause (O) of Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. In respect of the trading activities of the Company, we are informed that there are no damaged goods in stock.

For P. P. Thakral & CO.,
Chartered Accountants

New Delhi
21st June, 2001

(P.P. Thakral)

Balance Sheet
As on 31.03.2001

PARTICULARS	SCHEDULE NO	AS ON 31.03.2001 Rs.	AS ON 31.03.2000 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	3,27,47,500.00	3,27,47,500.00
Reserves & Surplus	2	56,96,30,919.78	37,38,94,985.56
		<u>60,23,78,419.78</u>	<u>40,66,42,485.56</u>
Loan Funds			
Secured Loans	3	25,47,37,312.59	17,80,93,758.02
Unsecured Loans	4	6,90,67,270.00	6,89,30,940.33
TOTAL		<u>92,61,83,002.37</u>	<u>65,36,67,183.91</u>
APPLICATION OF FUNDS			
Fixed Assets			
Net Block	5	28,16,91,213.30	16,59,45,047.22
Investments	6	5,031.25	10,031.25
Current Assets, Loans And Advances	7		
Inventories		41,08,88,557.54	34,75,04,376.09
Sundry Debtors		33,77,24,730.93	29,36,77,081.80
Cash & Bank Balances		2,97,61,924.40	2,10,56,542.24
Loans and advances		6,72,80,029.05	7,60,68,179.20
		<u>84,56,55,241.92</u>	<u>73,83,06,179.33</u>
LESS:			
Current Liabilities & Provisions	8	20,11,68,484.10	25,05,94,073.89
Net Current Assets		<u>64,44,86,757.82</u>	<u>48,77,12,105.44</u>
TOTAL		<u>92,61,83,002.37</u>	<u>65,36,67,183.91</u>
NOTES TO ACCOUNTS	13		

As per our report of even date

For P. P. Thakral & CO.
Chartered AccountantsJ. S. Kochhar
ChairmanA. C. Chakrabortti
Director

(P. P. Thakral)

R. P. S. Kochhar
Managing DirectorPlace : New Delhi
Dated : 21st June, 2001S. K. Dubeja
General ManagerS. K. Mata
Asstt. Company Secretary

Profit and Loss Account

For the year ended 31.03.2001

PARTICULARS	SCHEDULE NO.	1.4.2000 to 31.03.2001 Rs.	1.4.1999 to 31.03.2000 Rs.
INCOME			
Sales		1,36,51,87,158.96	1,18,46,28,749.77
Other Income	'9'	21,74,014.73	43,26,198.25
Increase (decrease) in finished goods stock & work in progress		4,96,17,892.90	2,19,21,805.25
TOTAL		1,41,69,79,066.59	1,21,08,76,753.27
EXPENDITURE			
Cost of Materials	'10'	66,03,87,808.02	50,73,31,202.39
Other Expenditure	'11'	55,90,67,048.81	51,82,86,929.77
TOTAL		1,21,94,54,856.83	1,02,56,18,132.16
Profit before interest, Depreciation and Tax		19,75,24,209.76	18,52,58,621.11
Interest	'12'	5,09,19,180.91	4,44,80,553.55
Depreciation		89,95,329.57	78,34,462.54
Profit before Tax		13,76,09,699.28	13,29,43,605.02
Provision for Tax		3,61,00,000.00	3,88,00,000.00
Net Profit after tax Carried Down		10,15,09,699.28	9,41,43,605.02
Balance brought forward from 31.03.00		1,29,84,282.83	2,09,36,294.41
Balance available for Appropriation		11,44,93,982.11	11,50,79,899.43
Appropriations			
Proposed Dividend		98,24,250.00	98,24,250.00
General Reserve		9,00,00,000.00	9,00,00,000.00
Income tax on proposed dividend.		10,02,074.00	21,61,335.00
Income tax for earlier years		20,86,088.00	1,10,031.60
Balance carried over to Schedule '2'		1,15,81,570.11	1,29,84,282.83
		11,44,93,982.11	11,50,79,899.43
NOTES TO ACCOUNTS	'13'		
As per our report of even date			
For P. P. Thukral & CO. Chartered Accountants	J. S. Kochhar Chairman	A. C. Chakraborti Director	
(P. P. Thukral)	R. P. S. Kochhar Managing Director		
Place : New Delhi Dated : 21st June 2001	S. K. Dudeja General Manager	S. K. Mata Asstt. Company Secretary	

Schedules**Annexed to and forming part of the Accounts**

	31.3.2001 Rs.	31.3.2000 Rs.
SCHEDULE '1'		
SHARE CAPITAL		
AUTHORISED		
1,00,00,000 Equity Shares of Rs. 10/- each	10,00,00,000.00	10,00,00,000.00
1,50,00,000 Un-classified Shares of Rs. 10/- each	15,00,00,000.00	15,00,00,000.00
ISSUED, SUBSCRIBED & PAID UP		
32,74,750 Equity Shares of Rs. 10/- each	3,27,47,500.00	3,27,47,500.00
TOTAL	3,27,47,500.00	3,27,47,500.00
SCHEDULE '2'		
RESERVES & SURPLUS		
Share Premium Account		
	60,00,000.00	60,00,000.00
Revaluation Reserve		
Balance as on 31.3.00	5,49,10,702.73	
Add: Provided during the year	10,00,00,000.00	
	15,49,10,702.73	
Less: Excess amount of depreciation adjusted	(71,38,646.94)	
	16,20,49,349.67	5,49,10,702.73
General Reserve		
Balance as on 31.3.00	30,00,00,000.00	21,00,00,000.00
Add: Additions during the year	9,00,00,000.00	9,00,00,000.00
	39,00,00,000.00	
Profit & Loss Account		
Balance as on 31.3.00	1,29,84,282.83	
Less: Transferred to Profit & Loss Account	1,29,84,282.83	
Add: Transferred from Profit & Loss Account	1,15,81,570.11	
	1,15,81,570.11	1,29,84,282.83
TOTAL	56,96,30,919.78	37,38,94,985.56
SCHEDULE '3'		
SECURED LOANS		
1. Short Term Loan as Cash Credit facility from Banks, secured by hypothecation of Book Debts and Inventories comprising of raw materials, work in process and finished goods.	19,79,31,293.01	11,87,61,764.69
2. Deferred Credit from suppliers of machinery.	16,08,265.00	39,20,109.61
3. Non Convertible Debentures (Refer notes to Accounts in Schedule 13)	5,00,00,000.00	5,00,00,000.00
4. Long Term Loan	51,97,754.58	54,11,883.72
TOTAL	25,47,37,312.59	17,80,93,758.02
SCHEDULE '4'		
UNSECURED LOANS		
Fixed deposits	6,90,67,270.00	6,89,30,940.33
TOTAL	6,90,67,270.00	6,89,30,940.33

SCHEDULE '5' FIXED ASSETS

Particulars	COSTS				DEPRECIATION				NET VALUES			
	Balance as at 31.3.00	Additions	Reductions	Balance as at 31.3.00	Balance as at 31.3.00	For the Year	On Disposal	Write Back on Hand	Balance as at 31.3.00	Balance as at 31.03.01	Depreciation without Contribution	Balance without Depreciation as at 31.03.01
LAND	1,20,000.00			1,20,000.00						1,20,000.00		1,20,000.00
FREE HOLD LAND	2,00,000.00			2,00,000.00						2,00,000.00		2,00,000.00
BUILDING	4,00,000.00	11,00,000.00	4,00,000.00	8,00,000.00	86,40,000.00	15,10,000.00		81,45,000.00	8,00,000.00	8,00,000.00	11,00,000.00	1,49,00,000.00
PLANT & MACH.	1,00,000.00	1,00,000.00		2,00,000.00	1,00,000.00	1,00,000.00			1,00,000.00	1,00,000.00	1,00,000.00	1,00,000.00
VEHICLES	1,00,000.00	1,00,000.00		2,00,000.00	1,00,000.00	1,00,000.00			1,00,000.00	1,00,000.00	1,00,000.00	1,00,000.00
OTHER ASSETS	1,00,000.00	1,00,000.00		2,00,000.00	1,00,000.00	1,00,000.00			1,00,000.00	1,00,000.00	1,00,000.00	1,00,000.00
TOTAL	2,00,000.00	1,00,000.00	4,00,000.00	8,00,000.00	1,00,000.00	1,00,000.00		81,45,000.00	1,00,000.00	1,00,000.00	1,00,000.00	1,00,000.00
PROVIDENT FUND	1,00,000.00	1,00,000.00		2,00,000.00	1,00,000.00	1,00,000.00			1,00,000.00	1,00,000.00	1,00,000.00	1,00,000.00

31.03.01

Rs.

31.03.00

Rs.

SCHEDULE '6'

INVESTMENTS

Quoted

5,031.25

10,031.25

(Refer notes to accounts in Schedule '13')

TOTAL

5,031.25

10,031.25

SCHEDULE '7'

CURRENT ASSETS, LOANS & ADVANCES

Inventories

(At cost or market price whichever is less as certified by one of the Directors)

Raw Materials

10,09,37,648.54

8,71,71,359.99

Work in Process

10,71,14,598.00

8,78,75,932.00

Finished Goods

20,28,36,311.00

17,24,57,084.10

41,08,88,557.54

34,75,04,376.09

Sundry Debtors

(Unsecured but considered Good)

Debts outstanding for a period exceeding 6 months

4,05,621.39

-

Others Debts

33,73,19,109.54

29,36,77,081.80

33,77,24,730.93

29,36,77,081.80

Cash and Bank Balances

Cash and Imprest in hand

59,50,142.23

21,10,107.23

Balances with Scheduled Banks

2,38,11,782.17

1,89,46,435.01

2,97,61,924.40

2,10,56,542.24

Loans & Advances

(Unsecured but considered Good)

Advances Recoverable in

Cash or in kind or for value to be received

2,90,07,220.70

2,16,27,161.19

Advance Income Tax

3,64,07,466.00

5,25,63,031.00

Security Deposits

18,65,342.35

18,77,987.01

6,72,80,029.05

7,60,68,179.20

TOTAL

84,56,55,241.92

73,83,06,179.33

	31.3.2001 Rs.	31.3.2000 Rs.
SCHEDULE '8'		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	12,23,87,967.98	11,13,31,939.25
Other liabilities	3,18,54,192.12	6,67,76,549.64
Provisions		
Provision for taxation	3,71,02,074.00	6,26,61,335.00
Proposed Dividend	98,24,250.00	98,24,250.00
TOTAL	20,11,68,484.10	25,05,94,071.89
SCHEDULE '9'		
OTHER INCOME		
Miscellaneous Income	21,71,974.73	41,85,366.64
Dividend received from other companies	2,040.00	3,978.00
Provision Written Back	0.00	1,36,853.61
TOTAL	21,74,014.73	43,26,198.25
SCHEDULE '10'		
COST OF MATERIALS		
Opening Stocks	8,71,71,359.99	7,95,11,037.96
Add: Purchases	67,41,54,096.57	51,49,91,524.42
	<u>76,13,25,456.56</u>	<u>59,45,02,562.38</u>
Less : Closing Stocks	10,09,37,648.54	8,71,71,359.99
TOTAL	66,03,87,808.02	50,73,31,202.39
SCHEDULE '11'		
OTHER EXPENDITURE		
Power and Fuel	1,19,18,625.04	1,07,08,676.31
Rent	51,10,031.00	44,47,906.00
Repair and Maintenance	2,02,48,614.40	1,32,32,738.20
Personnel Expenses		
-Salaries, Wages, Bonus & Contribution to Provident and other funds	12,01,40,166.65	11,04,25,672.82
-Welfare	36,42,752.90	32,98,002.33
Insurance	58,84,469.00	91,93,219.00
Excise Duty	16,91,16,424.33	16,65,97,628.92
Miscellaneous Expenses	2,74,31,849.63	2,61,22,063.54
Auditor's Remuneration	99,350.00	60,000.00
Travelling Expenses	6,97,51,207.27	6,11,27,732.00
Sales Administration Expenses	10,63,74,277.23	9,85,89,718.90
Freight outward	1,93,49,281.36	1,44,83,571.75
TOTAL	55,90,67,048.81	51,82,86,929.77
SCHEDULE '12'		
FINANCIAL EXPENSES		
Fixed Rate Borrowings	1,13,63,806.46	84,86,250.57
Others	3,95,55,374.45	3,59,94,302.98
TOTAL	5,09,19,180.91	4,44,80,553.55

SCHEDULE '13'**NOTES TO ACCOUNTS**

Notes annexed to and forming part of the Balance Sheet as at 31st March, 2001 and Profit & Loss Account for the period ended on that date.

	31.03.2001	31.03.2000
	Rs.	Rs.
1. Contingent Liabilities		
Bank guarantees	8,00,000.00	16,00,000.00

2 Significant Accounting Policies

The significant accounting policies followed by the Company are as follows :

- I. These accounts have been prepared on historical cost basis except for certain assets revalued in earlier years.
- II. Accounting policies are consistent and are in consonance with generally accepted accounting principles.
- III. Fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. In case of write-up due to revaluation, the fixed assets are shown at such higher amount.
- IV. The Company follows the straight line method (S.L.M.) of charging depreciation on all assets. Consequent to the insertion of schedule XIV in Companies Act, 1956 with effect from 2nd April, 1987, depreciation has been provided at the S.L.M. rates prescribed in schedule XIV in respect of additions to fixed assets from and after the said date and in respect of additions to fixed assets prior to said date, the depreciation has been provided at older rates. Pursuant to the notification of Department of Company Affairs dated 16.12.1993, depreciation on assets acquired on and after the said date is provided at new rates.
- V. Capital work in progress is stated at cost.
- VI. Long term Investments are stated at cost.
- VII. Inventories are valued at lower of cost and net realisable value. Valuation is as per Accounting Standard 2 of Institute of Chartered Accountants of India. Excise Duty on finished goods, not cleared from factory, is not included in finished goods valuation.
- VIII. Revenue is recognised on completion of sale of goods.
- IX. Transactions in foreign currencies are recognised at rates existing at the time at which transactions take place. Year end balances of receivables/payables are translated at year-end rates of exchange.
- X. Research and Development costs, (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.
- XI. Contribution to Provident Fund is made monthly at a pre-determined rate, to the provident fund authorities and accounted on an accrual basis. During the year Rs. 42,50,539.00 was paid as Provident Fund.
- XII. Company has effected an arrangement with Life Insurance Corporation of India under Group Gratuity cum Life Assurance Scheme so as to cover future payment of Gratuity to retiring and other employees and is making the contribution to them as per demands.
- XIII. a) Sales comprise of sale of goods and services, net of trade discount, goods returns, breakages.
b) Dividend on Share, Insurance and other claims as and when received.

3. Reserves and Surplus includes an amount of Rs. 10,00,00,000.00 as revaluation of :-

Land	Rs. 6,00,00,000.00
Building	Rs. 4,00,00,000.00
(As on 31.3.2001)	

An amount of Rs. 10,22,000.94 has been debited to revaluation reserve in 2000-2001 and Rs. 81,60,647.86 written back. An amount of Rs. 10,20,789.10 was debited during 1999-00 on account of depreciation attributable to said appreciation in value of Revalued assets.

	31.3.2001 Rs.	31.3.2000 Rs.
4. Payment to Directors including Managing Director:		
Salary	61,98,000.00	61,98,000.00
Commission	80,41,000.00	76,50,000.00
Meeting Fees	4,000.00	5,500.00
5. Market Value of quoted investments :		
408 Equity Shares of Ranbaxy Laboratories Ltd.	2,34,640.00	3,50,800.00
25-15% Non -Convertible Debentures of Ranbaxy Laboratories Ltd.		4,500.00
6. Repairs & Maintenance include :		
Plant & Machinery	74,82,734.94	74,32,256.25
Building	65,56,675.06	13,96,919.21
Others	62,09,204.00	44,03,562.74
7. Computation of Net Profits in accordance with Section 198 of the Companies Act and the Commission payable to the directors.		(Rs. in lacs)
Profit before tax	1,376.10	1,329.44
Add: Depreciation as per Accounts	89.95	78.34
Directors' Remuneration	142.39	138.48
	1,608.44	1,546.26
Less: Depreciation as per Section 350	184.51	161.46
Net Profit U/s 198	1,423.93	1,384.80
Commission payable to Directors' @ 4% each	113.91	110.78
Eligible	80.41	76.50
8. Payment & provisions for Auditors relating to :		
	Rs.	Rs.
Audit Fee	84,000.00	51,500.00
Other Matters	15,350.00	8,500.00
9. The Tax assessment of the Company under the Income Tax Act, 1961 has been completed upto the accounting year ending 31.03.2000 and there are no tax dues standing against the Company in respect of the above.		
10. Balance with Scheduled Banks include:		
Current Accounts	4,50,31,166.00	93,33,974.35
Deposit Accounts	1,22,80,616.00	96,12,460.66
11. As per practice consistently followed, Excise Duty payable on finished goods held in the works is neither included in expenditure nor included in such stocks, but is accounted for on clearance of the goods. The accounting treatment has no impact on profits. The amount of Excise Duty payable on finished goods not cleared as on 31st March, 2001 is Rs. 47,01,729.19 and as on 31st March, 2000 was Rs. 18,13,783.10		
12. 16% Non Convertible Debentures of Rs. 5,00,00,000.00 raised from LIC, GIC and its subsidiaries are to be redeemed in annual instalments in the third, fourth & fifth year.		

13. Additional Information Pursuant to Paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956
(As certified by a Director and accepted by the Auditors).

A. PARTICULARS OF GOODS MANUFACTURED :

Goods manufactured	Unit of Measure	Actual Production	
		1.4.00 to 31.3.01	1.4.99 to 31.3.00
Capsules	Millions	485.32	458.21
Tablets	Millions	439.39	401.47
Syrups	Kl Ltrs.	810.79	932.25
Ampoules	Kl Ltrs.	5.33	5.87
Vials	Kl Ltrs.	73.54	99.84
Ointments	M. Tonnes	47.98	69.68
Bulk Drugs & Intermediates	M. Tonnes	53.33	36.75

B. STOCKS OF FINISHED GOODS

(Rs. in lacs)

Class of Goods	Unit of Measure	31.03.2001		31.03.2000	
		Qty.	Value	Qty.	Value
Capsules	Millions	29.80	660.05	32.74	570.72
Tablets	Millions	47.46	462.32	27.63	397.51
Syrups	Kl Ltrs.	115.12	182.56	146.42	271.28
Ampoules	Kl Ltrs.	1.23	438.85	0.52	222.97
Vials	Kl Ltrs.	6.21	34.14	18.20	84.20
Ointments	M. Tonnes	13.84	65.36	10.66	98.82
Bulk Drugs & Intermediates	M. Tonnes	1.472	142.51	0.48	26.14
Dry Powder	M. Tonnes	0.06	8.13	0.08	24.59
Infusion	Kl Ltrs.	9.93	34.44	4.73	28.34

C. TURNOVER OF FINISHED GOODS.

(Rs. in lacs)

Class of Goods	Unit of Measure	1.4.00 to 31.3.01		1.4.99 to 31.3.00	
		Qty.	Value	Qty.	Value
Capsules	Millions	499.11	5862.33	464.67	5530.63
Tablets	Millions	423.54	3146.16	403.97	3126.88
Syrups	Kl Ltrs.	842.09	964.41	838.91	90.45
Injectables:					
Ampoules	Kl Ltrs.	5.02	1695.91	6.33	1600.93
Vials	Kl Ltrs.	91.12	311.15	95.19	343.50
Ointments	M. Tonnes	71.06	547.64	81.38	427.49
Bulk Drugs & Intermediates	M. Tonnes	52.338	926.64	44.125	473.65
Dry Powder	M. Tonnes	0.52	76.22	0.48	75.95
Infusion	M. Tonnes	36.88	121.41	38.58	116.80

D. PURCHASE OF FINISHED GOODS.

(Rs. in lacs)

Class of Goods	Unit of Measure	1.04.00 to 31.03.01		1.4.99 to 31.03.00	
		Qty.	Value	Qty.	Value
Infusions	Kl Ltrs	42.08	57.20	41.68	70.92
Ampoules	Kl Ltrs	0.20	69.61	-	-
Tablets	Millions	3.98	111.86	-	-
Ointment	M.Tonnes	26.26	207.26	21.58	194.46
Vials	Kl. Ltrs.	5.59	76.66	-	-
Bulk Drugs	M.Tonnes	-	-	-	-
Capsules	Millions	10.85	534.63	7.45	117.31
Dry Powder	M.Tonnes	0.50	55.69	0.55	64.28

E. INSTALLED CAPACITY

Class of Goods	Unit of Measure	31.03.01	31.03.00
Capsules	Millions	1000	675
Tablets	Millions	1000	1000
Syrup	Kl Ltrs.	1800	1800
Injectables :			
Ampoules	Kl Ltrs.	25	25
Vials	Kl Ltrs.	312	312
Ointment	M.Tonnes	126	126

F. CONSUMPTION OF RAW MATERIALS (Rs. lacs) 6603.87 5073.31

G. BREAK-UP OF CONSUMPTION OF RAW MATERIALS

Indigenous (Rs. lacs)	5231.94	3998.51
As % age of total	79.22	78.81
Imported (Rs.lacs)	1371.93	1074.80
As % age of Total	20.78	21.19

H. VALUE OF IMPORTS ON CIF BASIS

Raw Materials (Rs. lacs)	754.56	649.97
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I. EXPENDITURE IN FOREIGN EXCHANGE

Travelling (Rs. lacs)	13.20	26.90
Dividend on 1,27,920 Shares	3.83	3.83
Subscription	0.11	0.07

J. EARNINGS IN FOREIGN EXCHANGE

Export FOB value (Rs. lacs)	250.43	100.27
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14. Previous years' figures have been re-grouped and re-arranged wherever necessary.

As per our report of even date

For P. P. Thakral & CO.

Chartered Accountants

J. S. Kochhar

Chairman

A. C. Chakrabortti

Director

(P. P. Thakral)

R. P. S. Kochhar

Managing Director

Place : New Delhi

Dated : 21st June, 2001

S. K. Dudeja

General Manager

S. K. Mata

Asstt. Company Secretary

Part IV of Schedule VI of The Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	:	9181	State Code	:	55
Balance Sheet Date	:	31.03.2001			

II. Capital Raised During the Year (Amount in Rs. thousand)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus Issue	:	NIL	Private Placement/Others	:	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	:	1127351	Total Assets	:	1127351
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SOURCES OF FUNDS

Paid-Up Capital	:	32748	Reserves & Surplus	:	589631
Secured Loans	:	254737	Unsecured Loans	:	69067

APPLICATION OF FUNDS

Net Fixed Assets	:	281691	Investments	:	5
Net Current Assets	:	644487	Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL			

IV. Performance of Company (Amount in Rs. Thousand)

Turnover	:	1365187	Total Expenditure	:	1227577
Profit/Loss Before Tax	:	+ 137610	Profit/Loss After Tax	:	+ 101510
Earning Per Share	:	Rs. 31.00	Dividend Rate	:	30%

V. Generic names of three principal products / services of Company
 (As per monitory terms)

Item Code No. (ITC Code)	:	294200
Product Description	:	Dextropropoxyphene Hydrochloride
Item Code No. (ITC Code)	:	300410
Product Description	:	Ampicilline
Item Code No. (ITC Code)	:	300490
Product Description	:	Nandrolone Decanoate

As per our report of even date
For P. P. Thukral & CO.
Chartered Accountants

J. S. Kochhar
Chairman

A. C. Chakrabertti
Director

(P. P. Thukral)

R. P. S. Kochhar
Managing Director

Place : New Delhi
 Dated : 21st June, 2001

S. K. Dadeja
General Manager

S. K. Mata
Asstt. Company Secretary

Five Years' Record

(Rs. in lacs)

	Particulars	1996-97*	1997-98	1998-99	1999-00	2000-01
1.	Fixed Assets	1424.42	1475.95	1583.51	1659.45	2816.91
2.	Investments	299.15	0.10	0.10	0.10	0.05
3.	Net Current Assets	1196.61	1952.59	2744.99	3689.50	4465.56
4.	Total Capital Employed	2920.01	3428.63	4328.60	5349.05	7282.52
5.	Share Holders Funds	2361.76	2810.68	3256.16	4066.42	6023.78
6.	Sales	6777.50	7908.75	9146.08	11846.29	13651.87
7.	Other Income	10.09	28.27	35.65	43.26	21.74
8.	Operating Profit	1001.10	1216.83	1314.23	1852.59	1975.24
9.	Interest	432.80	403.11	458.68	444.81	509.19
10.	Depreciation	41.60	55.15	67.32	78.34	89.95
11.	Tax	150.00	190.00	217.00	388.00	361.00
12.	Profit after tax	376.70	568.57	571.22	941.44	1015.10
13.	Retained Earnings	286.56	460.51	455.69	820.49	885.97
14.	Dividend (including tax)	90.14	108.06	108.06	119.86	108.26
15.	Dividend (%)	25.00	30.00	30.00	30.00	30.00
16.	Earning Per Share (Rs.)	11.48	17.36	17.44	28.75	31.00

* Annualised

Cash Flow Statement**For the year Ended 31st March, 2001**

(Pursuant to clause 32 of the Listing Agreement)

31.03.01

Rs.

31.03.00

Rs.

A. Cash Flow From operating activities

Net Profit before tax and extraordinary items

13,76,09,699.28

13,29,43,605.02

Add: Adjustment for Depreciation

89,95,329.57

78,34,462.54

Loss on sale of assets

-

Total

14,66,05,028.85

14,07,78,067.56

Add: Interest

5,09,19,180.91

4,44,80,553.55

Operating profit before working capital change

19,75,24,209.76

18,52,58,621.11

Less: Increase in inventories

6,33,84,181.45

2,95,82,127.28

Increase in Sundry Debtors

4,40,47,649.13

8,78,50,445.26

Increase in Loans & Advances

(87,88,150.15)

2,85,11,520.02

Increase in Balance with Scheduled Bank

48,65,347.16

9,04,072.08

9,40,15,182.17

3,84,10,456.47

Add: Increase in Current Liabilities & provision

(4,94,25,589.79)

11,58,25,677.00

Increase in Short term borrowings from banks

7,91,69,528.32

(6,36,96,068.97)

12,37,59,120.70

9,05,40,064.50

Less : Payment of Interest

5,09,19,180.91

4,44,80,553.55

Income Tax

3,81,86,088.00

3,89,10,031.60

Dividend & Tax on Dividend

1,08,26,324.00

1,19,85,585.00

Cash flow before extra ordinary items

2,38,27,527.79

(48,36,105.65)

B. Cash Outflow for investing activities

Purchase of fixed assets

1,76,02,848.73

1,64,50,161.35

62,24,679.06

(2,12,86,267.00)

C. Cash Flow from financing activities**Add:** Proceeds from Sale of investments

5,000.00

-

Proceeds from long term borrowings

(25,25,973.73)

16,67,798.87

Proceeds from Fixed deposits

1,36,329.67

1,93,50,627.47

38,40,035.00

(2,67,840.66)

Add: Cash & Imprest in Hand as on 31.03.2000

21,10,107.23

23,77,947.89

Balance of Cash & Imprest in Hand as on 31.03.2001

59,50,142.23

21,10,107.23

We have verified the above Cash Flow Statement for the year ended 31st March, 2001 with the audited accounts for the year ended on that date and found the same to be in agreement therewith.

As per our report of even date
For P. P. Thukral & CO.
Chartered Accountants

J. S. Kochhar
Chairman

A. C. Chakrabortti
Director

(P. P. Thukral)

R. P. S. Kochhar
Managing Director

Place : New Delhi
Dated : 21st June, 2001

S. K. Dudeja
General Manager

S. K. Mata
Asstt. Company Secretary