

**JAGSONPAL**  
**24TH ANNUAL REPORT**



**JAGSONPAL PHARMACEUTICALS LIMITED**

**BOARD OF DIRECTORS**

J.S. Kochhar -Chairman  
A.C. Chakrabortti  
S. Mukhopadhyay  
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

**INDEX**

Notice .....	1
Directors' Report .....	2
Auditors' Report .....	10
Balance Sheet .....	12
Profit & Loss Account .....	13
Schedules to Accounts .....	14
Balance Sheet Abstract .....	21
Cash Flow Statement.....	22

**Notice**

NOTICE is hereby given that the 24th Annual General Meeting of the members of JAGSONPAL PHARMACEUTICALS LIMITED will be held on Friday, the 6th day of June, 2003 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 December, 2002 and the Profit and Loss Account for the period 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. Sukumar Mukhopadhyay, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

**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 Register of Members and Share Transfer Books of the Company will remain closed from 3rd June, 2003 to 6th June, 2003 (both days inclusive).
3. Members who hold shares in physical form are requested to notify immediately any change of address, quoting their folio number. Members who hold shares in electronic form should approach their DP for any changes in address.
4. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting place.
5. It will be appreciated that queries, if any, on Accounts and Operations of the Company are sent to the Company ten days in advance of the meeting so that the answer may be made readily available.
6. Members are requested to bring their copy of the Annual Report at the meeting.
7. Members are requested to note that as prescribed by Securities and Exchange Board of India (SEBI), trading in securities of the Company is in Dematerialised form only. Hence, members who are yet to Dematerialise their shares are advised to do so. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL) for Demat facility.

By order of the Board

Place : New Delhi  
Dated : 5th March, 2003

**Jagmohan Singh Kochhar**  
*Chairman*

## Directors' Report

TO THE MEMBERS OF JAGSONPAL PHARMACEUTICALS LIMITED

Your Directors have pleasure in presenting their Twenty Fourth Annual Report of the Company and the Audited Accounts, for the period ended 31st December 2002.

### Financial Highlights

The financial performance of the Company is as under:

(Rs. in lacs)

Particulars	Current Year (15 months)	Previous Year (6 months)
Sales	15,446.93	5,690.26
Other Income	63.25	28.11
Operating Expenditure	14,074.44	5112.05
PBIDT	1,435.74	606.32
Interest	570.34	283.77
Depreciation	129.73	50.57
Profit before Tax	735.67	271.98
Provision for taxation	220.00	90.00
Deffered tax	14.55	—
Profit after tax	501.12	181.98
Balance brought forward	175.18	115.81
Profit available for appropriation	676.29	297.79
Appropriations:		
Proposed Dividend	122.80	65.49
Additional Income tax on Dividend	15.35	6.68
Income tax for earlier years	95.27	0.44
Transfer to General Reserve	150.00	50.00
Balance carried forward	292.87	175.18

### Operations

During the period ended December, 2002 sales of the Company grew by 8.6 % to Rs. 15,446.93 lakhs as compared to negative trend for the period ended September, 2001. The profit before tax increased from Rs.543.95 lacs (annualised) to Rs. 588.53 lacs (annualised), or a growth of 8.19%. On an over all basis, the performance of the Company has improved on all fronts for the period under review.

The above improvement has been achieved against heavy odds, such as, sluggish market trend, lower growth rate in the industry and severe competition from drug majors, who are taking aggressive postures to extend their market share by various methods.

The Company has however, introduced various measures to counter the above factors so as to achieve continued growth and productivity. The Company launched / re-launched a few products during the period and the same have been well received in the market. The benefit of the same will be seen in coming years.

The restructuring of marketing force was successfully completed during the period and are expected to give good results in the coming years.

### Dividend

Your Directors are pleased to recommend for your consideration a dividend of Rs. 3.75 per share. This will absorb a sum of Rs. 1,38,15,352 including tax thereon. (Sum for previous six month period was Rs. 72,17,549 @ Rs. 2 per share).

### Employees

The Company continued to maintain cordial relations with its employees at all levels. No man-days were lost during the period 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. Sukumar Mukhopadhyay retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Amar Nath Varma resigned during the year. The Board records its appreciation for the guidance given by Mr. Varma during his tenure as a director.

### Corporate Governance

As per the amended listing agreement with the Stock Exchanges, your Company has complied with the regulations of Corporate Governance. A Report on Corporate Governance alongwith a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also a Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

### 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 Absorption & 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, 1988, 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:

1. In preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
2. 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 period;

3. 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;
4. 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 : 5th March, 2003 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

	1.10.2001 to 31.12.2002	1.4.2001 to 30.9.2001
<b>1. Electricity</b>		
a) Purchased Units Kwh	17,29,061	8,68,264
Total amount Rs.	71,88,417	38,79,970
Avg. Rate/Unit Rs.	4.16	4.47
b) Own generation		
i) Through diesel Generation		
Units Kwh	9,35,540	4,54,220
Units /litre of diesel oil Kwh	4.36	4.37
ii) Through Steam turbine generator	N.A.	N.A.
<b>2. Coal</b>	N.A.	N.A.
<b>3. Furnace oil</b>		
Quantity K.Ltr.	4,20,000	1,68,000
Total cost Rs.	59,99,971	24,99,875
Average Rate Rs.	14.28	14.88
<b>4. Others/Internal generation</b> (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 carries out Research and Development in the area of Bulk Drugs, Drugs Intermediates 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
Uterone	The natural micronized Uterine progesterone.
Pacyl / Pacyl - SR	Round the clock relief for restive mind.
Lycazid / Lycazid - M	For absolute glycaemic control with protection

The R&D activities of the Company have resulted in manufacturing process upgradation, improving packagings 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)

	Dec. 2002	Sep. 2001
a) Capital Expenditure	00.85	00.54
b) Revenue Expenditure	58.60	30.75
Total	59.45	31.29
c) Total R & D expenditure as a percentage of total turn-over.	0.38%	0.56%
<b>5. Foreign Exchange Earnings</b>	<b>319.74</b>	25.99

For and on behalf of the Board of Directors

Place : New Delhi (J. S. Kochhar)  
Dated : 5th March, 2003 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.N.	Name & Age of the Employee	Designation	Qualification & Experience	Gross Remuneration Rs.	Net Remuneration Rs.
1.	Mr.Jagmohan Singh Kochhar (72 years)	Chairman	Experience in Senior Management (54 years)	36,04,500	22,54,500
2.	Mr.Rajpal Singh Kochhar (47 years)	Managing Director	M.Sc.(Pharmacy) USA (22 years)	36,04,500	22,54,500

- Gross Remuneration includes : Salary, Bonus, Commission, Allowances and perquisites as per the Rules of the Company.
- Net Remuneration excludes : Contribution towards Employees Provident Fund, Income Tax deducted at source, value of taxable perquisites.
- 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 : 5th March, 2003

( J. S. Kochhar )

Chairman

**Five Years' Record**

(Rs. in Lacs)

Particulars	YEARS				
	1998-99	1999-00	2000-01	2001-02*	2002 (Dec.)*
1. Fixed Assets	1583.51	1659.45	2816.91	2794.12	2845.60
2. Investments	0.10	0.10	0.05	0.05	0.05
3. Net Current Assets	2744.99	3689.50	4465.56	4790.28	4223.88
4. Total Capital Employed	4328.60	5349.05	7282.52	7584.45	7069.53
5. Share Holders Funds	3256.16	4066.42	6023.78	5919.38	6157.61
6. Sales	9146.08	11846.29	13651.87	11380.52	12357.54
7. Other Income	35.65	43.26	21.74	56.22	50.60
8. Operating Profit	1314.23	1852.59	1975.24	1212.62	1148.59
9. Interest	458.68	444.81	509.19	567.54	456.27
10. Depreciation	67.32	78.34	89.95	101.14	103.79
11. Tax	217.00	388.00	361.00	180.00	176.00
12. Profit after Tax	571.22	941.44	1015.10	363.96	412.53
13. Retained Earnings	455.69	820.49	885.97	109.36	362.97
14. Dividend (including Tax)	108.06	119.86	108.26	72.18	138.15
15. Dividend (%)	30.00	30.00	30.00	20.00	37.50
16. Earning Per Share (Rs.)	17.44	28.75	31.00	11.12	12.24

\* Annualized

## Annexure to the Directors' Report

### Corporate Governance

#### 1. Company's Philosophy on code of Governance:

The Company's philosophy on Corporate Governance is to conduct its business affairs in a professional and transparent manner while adhering to the highest ethical values and morals and always striving for optimising Shareholders' value.

#### 2. Board of Directors

- a) The board comprises of Executive and Non-Executive Directors. The present strength of the Board of Directors is four Directors. The Chairman and the Managing Director are two whole time directors, the remaining two being non-executive directors, who are independent Directors and are professionals and have expertise in their fields.
- b) The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the financial year of the Company was as under:

Name of Director	Category	Attendance at		Membership of other Board (excluding Alternate Directorship & Directorship in Pvt. Companies)	No. of Committees in which member (excluding Pvt. Companies)
		Board Meetings	Last AGM		
Mr. Jagmohan Singh Kochar	Chairman	6	Yes	3	2
Mr. Rajpal Singh Kochar	Managing Director	4	Yes	2	1
Mr. A.C. Chakrabortti	Non-Executive	6	No	15	10
Mr. S. Mukhopadhyay	Non-Executive	4	Yes	2	1
Mr Amar Nath Varma (Upto 31.10.2002)	Non-Executive	5	NA	-	-
Mr. R.D. Thapar (Upto 03.01.2002)	Non-Executive	-	NA	-	-

- c) During the year six board meetings were held on following dates:

Oct. 31, 2001      Jan.3, 2002      Jan. 30, 2002      April 29, 2002      July 31, 2002      Oct.31, 2002

#### 3. Audit Committee

The terms of reference and the role of the Audit Committee include inter-alia reviewing with management the financial statements, adequacy of internal control systems and frequency and scope of internal audit, overseeing of company's financial reporting process, discussions with internal and external auditors of the Company on the audit undertaken.

The Audit Committee was formed in January 2002 with three Non-executive Independent Directors, Mr. A.C. Chakrabortti, Mr. S. Mukhopadhyay and Mr. Amar Nath Varma. The Chairman of the Committee is Mr. S. Mukhopadhyay. The Company Secretary, Mr. S.K. Mata, acts as the Secretary of the Committee. The Internal Auditor and Statutory Auditors are invitees to the meeting. The quorum for the Committee meeting is two Directors.

The Committee has met thrice during the financial year in April, July and October months of 2002.

#### 4. Remuneration committee and remuneration of Directors

The Company has not constituted a Remuneration Committee. However, the managerial remuneration including perquisites thereof payable to directors, are determined by the shareholders.



### 5. Shareholders'/Investors' Grievances Committee

The Committee was constituted in January, 2002 with Mr. S. Mukhopadhyay, Mr. Amar Nath Varma and Mr. Jagmohan Singh Kochhar as its members. Mr. S. Mukhopadhyay is Chairman of the Committee. Mr. S.K. Mata, Company Secretary, is the Compliance Officer of the Company.

The Committee reviews the level of investor services covering all aspects of investors interactions and recommends steps to improve the same. During the year the Committee met once.

The queries/complaints received from the shareholders have been duly attended to and resolved by furnishing requisite information/documents by the Company. A summary of complaints, received and resolved by the Company during the financial year, is given below:

	Received	Cleared
Non-Receipt of Share Certificates duly transferred	10	10
Non – receipt of Dividend warrants	93	93
Miscellaneous	151	151
Letter from Stock Exchanges, SEBI and Department of Company Affairs	2	2

### Share Transfer Committee

To expedite the transfer of shares and other related matters, the power of share transfer and other related matters (transmission and issue of duplicate shares etc.) has been delegated to the Share Transfer Committee, comprising of Chairman and top officials of the Company. The committee meets at least once in a fortnight. No investors' complaint was pending for a period exceeding one month except cases which are sub judice.

### 6. General Body Meetings

Details of the last three Annual General Meeting held is given below.

Year ended	Date	Time	Location
31.3.2000	23.9.2000	10.00 a.m	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi
31.3.2001	29.9.2001	10.00 a.m	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi
30.9.2001	20.3.2002	10.00 a.m	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi

All resolutions set out in the notices were passed by the members. No resolutions were put through Postal Ballot last year. Presently, the Company does not have any proposal for Postal Ballot.

### 7. Disclosures

There were no transactions of material nature with the Directors or the Management or relatives of the Directors during the financial year which could have potential conflict with the interests of the Company at large.

### 8. Means of Communications

As the quarterly results are published in one English Daily Newspaper (The Pioneer) and one Hindi Newspaper (Veer Arjun) published from Delhi, the half yearly report was not sent to the shareholders. The quarterly results are available on Company's site [jagsonpal.com](http://jagsonpal.com). During the financial year, the Company has not made any presentations to the institutional investors or analysts. The Management Discussion and Analysts report form a part of this Annual Report.

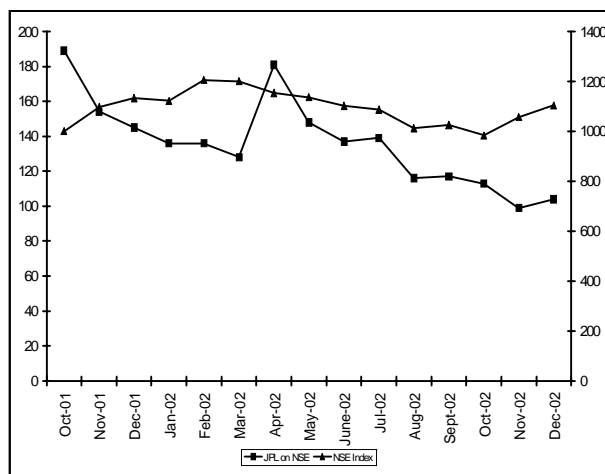
### 9. General Shareholder Information

- Annual General Meeting : Friday, 6th June, 2003 at 10.00a.m. at Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi-110003.
- Dates of Book Clousure : June 3, 2003 to June 6, 2003 (both days inclusive)
- Dividend Payment Date : Within stipulated time, if declared
- Financial Calendar (tentative) for the quarter ending
  - December 2001 : 4th Week of January 2002
  - March 2002 : 4th Week of April 2002
  - June 2002 : 4th Week of July 2002
  - September 2002 : 4th Week of October 2002
  - December 2002 : February/March 2003



- Listing on Stock Exchanges : The Delhi Stock Exchange Association Limited (Regional); The Stock Exchange, Mumbai; The National Stock Exchange of India Ltd.; The Ludhiana Stock Exchange Association Limited. The Company has paid the listing fee for 2002-03 to the Stock Exchanges
- Stock Code ISIN No. for NSDL & CDSL : JAGSNPHARM EQ at NSE INE048B01019
- Market Price Data at NSE and Stock performance in comparison to NSE Index :

Month	High (Rs.)	Low (Rs.)
October 2001	189.00	123.00
November 2001	154.00	115.50
December 2001	145.00	120.00
January 2002	136.00	105.00
February 2002	136.00	115.15
March 2002	128.00	115.10
April 2002	181.00	116.00
May 2002	148.00	115.00
June 2002	136.90	116.15
July 2002	139.00	110.00
August 2002	116.00	104.00
September 2002	117.00	94.50
October 2002	112.90	89.95
November 2002	99.00	83.00
December 2002	104.00	90.00



- Address for correspondence and Registrar and Transfer Agents

The Company is having in-house facilities for share transfers and other related matters. Shares received for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Similarly the demat/remat requests are cleared within a period of 15/30 days respectively. The address of company Secretary/Shares Department is as given below:

Company Secretary / Shares Department  
Jagsonpal Pharmaceuticals Limited  
T-210 J, Shahpur Jat, New Delhi 110049

However, for the limited purpose of connectivity with the NSDL/CDSL, the Company has entered into agreement with MCS Limited, Mumbai.

- Dematerialisation of Securities

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. As on 31.12.2002, 26.39% of the Company's total share capital representing 8,64,190 shares are held in dematerialised form.

- Plant Location

20 K.M. Mathura Road, Post Office Amar Nagar, Faridabad, Haryana-121003

#### 10. Re-appointment of Directors

Name of Director : Mr. Sukumar Mukhopadhyay  
Date of Birth : 18.04.1937  
Date of Joining the Board : 03.01.2002  
Expertise : Mr. Sukumar Mukhopadhyay who retires by rotation at this Annual General Meeting was member of Central Board of Excise & Customs. He is fellow member of Indian Council of Arbitration. He is a Tax Consultant in Excise and Customs and has vast experience in the area.

List of Outside Directorship held : Greaves Limited, Mumbai; Duncans Industries Limited, Kolkata.

## Auditors' Report on Corporate Governance

TO THE MEMBERS OF JAGSONPAL PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Jagsonpal Pharmaceuticals Limited for the period ended on 31st December, 2002 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Investors' Grievances Committee.

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

**For P.P. Thukral & Company**  
*Chartered Accountants*

Place : New Delhi  
Dated : 5th March, 2003

**Suresh Sethi**  
*Partner*

## Management Discussion And Analysis Report

### Industry Structure and Developments

India has already signed the GATT agreement and shall be fully observing the GATT rules & regulations from the year 2006 AD onwards. The Indian Pharmaceutical Companies have started preparing for the coming times, which in concrete terms, means laying more emphasis on drug quality, good manufacturing practices, most stringent process controls, developing and marketing newer and better medicines.

### Opportunities and Threats

The industry and the Government intend to make modern medicine available at the urban and rural level and the efforts are being made in this direction. With improved communication means there is increase in health awareness and education. Thus demand of pharmaceutical products will be stimulated in the coming future. The preventive treatment being publicised by the government and industry will generate more demand. However, there will be need to upgrade the infrastructure in this sector.

Bigger and better companies of the world will show interest in the Indian market, the newer researched drugs will find their way to India faster than it used to be ever before, and many of the drugs presently available in the world markets outside India will be brought to the country by the companies, presently operating.

### Segment-wise Performance

The Company mainly operates in the Pharmaceutical segment and the Company has increased its formulation sales.

### Outlook

The Company is constantly striving for strong marketing and distribution networks. The restructuring of marketing was the key focus area during the last year. This will result in increased coverage of the medical practitioners and higher prescription generation for our products. The focus of the entire restructuring exercise and training programme is directed at ensuring that Jagsonpal's Professional Service Representative stands out amongst the crowd, in the doctor's chamber and effective generation of higher prescription.

Efficient management of working capital and other resources of the Company is given very high priority.

### **Risk and Concerns**

India will get a ten-year transition period, for the implementation of TRIPS. During this period, new molecules patented for the first time anywhere in the world will be given, protection during the transition period; provided a patent application is made in India. Marketing exclusivity will be provided for five years during the transition period. The patent application will be kept in a “black box” and given effect retrospectively, after the transition period is over.

Your company is gearing up to face the challenges and will be prepared for facing the patent regime.

### **Internal Control Systems and their Adequacy**

JPL has adequate internal control systems and processes to safeguard its assets and all the transactions are recorded and reported as per the generally accepted or prescribed norms. The internal control systems are well documented and rigidly implemented. There are clearly defined systems and authority and responsibilities in place which ensure accuracy and reliability of all financial and other data for effective and efficient management. The systems and processes are reviewed periodically and upgraded under the guidance of Audit Committee and external auditors/ agencies.

### **Financial performance with respect to operational performance:**

#### *Loans*

The Company has been able to reduce its borrowing by more than Rs. 245 lacs during the reference period.

#### *Results from Operations*

Particulars	(Rs. In Lacs)	
	Current Year (15 months)	Previous Year (6 months)
Sales	15,446.93	5,690.26
Other Income	63.25	28.11
Operating Expenditure	14,074.44	5,112.05
Profit before interest, depreciation and tax	1,435.74	606.32
Interest	570.34	283.77

Depreciation	129.73	50.57
Profit before Tax	735.67	271.98
Provision for Taxation	220.00	90.00
Differed Tax Adjustment	14.55	—
Profit after Tax	501.12	181.98

#### *Interest*

The Company has been able to reduce its interest cost considerably, both because of reduction in interest costs as well as reduction in borrowings.

#### *Net Profit*

There was marginal improvement in the net profit margin during the reference period.

#### *Receivables*

The Company was able to reduce its receivables by more than Rs. 9.32 Crores as compared to the position as on 30.09.2001.

### **Human Resources and Industrial Relations**

The human resource of JPL is its biggest asset and has dedicated and motivated people in the team. In order to achieve overall development of its people and to ensure greater accountability and responsibility, continuous training with respect to work and other areas is imparted.

### **Cautionary Statement**

The report is based on certain estimates, assumptions and expectations, which may or may not be accurate or realised. The risk factors stated in the report are not exhaustive. So the actual results could materially differ from those expressed or implied. Important factors such as economic conditions, government policies, subsequent developments and other incidental factors etc could make material difference to company's operations.

## Auditors' Report

TO THE MEMBERS OF JAGSONPAL PHARMACEUTICALS LIMITED

We have audited the attached Balance Sheet of Jagsonpal Pharmaceuticals Ltd., as at 31st December, 2002 and the Profit and Loss Account for the period 01.10.2001 to 31.12.2002, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We 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 December, 2002; 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 December, 2002, 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*

Place : New Delhi  
Dated : 5th March, 2003

**Suresh Sethi**  
*Partner*

## ANNEXURE TO THE 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 program 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. None of the fixed assets have been revalued during the period.
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 provisions 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 December, 2002 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. Thukral & Co.**  
*Chartered Accountants*

Place : New Delhi  
Dated : 5th March, 2003

**Suresh Sethi**  
*Partner*

**Balance Sheet**  
**As on 31.12.2002**

PARTICULARS	SCHEDULE NO.	AS ON 31.12.2002 Rs.	AS ON 30.09.2001 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Capital	'1'	3,27,47,500	3,27,47,500
Reserves & Surplus	'2'	58,30,13,285	55,91,90,997
		<u>61,57,60,785</u>	<u>59,19,38,497</u>
<b>Loan Funds</b>			
Secured Loans	'3'	28,70,53,446	27,24,77,825
Unsecured Loans	'4'	7,44,42,538	11,34,82,912
<b>TOTAL</b>		<u>97,72,56,769</u>	<u>97,78,99,234</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Net Block	'5'	28,45,60,342	27,94,12,292
<b>Investments</b>	'6'	5,031	5,031
<b>Current Assets Loans And Advances</b>			
Inventories		47,60,45,668	44,23,85,277
Sundry Debtors		27,98,80,907	37,31,32,548
Cash & Bank Balances		3,33,94,568	3,12,25,863
Loans and advances		5,29,29,049	7,46,54,874
		<u>84,22,50,192</u>	<u>92,13,98,562</u>
<b>LESS:</b>			
<b>Current Liabilities &amp; Provisions</b>	'8'	14,95,58,796	22,29,16,651
<b>Net Current Assets</b>		<u>69,26,91,396</u>	<u>69,84,81,911</u>
<b>TOTAL</b>		<u>97,72,56,769</u>	<u>97,78,99,234</u>
<b>NOTES TO ACCOUNTS</b>	'13'		

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

**J.S. Kochhar**  
*Chairman*

**A. C. Chakrabortti**  
*Director*

**Suresh Sethi**  
*Partner*

**R. P. S Kochhar**  
*Managing Director*

**S. Mukhopadhyay**  
*Director*

Place : New Delhi  
Dated : 5th March, 2003

**Sanjiv Kumar Dudeja**  
*General Manager*

**S.K. Mata**  
*Company Secretary*



**Profit and Loss Account  
for the period ending 31.12.2002**

PARTICULARS	SCHEDULE NO.	1.10.01 TO 31.12.2002 Rs.	1.4.01 TO 30.09.01 Rs.
<b>INCOME</b>			
Sales		<b>1,54,46,92,562</b>	56,90,25,837
Other Income	‘9’	<b>63,25,195</b>	28,10,848
Increase (decrease) In finished goods stock & work in progress		<b>3,27,15,009</b>	2,20,46,320
<b>TOTAL</b>		<b>1,58,37,32,766</b>	59,38,83,005
<b>EXPENDITURE</b>			
Cost of Materials	‘10’	<b>72,15,91,669</b>	24,66,44,035
Other Expenditure	‘11’	<b>71,85,66,937</b>	28,66,07,733
<b>TOTAL</b>		<b>1,44,01,58,606</b>	53,32,51,768
<b>Profit before Interest, Depreciation and Tax</b>		<b>14,35,74,160</b>	6,06,31,237
Interest	‘12’	<b>5,70,33,915</b>	2,83,76,832
Depreciation		<b>1,29,73,420</b>	50,56,534
<b>Profit before Tax</b>		<b>7,35,66,825</b>	2,71,97,871
Provision For Tax		<b>2,20,00,000</b>	90,00,000
Deferred Tax		<b>14,54,976</b>	—
<b>Net profit after tax Carried Down</b>		<b>5,01,11,849</b>	181,97,871
Balance brought forward from 30.09.2001		<b>1,75,17,691</b>	115,81,570
Balance Available for Appropriation		<b>6,76,29,540</b>	2,97,79,441
Proposed Dividend		<b>1,22,80,313</b>	65,49,500
General Reserve		<b>1,50,00,000</b>	50,00,000
Income tax on proposed dividend		<b>15,35,039</b>	6,68,049
Income tax for earlier years		<b>95,26,708</b>	44,201
Balance carried over to Schedule ‘2’		<b>2,92,87,480</b>	1,75,17,691
		<b>6,76,29,540</b>	2,97,79,441
<b>NOTES TO ACCOUNTS</b>	‘13’		

As per our report of even date

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

**J.S. Kochhar**  
*Chairman*

**A. C. Chakrabortti**  
*Director*

**Suresh Sethi**  
*Partner*

**R. P. S Kochhar**  
*Managing Director*

**S. Mukhopadhyay**  
*Director*

Place : New Delhi  
Dated : 5th March, 2003

**Sanjiv Kumar Dudeja**  
*General Manager*

**S.K. Mata**  
*Company Secretary*



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

	31.12.2002	30.09.2001
	Rs.	Rs.
<b>SCHEDULE '1'</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
1,00,00,000 Equity Shares of Rs. 10/- each	<b>10,00,00,000</b>	10,00,00,000
1,50,00,000 Un-classified Shares of Rs. 10/- each	<b>15,00,00,000</b>	15,00,00,000
ISSUED, SUBSCRIBED & PAID UP		
32,74,750 Equity Shares of Rs. 10/- each	<b>3,27,47,500</b>	3,27,47,500
<b>TOTAL</b>	<b>3,27,47,500</b>	3,27,47,500
<b>SCHEDULE '2'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Share Premium Account</b>		
	<b>60,00,000</b>	60,00,000
<b>Revaluation Reserve</b>		
Balance as on 30.9.2001	16,08,70,349	
Less : Excess amount of depreciation adjusted	29,47,501	
	<b>15,79,22,848</b>	16,08,70,349
<b>General Reserve</b>		
Balance as on 30.9.2001	39,50,00,000	39,00,00,000
Add: Additions during the year	1,50,00,000	50,00,000
Deferred Tax Adjustment of Previous Years	(2,01,97,043)	(2,01,97,043)
<b>Profit &amp; Loss Account</b>		
Balance as on 30.09.2001	1,75,17,691	
Less : Transferred to Profit & Loss Account	1,75,17,691	
Add : Transferred from Profit & Loss Account	2,92,87,480	
	<b>2,92,87,480</b>	1,75,17,691
<b>TOTAL</b>	<b>58,30,13,285</b>	55,91,90,997
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
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.	<b>27,03,03,446</b>	21,94,54,060
2. Deferred Credit from suppliers of machinery	<b>1,00,000</b>	8,26,010
3. Non Convertible Debentures (Refer notes to accounts in Schedule13)	<b>1,66,50,000</b>	5,00,00,000
4. Long Term Loan	-	21,97,755
<b>TOTAL</b>	<b>28,70,53,446</b>	27,24,77,825
<b>SCHEDULE '4'</b>		
<b>UNSECURED LOANS</b>		
Fixed deposits	<b>7,44,42,538</b>	11,34,82,912
<b>TOTAL</b>	<b>74,44,2,538</b>	11,34,82,912

**SCHEDULE '5' FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK			
	Balance as at 30.09.01	Additions	Revaluation	Deductions	Balance as at 31.12.02	Balance as at 30.09.01	For the Year	On Deductions	Write Back on Revl.	Balance as at 31.12.02	Balance as at 31.12.02	Depreciation without Revaluation	Balance without Revaluation as at 31.12.02
Goodwill	3,00,000				3,00,000						3,00,000		3,00,000
Free Hold Land	8,58,95,625				8,58,95,625						8,58,95,625		20,20,808
Building	9,02,38,273	70,67,832			9,73,06,105	15,20,240	38,21,260			53,41,500	9,19,64,605	16,60,921	4,02,00,153
Plant & Machinery	6,08,97,321	86,07,029			6,95,04,350	1,52,68,785	40,81,573			1,93,50,358	5,01,53,992	37,74,358	3,68,14,888
Vehicles	54,54,006	1,53,015			56,07,021	20,79,891	6,75,541			27,55,432	28,51,589	6,75,541	28,51,589
Other Assets	8,17,96,270	52,41,094			8,70,37,364	2,63,00,286	73,42,547			3,36,42,833	5,33,94,531	68,62,600	3,67,13,134
<b>Total</b>	<b>32,45,81,495</b>	<b>2,10,68,970</b>	<b>0.00</b>	<b>0.00</b>	<b>34,56,50,465</b>	<b>4,51,69,202</b>	<b>1,59,20,921</b>	<b>0.00</b>	<b>0.00</b>	<b>6,10,90,123</b>	<b>28,45,60,342</b>	<b>1,29,73,420</b>	<b>11,89,00,572</b>
Previous Year	32,06,24,880	39,56,613	0.00	0.00	32,45,81,494	3,89,33,667	62,35,535	0.00	0.00	4,51,69,202	27,94,12,292	50,56,534	11,08,05,022

**31.12.2002**      **30.09.2001**  
**Rs.**                              **Rs.**

**SCHEDULE '6'****INVESTMENTS**

Quoted	<b>5,031</b>	5,031
(Refer notes to accounts in Schedule '13')		
<b>TOTAL</b>	<b><u>5,031</u></b>	<b><u>5,031</u></b>

**SCHEDULE '7'****CURRENT ASSETS, LOANS & ADVANCES**

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

Raw Materials	<b>11,13,33,430</b>	11,03,88,048
Work in process	<b>10,40,49,250</b>	9,09,05,886
Finished Goods	<b><u>26,06,62,988</u></b>	<b><u>24,10,91,343</u></b>
	<b><u>47,60,45,668</u></b>	<b><u>44,23,85,277</u></b>

**Sundry Debtors**

(Unsecured but Considered good)

Debts outstanding for a period exceeding 6 months	<b>94,60,266</b>	3,09,554
Other Debts	<b><u>27,04,20,641</u></b>	<b><u>37,28,22,994</u></b>
	<b><u>27,98,80,907</u></b>	<b><u>37,31,32,548</u></b>

**Cash and Bank Balances**

Cash and Imprest in hand	<b>99,90,421</b>	62,65,851
Balances with Scheduled Banks	<b><u>2,34,04,147</u></b>	<b><u>2,49,60,012</u></b>
	<b><u>3,33,94,568</u></b>	<b><u>3,12,25,863</u></b>

**Loans & Advances**

(Unsecured but considered Good)

Advances recoverable in cash or in kind or for value to be received	<b>1,63,81,954</b>	2,82,45,842
Advance Income Tax	<b>3,36,89,113</b>	4,44,12,740
Security Deposit	<b><u>28,57,982</u></b>	<b><u>19,96,292</u></b>
	<b><u>5,29,29,049</u></b>	<b><u>7,46,54,874</u></b>
<b>TOTAL</b>	<b><u>84,22,50,192</u></b>	<b><u>92,13,98,562</u></b>

	31.12.2002	30.09.2001
	Rs.	Rs.
<b>SCHEDULE '8'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	5,28,61,363	11,66,84,991
Other Liabilities	2,60,20,067	2,70,96,003
Interest Accrued but not due	<u>39,81,769</u>	56,18,991
<b>Provisions</b>		
Provision for Taxation	3,27,63,265	4,67,70,123
Deferred Tax Liability	2,16,52,019	2,01,97,043
Proposed Dividend	<u>1,22,80,313</u>	65,49,500
<b>TOTAL</b>	<b><u>14,95,58,796</u></b>	<b><u>22,29,16,651</u></b>
<b>SCHEDULE '9'</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	<u>63,25,195</u>	28,10,848
<b>TOTAL</b>	<b><u>63,25,195</u></b>	<b><u>28,10,848</u></b>
<b>SCHEDULE '10'</b>		
<b>COST OF MATERIALS</b>		
Opening Stock	<b>11,03,88,049</b>	10,09,37,649
Add : Purchases	<u>72,25,37,050</u>	25,60,94,434
	<b>83,29,25,099</b>	<u>35,70,32,083</u>
Less : Closing Stocks	<u>11,13,33,430</u>	11,03,88,048
<b>TOTAL</b>	<b><u>72,15,91,669</u></b>	<b><u>24,66,44,035</u></b>
<b>SCHEDULE '11'</b>		
<b>OTHER EXPENDITURE</b>		
Power and Fuel	<b>1,57,43,242</b>	61,62,889
Rent	<b>73,84,119</b>	28,09,599
Repair and Maintenance	<b>2,60,84,503</b>	1,08,96,405
Personnel Expenses :		
Salaries, Wages Bonus & Contribution to provided and other funds	<b>14,50,32,553</b>	5,50,79,486
Welfare	<b>44,43,337</b>	18,88,003
Insurance	<b>70,77,620</b>	30,54,253
Excise Duty	<b>19,38,50,293</b>	8,26,52,914
Miscellaneous Expenses	<b>3,52,15,932</b>	1,34,07,539
Auditor's Remuneration	<b>1,26,500</b>	52,500
Travelling Expenses	<b>9,22,77,971</b>	3,53,33,328
Sales Administration Expenses	<b>17,08,16,179</b>	6,76,54,895
Freight Outward	<u>2,05,14,688</u>	76,15,922
<b>TOTAL</b>	<b><u>71,85,66,937</u></b>	<b><u>28,66,07,733</u></b>
<b>SCHEDULE '12'</b>		
<b>FINANCIAL EXPENSES</b>		
Fixed Rate Borrowings	<b>68,74,432</b>	56,62,500
Others	<u>5,01,59,483</u>	2,27,14,332
<b>TOTAL</b>	<b><u>5,70,33,915</u></b>	<b><u>2,83,76,832</u></b>

**SCHEDULE '13'****NOTES TO ACCOUNTS**

Notes annexed to and forming part of the Balance Sheet as at 31st December 2002 and Profit & Loss Account for the period ended on that date.

	<b>31.12.2002</b>	<b>30.9.2001</b>
	Rs.	Rs.
<b>1. Contingent Liabilities</b>		
Bank guarantees	3,00,000	8,00,000

**2. Significant Accounting Policies**

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

- I. The Accounts have been prepared on historical cost basis except for certain assets revalued in earlier year.
- 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 to acquisition and installation. In case of write up due to revaluation, the fixed assets are shown at such higher amounts.
- 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 of 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, if any, 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 currency are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities (other than relating to fixed assets) are restated at the rates prevailing at year end or at the forward rates where forward cover has been taken and the difference between the year end rates/forward rate and exchange rates at the date of transaction. Transaction is recognised as income or expense.
- 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 Funds is made monthly at a pre-determined rate, to the provident fund authorities and accounted on an accrual basis.
- XII. Company has affected 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, net of trade discount, goods returns breakages.  
b) Dividend on Shares. Insurance and other claims as and when received.

3. Reserves and surplus includes an amount of Rs 10,00,00,000 as revaluation of :

Land Rs. 6,00,00,000

Building Rs. 4,00,00,000

(As on 31.3.2001)

An amount of Rs 29,47,501 has been debited to Revaluation Reserve in 2001-02. An amount Rs. 11,79,000 was debited during 2000-01 on account of depreciation attributable to said appreciation in value of Revalued assets.

	<b>31.12.2002</b>	<b>30.09.2001</b>
	<b>Rs.</b>	<b>Rs.</b>
4. Payment to Directors including Managing Director		
Salary	<b>72,09,000</b>	28,83,000
Commission	-	-
Meeting Fees	<b>77,000</b>	6,500
5. Market Value of quoted investments		
408 Equity Shares of Ranbaxy Laboratories Ltd.	<b>1,32,600</b>	2,34,640
6. Repairs & Maintenance includes:		
Plant & Machinery	<b>1,34,73,920</b>	40,79,550
Building	<b>28,48,880</b>	49,85,754
Others	<b>97,61,703</b>	18,31,102
7. As per the Companies Act, 1956 the managerial personnel are not eligible for commission.		
8. Payment & Provisions for Auditors relating to :		
Audit Fee	<b>1,10,000</b>	42,500
Other Matters	<b>16,500</b>	10,000
9. The Tax assessment of the Company under the Income Tax Act, 1961 has been completed upto the accounting year ending 31.03.2001 and there are no tax dues standing against the Company in respect of the above.		
10. Balance with Scheduled Banks include:		
Current Account	<b>1,58,17,993</b>	1,26,18,424
Deposit Account	<b>75,86,153</b>	1,23,41,588
11. Payment of Provident Fund	<b>36,45,145</b>	20,31,135
12. 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 December, 2002 is Rs. 29,07,131 and as on 30th September, 2001 was Rs. 23,55,978.		
13. 16% Non convertible Debentures of Rs. 5,00,00,000 raised from LIC, GIC and its subsidiaries are to be redeemed in annual instalments in the third, fourth & fifth year. The Company has redeemed its 2nd tranche in October, 2002, as per schedule. The third and final instalment is to be paid in October, 2003.		
14. 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	
		01.10.2001 to 31.12.2002	01.04.2001 to 30.09.2001
Capsules	Millions	501.93	212.75
Tablets	Millions	321.28	214.64
Syrups	Kl Ltrs.	700.64	222.78
Ampoules	Kl Ltrs	5.35	2.16
Vials	Kl Ltrs	114.31	40.55
Ointments	M. Tonnes	36.63	14.50
Bulk Drugs & Intermediates	M. Tonnes	64.92	24.48
Dry Powder	M. Tonnes	0.18	0.01

## B. STOCKS OF FINISHED GOODS :

(Rs. in Lacs)

Class of Goods	Unit of Measure	31.12.2002		30.09.2001	
		Qty.	Value	Qty.	Value
Capsules	Millions	35.37	614.64	34.85	993.30
Tablets	Millions	88.76	735.57	33.28	559.63
Syrups	Kl Ltrs	116.85	229.98	54.55	177.87
Ampoules	Kl Ltrs	1.50	639.15	0.53	337.24
Vials	Kl Ltrs	23.36	110.40	3.92	43.61
Ointments	M. Tonnes	9.24	30.07	5.90	1.07
Bulk Drugs & Intermediates	M. Tonnes	3.92	168.09	3.77	225.81
Dry Powder	M. Tonnes	0.15	29.85	0.07	10.95
Infusion	Kl Ltrs	14.09	48.87	5.53	21.43

## C. TURNOVER OF FINISHED GOODS:

(Rs lacs)

Class of Goods	Unit of Measure	01.10.2001 to 31.12.2002		01.04.2001 to 30.09.2001	
		Qty.	Value	Qty.	Value
Capsules	Millions	555.69	6776.20	207.70	2096.51
Tablets	Millions	399.21	3632.64	229.92	1718.16
Syrups	Kl Ltrs	766.98	911.53	284.35	323.70
<b>Injectables:</b>					
Ampoules	Kl Ltrs	5.47	2019.52	2.96	884.23
Vials	Kl Ltrs	131.13	338.91	44.11	156.47
Ointments	M tonnes	58.20	253.07	22.44	134.55
Bulk Drugs & Intermediates	M. tonnes	64.77	1328.33	22.18	298.98
Dry Powder	M tonnes	0.51	63.20	0.15	20.35
Infusion	M tonnes	39.05	123.53	15.77	57.31

D. PURCHASE OF FINISHED GOODS :						(Rs in Lacs)
Class of Goods	Unit of Measure	01.10.01 to 31.12.2002		01.04.01 to 30.09.2001		
		Qty.	Value	Qty.	Value	
Infusions	Kl Ltrs	47.61	60.95	11.37	14.51	
Ampoules	Kl Ltrs.	1.09	413.33	0.10	37.32	
Tablets	Millions	133.41	1474.57	1.10	49.39	
Ointment	M. Tonnes	24.91	104.76	-	-	
Vials	Kl Ltrs	36.26	121.75	127	16.69	
Capsules	Millions	54.28	1112.37	-	-	
Dry Powder	M. Tonnes	0.41	44.99	0.15	18.19	
<b>E. INSTALLED CAPACITY</b>						
Class of Goods	Unit of Measure	31.12.2002		30.09.2001		
Capsules	Millions	1000		1000		
Tablets	Millions	1000		1000		
Syrup	Kl Ltrs	1800		1800		
<b>Injectables:</b>						
Ampoules	Kl Ltrs	25		25		
Vials	Kl Ltrs	312		312		
Ointment	M. Tonnes	126		126		
F. CONSUMPTION OF RAW MATERIAL (Rs lacs)		7215.91		2466.44		
G. BREAK-UP OF CONSUMPTION OF RAW MATERIALS						
Indigenous (Rs. Lacs)		6019.00		1808.78		
As % age of total		83.42		73.33		
Imported (Rs lacs)		1196.90		657.66		
As % age of Total		16.58		26.67		
H. VALUE OF IMPORTS ON CIF BASIS						
Raw Materials (Rs. lacs)		766.80		459.85		
I. EXPENDITURE IN FOREIGN EXCHANGE						
Travelling (Rs lacs)		23.71		18.87		
Dividend on 1,27,920 shares		2.56		3.83		
Subscription		-		-		
J. EARNING IN FOREIGN EXCHANGE						
Exports FOB Value (Rs. lacs)		319.74		25.99		
15. Deferred Tax adjustments have been done upto March, 2003, as no rates are prescribed for 9 months period under Income Tax Act.						
16. Previous years' figures have been re-grouped and rearranged wherever necessary. Naye Paise have been omitted						
As per our report of even date						
<b>For P.P. Thukral &amp; Co.</b> <i>Chartered Accountants</i>		<b>J.S. Kochhar</b> <i>Chairman</i>		<b>A. C. Chakrabortti</b> <i>Director</i>		
<b>Suresh Sethi</b> <i>Partner</i>		<b>R. P. S Kochhar</b> <i>Managing Director</i>		<b>S. Mukhopadhyay</b> <i>Director</i>		
Place : New Delhi Dated : 5th March, 2003		<b>Sanjiv Kumar Dudeja</b> <i>General Manager</i>		<b>S.K. Mata</b> <i>Company Secretary</i>		



**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	:	31.12.2002			

## 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	:	1126816	Total Assets	:	1126816
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## SOURCES OF FUNDS

Paid-Up Capital	:	32748	Reserves & Surplus	:	583013
Secured Loans	:	287053	Unsecured Loans	:	74442

## APPLICATION OF FUNDS

Net Fixed Assets	:	284560	Investments	:	5
Net Current Assets	:	692691	Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL			

## IV. Performance of Company (Amount in Rs. thousand)

Turnover	:	1544692	Total Expenditure	:	1471126
Profit/Loss Before Tax	:	+73566	Profit/Loss After Tax	:	+50112
Earning Per Share	:	Rs. 15.30	Dividend Rate	:	30% p.a.

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

Item Code No. (ITC Code)	:	294200
Product Description	:	Dextropropoxyphene Hydrochloride
Item Code No. (ITC Code)	:	300410
Product Description	:	Ampicillin
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. Chakrabortti**  
*Director*

**Suresh Sethi**  
*Partner*

**R. P. S Kochhar**  
*Managing Director*

**S. Mukhopadhyay**  
*Director*

Place : New Delhi  
Dated : 5th March, 2003

**Sanjiv Kumar Dudeja**  
*General Manager*

**S.K. Mata**  
*Company Secretary*

**Cash Flow Statement****for the Period Ended 31st December, 2002**

(Pursuant to Clause 32 of the Listing Agreement)

	<b>31.12.02</b>	<b>30.09.01</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>A. Cash Flow From operating activities</b>		
Net Profit before tax and extraordinary items	7,35,66,825	2,71,97,871
Add: Adjustment for Depreciation	1,29,73,420	50,56,534
Total	<u>8,65,40,245</u>	<u>3,22,54,405</u>
Add: Interest	5,70,33,915	2,83,76,832
Operating profit before working capital change	14,35,74,161	6,06,31,237
Less: Increase in Inventories	3,36,60,390	3,14,96,720
Increase in Sundry Debtors	(9,32,51,641)	3,54,07,817
Increase in Loans & Advances	(2,17,25,825)	73,74,845
Increase in Balances with Scheduled Bank	(15,55,865)	11,48,230
	<u>22,64,47,101</u>	(1,47,96,375)
Add: Increase in current Liabilities & Provisions	(7,33,57,855)	2,17,48,167
Increase in short term borrowings from banks	5,08,49,386	2,15,22,767
	<u>20,39,38,631</u>	2,84,74,559
Less: Payment of Interest	5,70,33,915	2,83,76,831
Income Tax & Deferred Tax	3,29,81,684	2,92,41,244
Dividend & Tax on Dividend	1,38,15,352	72,17,549
Cash flow before extra ordinary items	<u>10,01,07,680</u>	(3,63,61,065)
<b>B. Cash Outflow for Investing activities</b>		
Purchase of fixed assets	2,10,68,970	39,56,613
	<u>7,90,38,710</u>	(4,03,17,678)
<b>C. Cash Flow from financing activities</b>		
Add: Proceeds from long term borrowings	(3,62,73,765)	(37,82,255)
Proceeds from fixed deposits	(3,90,40,374)	4,44,15,642
	<u>37,24,571</u>	3,15,709
Add: Cash & Imprest in Hand as on 30.09.2001	62,65,851	59,50,142
Balance of Cash & Imprest in Hand as on 31.12.02	<u>99,90,421</u>	<u>62,65,851</u>

We have verified the above Cash Flow Statement for the period ended 31st Dec. 2002 with the audited accounts for the period 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

**Suresh Sethi**  
Partner

**R. P. S Kochhar**  
Managing Director

**S. Mukhopadhyay**  
Director

Place : New Delhi  
Dated : 5th March, 2003

**Sanjiv Kumar Dudeja**  
General Manager

**S.K. Mata**  
Company Secretary

**JAGSONPAL PHARMACEUTICALS LIMITED**  
**PROXY**

Folio No./Client ID No. .... DP ID No. .... No. of Share held.....

I/We .....

of .....

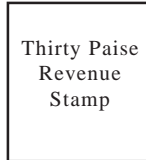
being a Member/Members of Jagsonpal Pharmaceuticals Limited hereby appoint .....

of ..... or failing him .....

..... of .....

as my/your proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the 24th Annual

General Meeting of the Company to be held on 06.06.2003



Signed by the said .....

**Notes :** The proxy must be deposited at the Registered Office of the Company at T-210J, Shahpur Jat, New Delhi-110049, not less than 48 hours before the time for holding the Meeting.

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**JAGSONPAL PHARMACEUTICALS LIMITED**

**ATTENDANCE SLIP**

THIS ATTENDANCE SLIP, DULY FILLED IN, IS TO BE HANDED OVER AT  
THE ENTRANCE OF THE MEETING HALL

Name of the attending Member  
(in Block Letters) .....

Folio Number/Client ID No. .... DP ID No. ....

Name of Proxy (In Block Letters, to be filled  
in if the Proxy attends instead of the Member) .....

No. of shares held .....

I hereby record my presence at the 24th Annual General Meeting at Vanita Samaj, 13 Institutional Area, Lodi Road, New Delhi-110003 at 10.00 am on 06.06.2003

Member's/Proxy's Signature\* .....

\* To be signed at the time of handing over this slip.