

NOTICE

Notice is hereby given that the **13th Annual General Meeting** of Ahlcon Parenterals (India) Limited will be held on Friday, the 30th day of September 2005 at 3.00 P.M. at the Ahlcon Public School, Mayur Vihar, Phase-I, New Delhi-110092 to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2005, and Profit & Loss Account for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity shares of the company.
3. To appoint a Director in place of Mr. Virendar Kumar Sachdeva, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. Rohini S Ahluwalia, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint a Director in place of Dr. Shiv Charan Lal Gupta, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

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

Special Business:

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

“RESOLVED that pursuant to the provisions of section 198, 269 read with Schedule XIII, Section 309, 310 and other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, and subject to the approval of relevant authority required if any, approval of the company be and is hereby accorded to the increase in remuneration of the Managing Director Mr. M K G Pillai, for a period of three years with effect from 1st August, 2005 as per the following: -

- a) Basic Salary @ Rs.1,10,000/-(Rupees One Lac Ten Thousand only) per month with an annual increment of maximum of 10 per cent in the monthly salary.
- b) House rent allowance or provision of rented accommodation subject to the condition that the expenditure by the company on hiring such accommodation or HRA shall not exceed 40 % of the basic salary.
- c) Leave travel assistance for self and dependent family once in a year to and from any place in India on actual basis subject to the provisions of Income Tax Act and Rules made thereunder.
- d) Reimbursement of Medical expenses for self and dependent family on actual basis which is otherwise not covered by the mediclaim insurance policy;
- e) Premium for Mediclaim Policy for self, spouse and dependent family subject to a ceiling of policy amount of RS.10,00,000/-(Rupees Ten Lacs only).
- f) Fees of maximum of two clubs, subject to the condition that Life Membership Fees shall not be allowed.
- g) Personal Accident Insurance, the premium of which shall not exceed Rs.1,000/-(Rupees One Thousand only) per annum.
- h) Free telephone facility at residence, subject to the condition that personal long distance calls shall be recovered from the Managing Director.
- i) Provision of car for use for Company's business, subject to the condition that use of car for private purposes shall be recovered from the Managing Director or reimbursement of expenses incurred on conveyance, in case of use of personal car for Company's business.

- j) Gratuity not exceeding one half month's salary for each completed year of service.
- k) Contribution to Provident Fund subject to specified ceilings in applicable laws."

"RESOLVED further that pursuant to the provisions of Clause 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956, in the event of loss or in adequate profits in any financial year, the aggregate of monthly remuneration payable to the said Managing Director, inclusive of the value of all perquisites (other than those specifically exempted under section II of Part II of the Schedule), shall not exceed the ceiling limits specified therein."

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

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

"RESOLVED that pursuant to the provisions of section 198, 269 read with Schedule XIII, Section 309, 310 and other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, and subject to the approval of relevant authority required if any, approval of the company be and is hereby accorded to the increase in remuneration of the Whole Time Director Dr. Rohini S Ahluwalia, for a period of three years with effect from 1st August, 2005 as per the following: -

- a) Basic Salary @ Rs.1,05,000/-(Rupees One Lac Five Thousand only) per month with an annual increment of maximum of 10 per cent in the monthly salary.
- b) Free supply of gas, electricity, water, furniture and furnishing at the residence, subject to the ceiling that the expenditure incurred by the company on the same valued as per the Income Tax Rules 1962, shall not exceed 10% of the basic salary.
- c) Leave travel assistance for self and dependent family once in a year to and from any place in India on actual basis subject to the provisions of Income Tax Act and Rules made thereunder.
- d) Reimbursement of Medical expenses for self and dependent family on actual basis which is otherwise not covered by the mediclaim insurance policy.
- e) Premium for Mediclaim Policy for self, spouse and dependent family subject to a ceiling of policy amount of RS.10,00,000/-(Rupees Ten Lacs only).
- f) Fees of maximum of two clubs, subject to the condition that Life Membership Fees shall not be allowed.
- g) Personal Accident Insurance, the premium of which shall not exceed Rs.1,000/-(Rupees One Thousand only) per annum.
- h) Free telephone facility at residence, subject to the condition that personal long distance calls shall be recovered from the Whole Time Director.
- i) Provision of car for use for Company's business, subject to the condition that use of car for private purposes shall be recovered from the Whole Time Director or reimbursement of expenses incurred on conveyance, in case of use of personal car for Company's business.
- j) Gratuity not exceeding one half month's salary for each completed year of service.
- k) Contribution to Provident Fund and pension Fund subject to specified ceilings in applicable laws."

"RESOLVED further that pursuant to the provisions of Clause 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956, in the event of loss or in adequate profits in any financial year, the aggregate of monthly remuneration payable to the said Whole Time Director, inclusive of the value of all perquisites (other than those specifically exempted under section II of Part II of the Schedule), shall not exceed the ceiling limits specified therein."

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

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

“RESOLVED THAT in suppression of the resolution passed by the company in the General Meeting held on 30th. Day of November, 1999 and pursuant to the provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modification or re-enactment thereof) and pursuant to Articles 52 and 53 of the Articles of Association of the company, consent of the Company be and is hereby accorded to the Board of Directors of the company(herein after referred to as the Board) to borrow money from time to time from Banks, Financial Institutions, or any other Lending Institutions or Lenders, whether Governments or Private, or from any other persons on such terms and conditions as the Board may consider suitable, upto a limit not exceeding Rs.100 (One Hundred) Crores, notwithstanding that the monies to be borrowed together with monies already borrowed by the company by way of loans (apart from temporary loans obtained by the company in the ordinary course of business) will exceed the aggregate of the paid of Capital of the Company and its free reserves.”

New Delhi-110017
Dated : 30. 07. 2005

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

Nilanchal Pradhan
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN, 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Proxies shall not have any voting rights except on a poll.
3. Only bonafide members of the company whose names appear on the Register of Members/ Proxy holders, in possession of valid attendance slips duly filed and signed will be permitted to attend the meeting. The company reserves its right to take all steps as may be deemed necessary to restrict non members (excluding valid proxy holder) from attending the meeting.
4. The Register of Members and Share Transfer Books of the company shall remain closed from 16th. September 2005 to 30th September 2005 (both days inclusive) for the purpose of AGM and payment of dividend. The dividend declared at the AGM will be paid to those members whose names are on the Register of Members of the company as on the opening hours of September 16th, 2005.
5. All documents referred in the notice are open for inspection at the Registered Office of the company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Annual General Meeting.
6. Members/ Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. It will be appreciated that queries, if any, on accounts and operations of the company are sent to the Regd. Office of the company ten days in advance of the meeting so that the information may be made readily available.
8. Shareholders are requested to intimate immediately the change in address, if any, to the Company's Registrar and Share Transfer Agent M/s Mas Services Pvt. Ltd, at AB-4, Safdarjung Enclave, New Delhi-110029. Those who are holding their shares in dematerialized form may notify to their Depository Participants, change /correction in their address/ bank account particulars etc.
9. Shareholders are requested to bring their copy of Annual Report to the meeting.
10. At the ensuing Annual General Meeting Mr. Virendar Kumar Sachdeva, Dr. Rohini S Ahluwalia and Dr. Shiv Charan Lal Gupta shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement the particulars of above said Directors are given below:

Mr. V K Sachdeva

Mr. Sachdeva is having the qualifications as MA in Economics and LLB. He joined Indian Revenue Service (Income Tax Department) in 1957 as Income Tax Officer Class-I and retired on 31st. July 1991 as Chief Commissioner/ Director General Administration. Presently he is working as a Tax Consultant for many corporate houses.

He joined the Board of your Company as a Director on 16-08-1993 and serving your company continuously till date.

Other Directorship : 1. Ahluwalia Contracts (India) Limited
2. Cost Plus Capital Limited

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

Dr. Rohini S Ahluwalia

Dr. Rohini is a Doctor by qualification. She has done her MBBS from the Banaras Hindu University. Being a promoter of your company, she was named as one of the first director in the Articles of Association of your company. She was appointed as the Whole time Director of your company on 01.04.1994 and till then she is continuously serving in the same capacity.

She is the Chairperson of Ahlcon International School . She is also holding directorship in Tidal Securities Private Limited and Capricon Industrials Limited.

Dr. S C L Gupta

Dr. Gupta is an M.S, M.I.S. C.O . He has to his credit a very rich experience in the Medical Profession and has been bestowed with many prestigious awards for his outstanding performance in his field. He is presently serving many reputed hospitals in the capacity of Consultant Surgeon & Oncologist.

He was inducted to the Board of your company on 29.01.2003 and till then serving continuously. He is not holding the post of Director in any other company.

Annexure to Notice: Explanatory Statement u/s 173(2) of the Companies, Act, 1956.**Item No. 7 & 8****Increase in remuneration of Managing Director and Whole Time Director**

Considering the inflationary trend and increase in work and responsibilities and also the amount being paid to managerial person occupying similar position in other comparable companies in the industry, the Remuneration Committee and the Board of Directors at their meeting held on 30th July 2005, have decided to fix the limit of Basic Salary of Rs.1,10,000/- per month and Rs.1,05,000/- per month to be paid to the Managing Director and the Whole Time director respectively, with effect from 1st August 2005 along with other benefits and allowances as mentioned in the resolutions, for a period of three years within the limits specified in Schedule XIII of the Companies Act, 1956.

In the earlier years, Mr. Pillai and Dr. Rohini were having basic salary of Rs. 35,000/- and Rs.33,500/- per month respectively with an annual increment of maximum of 10 % in the monthly salary along with other benefits and perquisites as approved by the shareholders.

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

He has been appointed as the Managing Director of your Company in the year 1993 and continuing in the same position, with your approval, till date.

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

Taking into account the present effective capital of Rs. 20.29 crores (approx.) of the company as per Schedule XIII of the Companies Act, 1956, in case of loss or inadequacy of profits in any financial year, the company can pay a remuneration upto Rs. 1,25,000/- per month to the Executive Directors. As per the profits of the company for the year under review, the proposed remuneration shall be within the limits provided under the above Schedule. The company can continue to pay the same remuneration in future years if the same is approved by the shareholders by way of a special resolution within the limit provided under Clause 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

The following general information is given hereunder as per the conditions attached to Clause 1 (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956:

The company is operating in the Pharmaceutical Industry which is being considered as a sunrise industry all over the world. The commercial production was commenced in the year 1994 with a single machine and with successive expansion it has reached to the present status of four machines in its production facilities. Due to the creative efforts put by the directors, the financials of the company has turned many fold and in this year, the Board has been able to declare a maiden dividend on the equity shares of the company. In the year under review, the company has generated export turnover of FOB value of Rs. 186.26 lacs. Your company does not have any foreign investments or collaborations.

As per the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance, the Remuneration Committee of the company has approved the increase in remuneration stated in the resolutions.

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

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

Item No- 9

Extension of Borrowing power limit

Encouraged by the overwhelming success of the of the recent diversification into Ophthalmic products and expansion in the existing Infusions and Anti- microbial solutions , your company has already started working on diversification plans in both horizontal and vertical lines of products. To grow further in such directions, it is imperative that the requirement of borrowed funds will grow from time to time.

Due to the liberalization policy adopted by the Govt of India particularly for pharmaceutical sector, the basic concept of pharma business also have undergone major changes. Exchange and acquisition of brands has become the trend in the global market . Your company shall not be an exception to this global phenomenon.

For taking recourse to such kind of activities, the existing limit of borrowing funds of Rs. 60 Crores has to be increased to Rs. 100 Crores.

As per the provisions of Section 293 (1)(d) of the Companies Act, 1956, the borrowing powers of the Board of Directors of the company in excess of the paid up capital and free reserves of the company has to be approved by an ordinary resolution in the general meeting.

Therefore, Board recommends approving item no. 9 by way of passing an Ordinary Resolution.

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

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

New Delhi - 110017
Dated : 30. 07. 2005

Nilanchal Pradhan
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 13th Annual Report on the business and operation of your Company for the year ended 31st March 2005.

Financial Results:

For the year ended	(Rs. in Lacs)	
	31.03.2005 (Current Year)	31.03.2004 (Previous Year)
Sales and other Income	3565.03	2985.84
Gross Operating Profit	902.82	779.90
Financial Charges	158.72	182.23
Cash Profit	744.10	597.67
Deprecation	322.17	306.29
Misc. expenditure written off	1.35	3.98
Profit before Tax	420.58	287.40
Provision for deferred Tax	163.22	113.27
Provision for Current Tax	33.20	21.87
Income Tax for Earlier Years	1.51	—
Profit after Tax	222.65	152.26
Provision for doubtful debt/advances written back	2.34	3.57
Net Profit	224.99	155.83
Balance brought forward from previous year	162.11	6.28
Profit available for appropriation	387.10	162.11
Proposed Dividend	72.00	—
Tax on Dividend	10.10	—
Profits transferred to General Reserve	20.00	—
Profit carried forward	285.00	162.11

DIVIDEND

The Directors recommend a final dividend of Re.1 per Equity Share(face value Rs.10 per share) subject to the approval by the shareholders at the ensuing Annual General Meeting. After the approval of the shareholders, the dividend will be paid in line with the applicable regulations.

OPERATIONS AND PERFORMANCE

The company has achieved a sales turnover of Rs. 3565.03 Lacs (net of excise), a growth of 20% (approx) as compared to the previous year's figure of Rs. 2985.84 lacs. Due to the constant efforts put by the directors on cost reduction, the company has achieved Net Profit after tax of Rs. 224.99 Lacs as compared to the previous year's figure of 155.83 lacs, a growth of 45 %(approx). This is considered as a major achievement in spite of a closure of the production facilities for two months for up gradation of facilities in line with "M" Schedule of Drugs and Cosmetics Act. The annexed Auditors' Report and Notes forming part of the accounts are self-explanatory.

The company continues to implement various process and cost control measures which have yielded tangible results in improved out put and quality, reduced rejection and better conversion efficiencies, all contributing to more economical operations.

CORPORATE REVIEW:

The year under review witnessed many turmoil and uncertainties in the domestic pharmaceutical industry. Year 2005 began with a surprise from the govt. by introducing the levy of Excise on MRP as against the earlier system of Transaction Value . Such change was a heavy set back for the companies basically engaged on contract manufacturing of products for other companies.

However, your company have developed a niche market for speciality products with highest quality standards which no other competitor matches. Having technological edge over others and with long term agreements for out sourcing with major pharma giants, the overall operational profitability was not so effected by such change in policy of the Govt.

The end of 2004 was further hit by the Tsunami waves which resulted a huge loss of life with properties running to several crores. As a humble responsible corporate citizen, your company generously donated life saving medicines to be used for the effected public. The employees of your company also joined us in this noble cause and contributed their one day's salary to the Tsunami Relief Fund .

Due to the liberalization policy adopted by the Govt of India particularly for pharmaceutical sector, the basic concept of pharma business have undergone major changes. Exchange and acquisition of brands has become the trend in the global market. As a signatory to the GATT, the Indian Govt. has put in place a new patent policy in consonance with the WTO requirements. This will certainly put a major impact on the Indian Pharmaceutical Industry in the years to come.

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

EXPANSION/ PRODUCT DEVELOPMENT

Encouraged by the overwhelming success of the recent diversification into Ophthalmic products and expansion in the existing Infusions and Anti- microbial solutions , your company has already started working on diversification plans to include more products such as value added ophthalmic products in addition to the present range of ophthalmics, fat emulsions and amino acids.

Exports:

Taking advantage of the increased demand of Indian pharmaceutical products in the international market, the company has made arrangement with several international agencies for increasing the base of export markets. Further plans are underway to increase the direct and indirect exports to many countries. Due to the constant thrust put by your directors, the results of the last year demonstrated a phenomenal growth of approx. 40 %. The direct as well as indirect export sales were Rs. 683.50 lacs in comparisons to Rs. 488.03 lacs in the Previous year. This figure is further to go up as registrations of products in more than 10 countries are in progress in both regulated and unregulated markets. These markets are selected on the basis of the current and future product mix of the company. Your directors hope that the increase in the export content in the total sales will further boost the profitability of the company.

Bankers:

With a view to augment the financing facilities on better terms and conditions, your directors have availed the same from the Syndicate Bank which has taken over the same from the earlier bankers. Your directors wish to commend the response of the Syndicate Bank from every angle.

Directors:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company, Mr. V. K. Sachdeva, Dr. Rohini S Ahluwalia and Dr. S C L Gupta, Directors of the company retire by rotation and being eligible, offer themselves for reappointment. Keeping in view the longstanding service rendered by them for overall development of the company, your directors hope for their reappointment to the Board.

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

- (i) That in the preparation of the Annual Accounts for the Financial Year 2004-05, the applicable accounting standards have been followed alongwith proper explanation relating to material departures in the preparation of annual accounts;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2005 on a 'going concern' basis.

Corporate Governance

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

Auditor's Report:

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

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

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

The information pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1991 is furnished in the Annexure forming part of this report.

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

Industrial Relation :

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

Acknowledgements:

Your Directors take this opportunity to offer their sincere thanks to various departments of the Central and State Governments, Banks and Investors for their unstinted support, assistance and valuable guidance. Last but not the least, the directors wish to place on record their deep sense of appreciation for the devoted service of the Executives, Staff and Workers of the company at all levels.

For and on behalf of the Board of Directors

Place: New Delhi
Date : 30.07.2005

Bikramjit Ahluwalia
Chairman

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

Steps towards energy conservation are being continuously undertaken to reduce wastage and improve efficiency resulting in reduced energy cost. New and improved powers saving equipments are being put in place to optimize the energy consumption.

(A) 1. Electricity, Power and Fuel Consumption	Current Year	Previous Year
(a) Purchased:		
Units	3524940	3383470
Total amount (Rs.)	15226826	13928022
Average Rate per Unit	4.28	4.12
(b) Own Generation:		
Units Generated	620118	519370
Units generated per liter of Diesel Oil	2.73	3.01
Average Cost per Unit (Rs.)	8.37	6.12
2. Fuel (Furnace Oil/ LDO) :		
Units (Ltrs.)	1422495	1416791
Total amount (Rs.)	17280018	16268368
Average Rate/Unit (Rs.)	12.14	11.48
(B) Average Consumption (value) per unit of production :		
Electricity	0.222	0.222
Fuel (Furnace Oil/ LDO)	0.198	0.211

II - Technology Absorption, Adoption and Innovation:

The company manufactures I V Fluids using the FFS (Form-Fill-Seal) technology, imported from Rommelag AG of Switzerland, which is considered as the best technique world over.

III - Foreign Exchange Earnings and Outgo:

	Current Year	(Rs. In Lacs) Previous Year
Foreign Exchange Earnings	186.96	204.15
Foreign Exchange Outgo :		
(a) Foreign Travel	4.76	2.02
(b) Imports - Machinery and Spares	25.78	6.94
(c) Imports - Raw Materials	473.88	335.24
(d) Commission	1.29	2.89
(e) Bank charges	0.34	0.32
(f) Registration Charges	—	2.81
(g) Capital goods	4.07	—

For and on behalf of the Board of Directors

New Delhi - 110017
Date : 30.07.2005

Bikramjit Ahluwalia
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The recent regulatory and much awaited patent law changes have lead the Indian Pharmaceutical Industry towards exploring newer avenues of drug development, thus, promising higher capital investment in the pharmaceutical industry in the near future. The Indian Pharmaceutical Research is backed by strong Government support and availability of surplus skilled technical workers at lower costs.

At a growth rate of 9 per cent per year, the pharmaceutical industry in India is well set for rapid expansion. As a result of the expansion, the Indian pharmaceutical and healthcare market is undergoing a spurt of growth in its coverage, services, and spending in the public and private sectors. The healthcare market has opened a window of opportunities in the medical device field and has boosted clinical trials in India.

Many multinational companies have penetrated into India with an aim to market drugs and conduct clinical trails. Thus, Indian pharmaceutical research, manufacturing, and outsourcing have received an impetus, thereby, creating an image of a potential healthcare market and a land of opportunities in pharmaceuticals. The economic liberalization policies coming to force in the 1990s and the strong emergence of private sector in the Indian economy has heightened the pace of development of the pharmaceutical industry and will continue to do so.

Indian pharmaceutical industry is mounting up the value chain. From being a pure reverse engineering industry focussed on the domestic market, the industry is moving towards basic research driven, export oriented global presence, providing wide range of value added quality products and services. Government policies will play an important role in defining the future of the pharmaceutical industry. The product patent regime envisaged in the patent regulations will lead to long-term growth for the future.

OUTLOOK ON OPPORTUNITIES

Indian pharmaceutical industry is undergoing fast paced changes. The Indian Generics market is witnessing rapid growth opening up immense opportunities for companies adopting to the international quality standards. This is further triggered by the fact that generics worth over \$40 billion are going off patent in the coming few years which is close to 15% of the total prescription market of the US. The Indian pharmaceutical companies have been doing extremely well in developed markets such as US and Europe.

Indian companies which have their strategies in place to leverage opportunities and appropriate values existing in formulations, bulk drugs, generics, Novel Drug Delivery Systems, New Chemical Entities, Biotechnology etc. are having a very bright future ahead.

Your company is exploring all strategy to align itself with the recent development in the global market.

OUTLOOK ON THREATS, RISK AND CONCERNS

Increased generic penetration, intense competition, fragmentation of the industry has negatively impacted the overall value growth of the domestic pharmaceutical market. In this scenario, to grow in the domestic market, one has to constantly keep its option for innovation, introduction of new value added products, product life cycle management and enlarging its market reaches.

Outsourcing in the fields of manufacturing was the next best event in the pharmaceutical industry which your company has resorted to in the past few years and has established itself as the most sought after company for outsourcing of formulations by the domestic pharma giants. However, due to the change in the govt. policy for levy of Excise duty on MRP basis as against the existing system of Transaction value basis, this contract manufacturing has become a redundant job.

However, to hedge such kind of risk and to remain in the forefront of the industry, Production facilities have been upgraded to conform to latest GMP standards as per international guidelines and specific requirement of the giant pharma customers. With the highest international quality certificate and the ISO 9001: 2000 to its credit, your shall have an edge over others for registration and market acceptability. Your Company has established its plans to export a substantial portion of its production meeting the standards of GMP, WHO Geneva standards.

Expansion and Development

Encouraged by the overwhelming success of the recent diversification into Ophthalmic products and expansion in the existing Infusions and Anti- microbial solutions , your company has already started working on diversification plans to include more products such as value added ophthalmic products in addition to the present range of ophthalmics, fat emulsions and amino acids.

The company has already initiated the process of setting up of the State of the art Testing Facility and formulation Development Lab equipped with the best infrastructures which shall be operational very soon.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

FINANCIAL AND OPERATIONAL PERFORMANCE

The same has been discussed elaborately in the Directors Report.

HUMAN RESOURCES

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

CAUTIONARY NOTE

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

REPORT ON CORPORATE GOVERNANCE

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

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

1. Board of Directors

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

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

Name of Director	Category	Number of Directors	Yes	No	Independent Director	Non-Executive	Executive
Mr. Bikramjit Ahluwalia	Chairman(promoter) Non Executive	5	Yes	3	Nil	Nil	Since Incorporation
Mr. M.K.G.Pillai	Managing Director (Executive)	5	Yes	Nil	Nil	Nil	20.5.1994. Reappointed as M.D. on 01.04.2004
Ms. Sudarshan Walia	Director (Promoter) Non Executive	5	Yes	3	Nil	1	Since Incorporation
Dr. Rohini S. Ahluwalia	Whole Time Director (Promoter & Executive)	5	Yes	2	Nil	Nil	01.04.1994. Reappointed as WTD on 01.04.2004
Mr. Arun Kumar Gupta	Independent Director Non Executive	4	Yes	2	1	1	15.03.1993
Mr. V. K. Sachdeva	Independent Director Non Executive	4	No	2	1	2	16.08.1993
Dr. S. S . Arora	Independent Director Non Executive	2	No	Nil	Nil	Nil	30.01.2002
Prof. G. P. Talwar	Independent Director Non Executive	4	No	1	Nil	Nil	30.01.2002
Dr. S.C.L Gupta	Independent Director Non Executive	4	No	Nil	Nil	Nil	29.01.2003

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

- I. 30.04.2004 II. 30.06.2004 III. 30.07.2004 IV. 25.10.2004
V. 24.01.2005

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

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

2. Board and its subordinate Committees

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

Audit Committee

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

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

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

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

Three Audit Committee meetings were held during the year on the following dates: I. 30.06.2004, II. 29.12.2004, III. 30.03.2005.

REMUNERATION COMMITTEE

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

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

As there was no proposal to increase or amend the remuneration of directors, the Committee did not held any meeting during the year.

Shareholders'/ Investors' Grievance Committee

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

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

3. Board Procedure

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

4. Compliance

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

5. Details of remuneration to Directors for the year

The aggregate value of salary and perquisites for the year ended 31st March, 2005 to the Managing Director and Whole time Director is as follows:

Shri M K G Pillai , Managing Director : Salary & Allowance Rs.4,20,000/- & perquisites Rs.1,41,925/-

Dr. Rohini S Ahluwalia- Whole time Director : Salary & Allowance Rs.6,03,000/- & perquisites Rs.97,367/-

Sitting fees to Non- Executive Director (from 01.04.2004 to 31.03.2005)

Non Executive Director	No. of Board/ Committee Meeting attended	Sitting fees (Rs.)
Mr. Arun Kumar Gupta	7	14000
Mr. V. K. Sachdeva	6	12000
Dr. S. S. Arora	4	8000
Dr. G .P. Talwar	4	8000
Dr. S.C. L. Gupta	4	8000

6. General Body Meetings

I- Annual General Meetings

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

Year Location Date Time

2001-02 Ahlcon Public School Auditorium, Mayur Vihar, Phase-I, Delhi-92. on 30th September 2002 at 3.00 P.M.

2002-03 Same as above on 30th September 2003 at 4.00 P.M

2003-04 same as above on 7th. August 2004 at 3.00 P.M

II – Special Resolutions passed in the previous three years

Year 2001-02 : One item relating to extension of Corporate Guarantee to M/s Ahluwalia Contracts (India) Limited.

Year 2002-03 : Two resolutions. One item relating to Alteration of Articles for providing for passing of resolution by postal ballot and one relating to extension of Corporate Guarantee to M/s Ahluwalia Contracts (India) Limited.

Year 2003-04 : Two resolutions. One relating to Alteration of Articles due to increase in Authorised Capital and one relating to allotment of preferential allotment of preference shares.

III. Passing of of postal ballot : No resolution was passed through postal ballot in the last year.

IV. No resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting.

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

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

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

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

8. Means Of Communication:-

The quarterly, Half yearly and Annual financial results of the company were published during the financial year under review in leading national newspaper namely, Business Standard in English and Veer Arjun in Hindi. The same is displayed in the www.sebiedifar.nic.in web site for public information.

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

10. General Shareholder Information

10.1 Annual General Meeting

The 13th Annual General Meeting of the company will be held on 30th September, 2005 at Ahlcon Public School Auditorium, Mayur Vihar, Phase-I, Delhi-92 at 3.00 p.m.

10.2 Financial Calendar:

First Quarter results	:	During July
Second quarter results	:	During October
Third quarter results	:	During January
Fourth Quarter Result	:	Before end of June 2006

10.3. Book closure date : Friday, the 16th September, 2005 to Thursday, the 30th September, 2005 (both days inclusive), for the purpose of distribution of Dividend and Annual General Meeting.

10.3. Dividend payment date : The Board has recommended dividend of Re. 1 (One) per Equity share having a face value of Rs.10/- each subject to the approval of the shareholders. The dividend declared at the AGM will be paid to those members whose names are on the Register of Members of the company as on the opening hours of September 16th, 2005.

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

Note: The company has paid Annual Listing Fee to each of these Stock Exchanges and their respective addresses have been given in the Annual Reports sent to members alongwith the notice of the 13th Annual General Meeting of the company.

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

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

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

Month of	High	Low
April, 2004	10.70	6.32
May, 2004	7.85	5.70
June, 2004	7.25	4.26
July, 2004	7.94	5.90
August, 2004	10.77	7.40
September, 2004	15.40	10.15
October, 2004	17.73	10.37
November, 2004	26.65	17.70
December, 2004	25.30	17.55
January, 2005	29.90	18.00
February, 2005	32.45	22.20
March, 2005	25.90	19.00

10.7. Registrars and Transfer Agents:

M/s MAS Services Pvt. Ltd.
AB - 4, Safdarjung Enclave
New Delhi-110 029
Tel. No.-011-26104142,26104326
Fax No.- 011-26180181
e.mail: masserv@giasdl01.vsnl.net.in

10.8. Share Transfer System

Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The share Certificates are despatched within a period of one month from the date of its receipt. All the dematerialisation request received from the shareholders are confirmed within the specified period of 21 days from the date of its generation of DRN Number by the DPs and physically received in the office of the RTA.

10.9. DISTRIBUTION OF SHAREHOLDING

Equity Share holding of Nominal Value of	Number of Shares	Share holders		Share Amount	
		Number	% to total	(in Rs.)	% to total
Upto 5,000	653828	4266	91.66	6538280	9.08
5,001 10,000	176381	201	4.32	1763810	2.45
10,001 20,000	104570	68	1.46	1045700	1.45
20,001 30,000	70933	27	0.58	709330	0.99
30,001 40,000	42015	11	0.24	420150	0.58
40,001 50,000	90275	19	0.41	902750	1.25
50,001 1,00,000	250648	33	0.71	2506480	3.48
1,00,001 and above	5811500	29	0.62	58115000	80.72
Total	72,00,150	4654	100.00	7,20,01,500	100.00

SHAREHOLDING PATTERN AS ON 31ST MARCH 2005

Sl. No.	Category	No of Shares held	% of Shareholding
1	Promoters	43,80,952	60.846
2	Persons acting in concert	30,900	0.429
3	NRI's, OCB's etc.	107	0.001
4	Mutual Funds, Banks, FI's	NIL	NIL
5	Bodies Corporate	6,75,951	9.388
6	Indian Public	21,12,240	29.336
	TOTAL	72,00,150	100.00

10.10. Dematerialisation of Shares

89.12 % of the Company's paid-up equity share capital has been dematerialised as on 31st March, 2005. Trading in Equity Shares of the Company is permitted only in dematerialised form as per notification issued by the Securities and Exchange Board of India (SEBI).

Liquidity

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

10.11. Plant Locations- Bhiwadi

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

10.12 Address for Correspondence

For share transfer, transmission and dematerialisation request

M/s MAS Services Pvt. Ltd.

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

Tel. No.-011-26104142,26104326

Fax No.- 011-26180181

e.mail: masserv@gasdl01.vsnl.net.in

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

AUDITORS' CERTIFICATE

To

The members of

Ahlcon Parenterals (India) Limited

We have examined the compliance of conditions of Corporate Governance by Ahlcon Parenterals (India) Limited (the Company) for the year ended on March 31, 2005, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s) in India.

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 the corporate Governance. It is neither an audit nor an expression of opinion of the financial statement of the Company.

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

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

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

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

New Delhi
Date : 29.06.2005

Sachin Kumar
Partner
M.NO. 503204

AUDITORS' REPORT

To,
The Members of
AHLCON PARENTERALS (INDIA) LIMITED.

1. We have audited the attached balance sheet of Ahlcon Parenterals (India) Ltd., as at 31st March 2005, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003(as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2005;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

Sachin Kumar
(Partner)
M.NO. 503204

New Delhi
Date : 29-06-2005

ANNEXURE TO THE AUDITOR'S REPORT

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

Re: Ahlcon Parenterals (India) Limited.

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of its business. In our opinion the company has not disposed of any substantial part of its fixed assets during the year and the going concern status of the company is not effected.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory except for work in progress, which has been determined on the physical verification at the year-end. No material discrepancies in inventory were noticed on physical verification.
3.
 - (i) As informed to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (ii) As informed to us, the Company has taken unsecured loan from a party, the maximum amount involved during the year is Rs.623.66 lacs and the balance outstanding at the year end was Rs.360.00 lacs . In our opinion terms and conditions of loan taken from the company covered in the register maintained u/s 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Accordingly the issue of continuing failure to correct major weakness in internal control in these areas does not apply.
5. According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time and the same have been entered into in the register maintained u/s 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A & 58AA of the Companies Act, 1956 and the rules made there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records.

9. (i) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Wealth Tax, Custom Duty, Excise-Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs duty and Excise duty outstanding, as at 31st March 2005 for a period of more than six months from the date they became payable.
- (ii) According to the records of the Company, there are no dues outstanding of Sales Tax, Service Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty & Cess on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanation given to us, the nature of activities of the Company does not attract any special statute applicable to Chit Fund, Nidhi / Mutual Benefit Fund and Societies.
14. The Company has not dealt / traded in shares, securities, debentures and other investments.
15. The Company has given Corporate guarantee of Rs 2450 lacs in favour of Allahabad Bank, for loans taken by its promoter company M/s Ahluwalia Contracts (India) Limited from Allahabad Bank. In our opinion the terms and conditions thereof are not prejudicial to the interest of the Company
16. Based on information and explanations given to us by the management, short term loans obtained by the company has not been utilised for long term purposes.
17. The company has not made during the year any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
18. During the period covered by our Audit, the Company has not issued any debentures.
19. The company has not raised any money through a public issue during the year.
20. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information & explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

New Delhi
Date : 29-06-2005

Sachin Kumar
(Partner)
M.No.503204

BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedule	As at 31-03-2005		As at 31-03-2004	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
SOURCES OF FUNDS					
<i>Shareholders Funds :</i>					
Share Capital	1		81,001,500		81,001,500
Reserves and Surplus	2		32,254,386		17,965,359
<i>Loan Funds :</i>	3				
Secured Loans			109,853,618		119,733,504
Unsecured Loans			36,000,000		62,366,000
Deferred Tax Liability			33,986,306		17,664,578
Deferred Payment Liability			47,469,687		-
(Refer note 5 of Notes to Accounts)					
TOTAL			340,565,497		298,730,941
APPLICATION OF FUNDS					
<i>Fixed Assets :</i>	4				
Gross Block		436,484,294		396,005,434	
Depreciation		163,274,973		131,126,813	
Net Block			273,209,321		264,878,621
<i>Current Assets, Loans & Advances</i>					
Inventories	5	64,003,389		54,096,796	
Sundry Debtors	6	55,415,701		41,310,991	
Cash & Bank Balances	7	2,734,967		4,558,309	
Loans & Advances	8	13,926,411		14,783,380	
		136,080,468		114,749,476	
Less: Current Liabilities & Provisions	9	69,305,765		81,158,129	
Net Current Assets			66,774,703		33,591,347
Miscellaneous Expenditure (to the extent not written off or adjusted)	10		581,473		260,973
TOTAL			340,565,497		298,730,941
Notes to Accounts	18				

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

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

Sachin Kumar
Partner
M. No. 503204

Bikramjit Ahluwalia
Chairman

M.K.G. Pillai
Managing Director

Dr. Rohini S. Ahluwalia
Whole Time Director

New Delhi
Date : 29-06-2005

Nilanchal Pradhan
Company Secretary

Rajeev Kumar Walia
General Manager (F & A)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

Particulars	Schedule	Current Year (Rs.)	Previous Year (Rs.)
INCOME			
Sales	11	355,183,739	296,069,430
Other Income	12	1,319,379	2,514,253
Increase / (Decrease) in Stock	13	(5,157,787)	10,496,861
Total		351,345,331	309,080,544
EXPENDITURE			
Material	14	86,694,804	83,119,421
Personnel	15	34,949,473	28,737,368
Expenses	16	139,419,047	119,232,405
Financial Charges	17	15,871,847	18,223,439
Depreciation		32,217,287	30,629,210
Miscellaneous expenditure written off		134,500	398,494
Total		309,286,958	280,340,337
Net Profit before Tax		42,058,373	28,740,207
Provision for Deferred Tax		16,321,728	11,326,733
Provision for Current Tax		3,320,000	2,187,000
Provision for Income Tax for earlier Years		151,182	-
Provision for doubtful debts/advances written back		233,894	356,836
Net Profit after Tax		22,499,357	15,583,310
Balance brought forward from previous year		16,211,114	627,803
Profit available for appropriation		38,710,471	16,211,113
Proposed Dividend		7,200,150	-
Tax on Dividend		1,010,181	-
Profit transferred to General Reserve		2,000,000	-
Surplus carried to Balance Sheet		28,500,140	16,211,113
Earning per Share (EPS) Basic / Diluted		3.12	2.16
Notes to Accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss Account.

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

Sachin Kumar
Partner
M. No. 503204

Bikramjit Ahluwalia
Chairman

M.K.G. Pillai
Managing Director

Dr. Rohini S. Ahluwalia
Whole Time Director

New Delhi
Date : 29-06-2005

Nilanchal Pradhan
Company Secretary

Rajeev Kumar Walia
General Manager (F & A)

SCHEDULE 01 - SHARE CAPITAL

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
Authorised 110,00,000 (Previous Year 80,00,000) Equity Shares of Rs. 10/- each 70,00,000 (Previous year 30,00,000) Preference Shares of Rs.10/- each	110,000,000 70,000,000	80,000,000 30,000,000
	180,000,000	110,000,000
Issued & Subscribed 72,00,150 Equity Shares of Rs. 10/- each 9,00,000 - 0% Redeemable Preference Shares of Rs.10/- each	72,001,500 9,000,000	72,001,500 9,000,000
	81,001,500	81,001,500
Paid up 7200150 (Previous year 7200150) Equity Shares of Rs.10/- each fully paid up 900000, 0% Redeemable Preference Shares of Rs.10/- each fully paid up (The preference shares issued on 5-6-2000 are redeemable at par after 5 years from the date of issue at the call and put option at one month notice)	72,001,500 9,000,000	72,001,500 9,000,000
	81,001,500	81,001,500

SCHEDULE 02 - RESERVES AND SURPLUS

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
Capital Reserve State Subsidy on Fixed Capital Investment Surplus on Reissue of Forfeited Sharers	1,721,246 33,000	1,721,246 33,000
	1,754,246	1,754,246
General Reserve Opening Transferred from Profit and (Loss) A/c	- 2,000,000	- -
	2,000,000	-
Revenue Reserve Surplus in Profit / (Loss) A/c	28,500,140	16,211,113
	32,254,386	17,965,359

SCHEDULE 03 - LOAN FUNDS

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
A. Secured Loans (Refer Note No.4 & 6 in Schedule 18) Working Capital Loan From : Scheduled Bank	47,156,080	38,004,952
Term Loans From : Scheduled Bank	60,000,000	80,000,000
Vehicle Loan From : Scheduled Banks Interest accrued & due	2,264,387 433,151	1,006,905 721,647
	109,853,618	119,733,504
B. Unsecured Loans From : Body Corporate	36,000,000	62,366,000
	36,000,000	62,366,000

**SCHEDULE 04
FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 1-04-2004 (Rs.)	Additions during the Year (Rs.)	Adjustments during the Year (Rs.)	Cost as at 31-03-2005 (Rs.)	Up to 31-03-2004 (Rs.)	For the Year (Rs.)	Up to 31-03-2005 (Rs.)	ASAT 31-03-2005 (Rs.)	As at 31-03-2004 (Rs.)
Land (Lease hold)	4,988,663	-	-	4,988,663	599,571	50,390	649,961	4,338,703	4,389,092
Buildings	69,779,779	-	-	69,779,779	8,752,767	2,330,645	11,083,412	58,696,367	61,027,012
Improvement in Building	-	4,574,452	-	4,574,452	-	1,524,817	1,524,817	3,049,635	-
Plant & Machinery	306,339,279	22,207,972	-	328,547,251	115,804,520	26,804,136	142,608,656	185,938,595	190,534,759
Furniture & Fixtures	4,030,929	846,186	-	4,877,115	2,538,181	291,561	2,829,742	2,047,373	1,492,748
Lift	-	813,300	-	813,300	-	35,457	35,457	777,843	-
Office Equipment	7,245,923	1,173,787	8,800	8,410,910	2,782,253	859,234	3,637,322	4,773,588	4,463,670
Vehicles	3,086,847	2,595,562	503,707	5,178,702	649,521	321,046	905,606	4,273,096	2,437,326
	395,471,420	32,211,259	512,507	427,170,172	131,126,813	32,217,286	163,274,973	263,895,200	264,344,607
Capital Work in Progress									
Plant & Machinery Under Erection	534,014	3,879,243	1,247,965	3,165,292	-	-	-	3,165,292	534,014
Building Under Construction	-	6,148,829	-	6,148,829	-	-	-	6,148,829	-
	534,014	10,028,072	1,247,965	9,314,121	-	-	-	9,314,121	534,014
Total (Current Year)	396,005,434	42,239,331	1,760,472	436,484,294	131,126,813	32,217,286	163,274,973	273,209,321	264,878,621
Total (Previous Year)	352,135,148	165,245,111	121,374,825	396,005,434	100,971,996	30,629,210	131,126,813	264,878,621	

SCHEDULE 05 - INVENTORIES

(Taken as valued and certified by the management)

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
Raw Materials	11,764,502	7,503,711
Fuel	717,941	363,191
Goods in Transit	12,643,096	6,156,797
Goods for Resale	84,280	123,540
Finished Goods	10,587,757	8,654,438
Stores & Spares	14,852,039	12,973,160
Packing Material	7,412,824	7,362,087
Work in Progress	5,818,850	10,848,272
Scrap	122,100	111,600
	64,003,389	54,096,796

SCHEDULE 06 - SUNDRY DEBTORS

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
(Unsecured, considered good, unless otherwise stated) Debts Outstanding		
For more than six months	4,788,892	3,516,610
Less : provision for doubtful debts	<u>946,613</u> <u>3,842,279</u>	<u>1,104,066</u> <u>2,412,544</u>
Others	51,573,422	38,898,447
	55,415,701	41,310,991

SCHEDULE 07 - CASH & BANK BALANCES

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
Cash in hand	204,662	136,060
Balances with Scheduled Banks		
i) In Current Accounts	2,530,305	3,407,249
ii) In Fixed Deposit (pledged with the bank as margin money)	-	1,015,000
	2,734,967	4,558,309

SCHEDULE 08 - LOANS & ADVANCES

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
(Unsecured-considered good, unless otherwise stated) Loans to Staff	571,945	408,850
Advances recoverable in cash or in kind or for value to be received	3,973,101	4,903,691
Less : Provision for doubtful advances	<u>66,200</u> <u>3,906,901</u>	<u>142,641</u> <u>4,761,050</u>
Pre-paid Expenses	1,456,656	1,321,443
Balance with Excise Department	3,203,201	3,597,456
Advance Income Tax / TDS		
Income Tax deducted at source	2,787,708	4,694,581
Advance Income Tax	<u>2,000,000</u> <u>4,787,708</u>	- <u>4,694,581</u>
	13,926,411	14,783,380

SCHEDULE 09 - CURRENT LIABILITIES AND PROVISIONS

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
Current Liabilities		
Sundry Creditors for Materials	32,727,718	29,067,332
Sundry Creditors for Capital Goods	2,927,711	32,621,980
Sundry Creditors for Services & Others	13,172,160	7,927,123
Advance from customers	1,876,653	4,018,683
Statutory Liabilities	5,531,879	2,913,194
Due to Directors	41,470	33,720
Provisions		
Provision for Taxation	3,320,000	3,903,607
Proposed Dividend	7,200,150	-
Tax on Proposed Dividend	1,010,181	-
Provision for Terminal Benefits to Employees	1,497,841	672,489
	69,305,765	81,158,129

SCHEDULE 10 - MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Particulars	As at 31.03.2005 (Rs.)	As at 31.03.2004 (Rs.)
Share Issue Expenses	581,473	260,973
	581,473	260,973

SCHEDULE 11 - SALES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Sales	278,237,066	204,730,595
Less : Excise Duty	29,747,352	17,716,184
Net Sales	248,489,714	187,014,411
Contract Packaging Revenue	133,335,640	134,524,002
Less : Excise Duty	35,059,970	31,919,665
Net Contract Packaging Revenue	98,275,670	102,604,335
Scrap Sale	9,785,597	7,476,204
Less : Excise Duty	1,367,242	1,025,521
Net Scrap Sales	8,418,355	6,450,684
	355,183,739	296,069,430

SCHEDULE 12 - OTHER INCOME

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Interest received (Tax deducted at source Rs. 7358/- , Previous Year Rs. 19792/-).	35,237	98,225
Export Benefit	586,731	899,068
Exchange Fluctuation	-	1,182,863
Liabilities Written Back	446,025	312,436
Insurance Claim Received	6,885	20,728
Miscellaneous Income	244,501	933
	1,319,379	2,514,253

SCHEDULE 13 - INCREASE / (DECREASE) IN STOCK

Particulars	Current Year (Rs.)	Previous Year (Rs.)
CLOSING STOCK		
Finished Goods	7,462,997	7,601,862
Work in progress	5,818,850	10,848,272
Scrap	122,100	111,600
	13,403,947	18,561,734
OPENING STOCK		
Finished Goods	7,601,862	1,062,291
Work in progress	10,848,272	6,905,692
Scrap	111,600	96,890
	18,561,734	8,064,873
	(5,157,787)	10,496,861

SCHEDULE 14 - MATERIAL

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Raw Material Consumed :		
Opening Stock	13,325,805	11,722,474
Add: Purchases	97,250,752	84,096,124
	110,576,557	95,818,598
Less : Closing Stock	23,921,013	13,325,805
	86,655,544	82,492,793
Goods for Resale :		
Opening Stock	123,540	382,320
Add : Purchases	-	367,848
	123,540	750,168
Less : Closing Stock	84,280	123,540
	39,260	626,628
	86,694,804	83,119,421

SCHEDULE 15 - PERSONNEL

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Salaries, Wages and Other benefits	31,212,992	25,614,478
Contribution to Provident Fund and Other Funds	1,949,891	1,755,719
Employees Welfare Expenses	1,786,590	1,367,171
	34,949,473	28,737,368

SCHEDULE 16 - EXPENSES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Manufacturing:		
Stores consumed	10,268,737	8,582,344
Power , fuel & water	37,561,712	33,656,569
Laboratory expenses	58,679	66,504
Testing fees	1,128,901	1,388,818
Repairs to Plant & Machinery	13,084,622	7,680,523
Lease Rent	5,000,000	12,000,000
	67,102,651	63,374,758

Administration :		
Rent	1,296,000	1,182,400
Rates & Taxes	535,247	268,406
Insurance	957,780	809,359
Directors Sitting Fees	50,000	39,000
Travelling and Conveyance	4,687,861	3,008,947
Directors Travelling	743,235	1,135,649
Printing and Stationery	1,253,044	1,001,945
Postage & Telephone	1,980,894	2,128,104
Electricity & Water charges	152,204	159,709
Vehicle Running and Maintenance	1,503,574	1,381,328
Auditors Remuneration	250,705	257,351
Legal and Professional charges	2,683,825	1,286,537
Registration Charges	189,765	537,828
Repairs to Building	4,709,701	1,715,985
Repairs to Other assets	1,878,593	1,724,194
Membership & Subscription	159,921	166,953
Miscellaneous expenses	977,795	849,123
Loss on sale of Fixed assets	217,381	189,265
Bad advances written off	76,441	2,815
Exchange Fluctuation	697,795	-
Provision for Doubtful Advances	-	142,641
Watch & Ward	637,878	448,584
	25,639,639	18,436,123
Selling and Distribution		
Advertisement & Sales promotion expenses	1,772,651	1,510,586
Freight & carriage outward	2,766,000	3,997,267
Commission & discount on Sales	1,224,091	533,075
Packing material consumed	40,899,600	31,023,318
Bad debts written off	14,415	357,278
	46,676,757	37,421,524
Total Expenses	139,419,047	119,232,405
SCHEDULE 17 - FINANCIAL CHARGES		
Particulars	Current Year (Rs.)	Previous Year (Rs.)
Interest on Term Loans	6,106,049	10,886,852
Interest on working capital Loans	3,728,239	5,084,224
Interest - others	5,304,363	1,114,536
Bank Charges	733,196	1,137,827
	15,871,847	18,223,439

SCHEDULE 18

Significant Accounting Policies and Notes to Accounts

1. Significant Accounting Policies

- (a) Basis of Accounting
- (i) The Accounts of the Company are prepared under the historical cost convention. For recognition of income and expenses, accrual basis of accounting is followed except for Claims not accepted / acknowledged, which are accounted for on cash basis on account of uncertainties.
- (ii) Gratuity liability is accounted for on accrual basis as per the Actuarial Valuation determined by LIC, at the end of accounting year. Liability for leave encashment is valued on the basis of accrued liability on an annual basis.
- (iii) Cenvat benefit on the raw material stocks is accounted for on the basis of production plan for excisable and non - excisable products .
- (b) Revenue Recognition
Revenue from the sale / Contract Packaging of goods is recognised upon dispatch of goods to the customers and shown net of sales tax.
- (c) Depreciation
- (i) Depreciation on all completed Fixed Assets is provided on the Straight Line Method in accordance with the Schedule XIV of Companies Act, 1956. However in respect of Plant and Machinery installed and put to use upto 1994, the residual life, in an earlier accounting year 2001-2002 had been determined as 5 years (including the first year ending 31.03.2002) as against the then residual life of 11 years as per Schedule XIV of the Companies Act, 1956. Accordingly, depreciation on plant & machinery put to use upto 1994 and on additions to such plant is provided on the basis of the said remaining useful life of the assets.
- (ii) Leasehold land has been amortized over the period of lease.
- (iii) Improvement in Building has been written off in three equal annual installments.
- (d) Fixed Assets
Fixed Assets have been shown at cost of acquisition, comprising of purchase price (net of rebates and discounts) levies and any other directly attributable cost and indirect expenditure for bringing the asset to its working condition for the intended use less accumulated depreciation.
- (e) Borrowing Cost
Borrowing costs specifically relatable to acquisition of fixed assets are capitalized as part of the cost of fixed assets. Other borrowing costs are charged to revenue.
- (f) Inventories are valued at the lower of cost computed on first in first out basis and net realizable value. Cost of finished goods includes excise duty.
- (g) Foreign Currency Transactions
The current assets and current liabilities on foreign currency transactions (not covered under forward contracts) are converted into Indian Rupees at the exchange rates prevailing on the date of Balance Sheet. The exchange difference on such conversion is adjusted in the respective assets/liabilities and income/expenditure. Foreign currency transactions are recognized at the exchange rate prevailing at the time of transaction.
- (h) Preliminary and share issue expenses are amortised in 5 yearly equal installment.
- (i) Current Tax is being provided as per the prevailing provisions of Income Tax Act, 1961.
- (j) Deferred Taxation
Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the substantively enacted rate of tax on the balance sheet date, to the extent that the timing differences are expected to crystallise / capable of reversal as deferred tax charge / benefit in the profit and loss account and as deferred tax liability / asset in the balance sheet.
- (k) Impairment of assets
Consideration is given at each balance sheet date to determine whether there is any indication of the impairment loss of the fixed assets. If any indication exists, an asset recoverable amount is estimated and impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the appropriate discounting factor.
Reversal of impairment losses recognized in prior years is recorded when there is any indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of impairment losses is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) has no impairment loss been recognized for the asset in prior years.

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

	Current Year Rs.	Previous Year Rs.
a. Bank Guarantee	10,000	—
b. Duty exemption availed on import of machinery under EPCG Scheme.	37,077,284	4,55,20,878
2. Capital Contracts remaining to be Executed (Net of Advances)	22,83,494	23,00,360
3. On the basis of the information obtained from the suppliers by the company, there has been no due to SSI units as at the Balance Sheet date.		

4. Secured Loans

Working capital facility / Term loans from Syndicate Bank are secured by way of first and exclusive charge on all the current assets of the company and the specific machinery purchased against the term loans. The bank is also having pari-passu charge on other Fixed Assets of the company alongwith Allahabad Bank. The said loan is further secured by the personal guarantee of the Chairman and two Directors in their personal capacity.

Term loans (vehicles) are secured by hypothecation of specified assets.

5. The deferred payment liability represents cost of capital goods purchased / constructed for which the payment is payable after 31.03.2006.
6. The Company had extended Corporate Guarantee of Rs. 24.50 crores in earlier years in favour of Allahabad bank for the Financial Assistance granted by them to the Promoter Company M/s Ahluwalia Contracts (India) Limited, which is also supported by extension of Pari-passu charge on the fixed assets of the Company.
7. Term loan repayment due in the next 12 months Rs.200 Lacs (Previous year Rs. 200 Lacs).
8. In the opinion of the Management and to the best of their knowledge and belief, the value of current assets, loans and advances if realised in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
9. (a) Provision for current taxation of Rs. 33.20 lacs (Previous year Rs. 21.87 Lacs) represents 'Minimum Alternate Tax' pursuant to the provisions of Section 115 JB of the Income Tax Act, 1961.
- (b) Calculation of Deferred Tax Liability / (Assets) is as follows:

Particulars	31.03.2005 (Rs.)	31.03.2004 (Rs.)
Deferred Liability		
Difference between the book value on depreciable assets as per books and as per Income Tax Act	11,01,38,226	9,20,84,461
Total Deferred Liability	11,01,38,226	9,20,84,461
Total Deferred Tax Liability	4,03,02,330	3,30,35,300
Deferred Assets		
Unabsorbed depreciation	97,18,871	4,17,27,670
Disallowance u/s 43B	75,41,563	15,17,548
Total Deferred Assets	1,72,60,434	42,845,218
Total Deferred Tax Assets	63,16,024	1,53,70,722
Net Deferred Tax Liability	3,39,86,306	1,76,64,578
Net Deferred Tax Liability during the year	1,63,21,728	1,13,26,733

10. Related Party disclosures**a) List of Related Parties (As ascertained by the management)**

1. Enterprises under common control
 - Ahluwalia Contracts (India) Ltd.
 - Ahluwalia Builders & Development Group (P) Ltd.
 - Tidal Securities Pvt Ltd.
 - Capricon Industrials Ltd.
 - Ahlcons India (P) Ltd.
 - Ahlcon Public School
2. Individuals owning, directly or indirectly a substantial Interest in the voting power of the Company
 - Mrs. Sudarshan Walia Director
3. Key Management Personnel
 - Mr. Bikranjit Ahluwalia Chairman
 - Mr. M.K.G Pillai Managing Director
 - Dr. Rohini S. Ahluwalia Whole Time Director
4. Relative of the key management personnel with whom the transactions have taken place during the year
 - Mrs. Geetha Gopalakrishnan Spouse of Managing Director
5. Non Executive Directors
 - Mrs. Sudarshan Walia Director
 - Mr. Arun Kumar Gupta Director
 - Mr. Virender Kumar Sachdeva Director
 - Dr. S. S. Arora Director
 - Prof. G. P. Talwar Director
 - Dr. S. C. L. Gupta Director

Transactions with Related Parties	Current Year (Rs.)	Previous Year Rs.
Nature of Transactions		
i) Sale of goods Company under common control	57,28,692	26,67,364
ii) Purchase of Materials Company under common control Machinery	1,50,00,000	—
Raw Material	65,00,489	63,28,461
iii) Repayment of Loan Company under common control	2,63,66,000	—
iv) Rent Paid Company under common control	5,60,400	5,60,400
Spouse of Managing Director	2,52,000	2,30,400
v) Lease Rent Paid Company under common control	50,00,000	1,20,00,000
vi) Managerial Remuneration Key Management Personnel	12,62,292	8,91,863
vii) Director Sitting Fees Non Executive Directors	50,000	39,000
viii) Capital Contracts Company under common control	—	2,57,50,000
ix) Advertisement Party under common control	10,000	—
x) Interest Company under common control	52,12,733	—
xi) Repayment to Current Account Company under common control	46,50,188	—
Amount Due from / to related parties		
i) Due to related parties Included in unsecured loans Company under common control	3,60,00,000	6,23,66,000
ii) Included in Current Liabilities Company under common control Due to key management personnel	23,12,774 41,470	2,97,12,653 42,920
iii) Included in Deferred Payment Liability Company under common control	4,74,69,687	—

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

11. Earnings per share:	Current Year Rs.	Previous Year Rs.
a) Weighted average number of equity shares outstanding during the year	72,00,150	72,00,150
b) Net profit after tax available for equity shareholders	2,24,99,357	1,55,83,310
c) Basic and diluted earning (in Rupees) per share of Rs. 10 each	3.12	2.16

12. Segment Reporting:

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

13. Disclosure for operating leases:

a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:	Current Year	Previous Year
i) not later than one year;	—	1,20,00,000
ii) later than one year and not later than five years;	—	1,20,00,000
b) lease payments recognized in the statement of profit and loss for the period,	50,00,000	1,20,00,000

14. (i) Auditors' Remuneration

	Current Year Rs.	Previous Year Rs.
(a) For Statutory audit	1,10,200	1,56,600
(b) For Tax Audit	55,100	54,000
(c) Certification and other matters	85,405	35,025
(d) Out of pocket expenses	—	11,726
	2,50,705	2,57,351

(ii) Directors' Remuneration

	Current Year Rs.	Previous Year Rs.
(a) Salaries and allowanes	10,23,000	6,66,000
(b) Contribution to Provident Fund	9,360	9,360
(c) Perquisites	2,29,932	2,16,503
(d) Director Sitting Fees	50,000	39,000
Total	13,12,292	9,30,863

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

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

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

Figures in Lacs

Description	Unit Nos	Licenced Capacity	Installed Capacity	Actual Production
I. V.Fluids	Bottles in Lacs	420	320	*307.25
	Previous Year	420	320	266.60
Injectables	Vials in Lacs	N.A	590	**566.22
	Previous Year	N.A	590	502.78

* Includes 85.45 Lac Bottles (Previous Year 92.90 Lac bottles) on job basis.

** Includes 242.38 Lac Vials (Previous Year 253.46 Lac Vials) on job basis.

(b) Raw Material Consumed

	Current Year		Previous Year	
	M. T	Rs.	M. T	Rs.
PE Granules	#1022.58	5,58,01,325	*1014.657	5,51,15,606
Dextrose	316.528	1,00,05,318	260.377	87,62,893
Chemicals	-	1,96,51,805	-	1,86,14,294
		8,66,55,542		8,24,92,793

includes consumption on 327.83 Lac bottles (*Previous Year 346.36 Lac bottles) produced on job basis.

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

Description	Opening Stock		Closing Stock	
	Nos.	Rs.	Nos.	Rs.
I.V.Fluids & Injectables (Nos)	2513495	8654438	17,73,370	# 1,05,87,757
	(520021)	(1320538)	(2513495)	(8654438)
Goods for resale	35500	123540	24500	84280
	(217368)	(382320)	(35500)	(123540)
TOTAL	2548995	8777978	17,97,870	1,06,72,037
	(737389)	(1702858)	(2548995)	(8777978)

excludes Rs. 122100/- of scrap stock , (Previous Year Rs. 111600/-)

Turnover

Description	Purchases		Sales	
	Nos.	Rs.	Nos.	Rs.
I. I.V.Fluids & Injectables (Including Contract packaging)	- (-)	- (-)	* 8,80,36,633 (7,49,42,662)	34,66,90,509 (28,86,68,337)
Goods for resale	- (96480)	- (3,67,848)	15000 (1,03,460)	61375 (9,49,210)
TOTAL	— (96,480)	— (3,67,848)	8,80,51,633 (7,50,46,122)	# 34,67,54,567 (28,96,17,547)

excludes Rs.84,18,355/- of scrap sold (Previous year Rs. 74,76,204/-)

* excluding 50297 nos.(Previous Year 1695 nos.) of Samples and Free supply to Tsunami Relief.

	Current Year Rs. in lacs	Previous Year Rs. in lacs
(c) Expenditure in Foreign Currency (Payment basis)		
Travelling	4.76 Lacs	2.02 Lacs
Bank Charges	0.34 Lacs	0.32 Lacs
Commission & Discount	1.29 Lacs	2.89 Lacs
(e) Earning in Foreign Currency :		
FOB Value of Exports	186.26 Lacs	204.15 Lacs
Cost of Packing Material	0.70 Lacs	—
(f) Value of Imports calculated on CIF basis:		
Raw materials	473.88 Lacs	335.24 Lacs
Stores & Spares	25.78 Lacs	6.94 Lacs
Capital Goods	4.07 Lacs	—
(g) Value of Raw Materials, Stores & spares Consumed		

	Current Year		Previous Year	
	Value	%	Value	%
Raw Material				
Imported	4,87,94,521	56.31	4,83,21,233	58.58
Indigenous	3,78,61,021	43.69	3,41,71,560	41.42
	8,66,55,542	100.00	8,24,92,793	100.00
(h) Stores & Spare				
Imported	31,98,806	16.51	15,43,199	10.10
Indigenous	1,61,73,334	83.49	1,37,29,209	89.90
	1,93,72,140	100.00	1,52,72,408	100.00

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

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

Sachin Kumar
Partner
M. No. 503204

Bikramjit Ahluwalia
Chairman

M.K.G. Pillai
Managing Director

Dr. Rohini S. Ahluwalia
Whole Time Director

New Delhi
Date : 29-06-2005

Nilanchal Pradhan
Company Secretary

Rajeev Kumar Walia
General Manager (F & A)

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2005

Particulars	Current Year (Rs.)	Previous Year (Rs.)
A Cash Flow from Operating Activities		
Net Profit/(Loss) before tax, interest & extraordinary items	57,279,735	46,182,655
Adjustment for :		
Depreciation	32,217,287	30,629,210
Interest Inflow	(35,237)	(98,225)
Miscellaneous Expenditure Written Off	134,500	398,494
Loss on sale of Fixed Assets	217,381	189,265
Operating Profit (Loss) before Working Capital Changes	89,813,666	77,301,399
Adjustment for :		
Trade Receivable & Others	(13,247,741)	(9,678,767)
Trade Payable and Others	(20,062,695)	22,466,153
Inventory	(9,906,593)	(18,492,690)
Cash generated from operations	46,596,637	71,596,095
Interest Paid	(15,138,651)	(17,085,611)
Direct Taxes Paid	(3,320,000)	(2,187,000)
Increase in Misc. Expenditure	(455,000)	—
Net Cash from Operating Activities A:	27,682,986	52,323,484
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(40,991,366)	(44,817,745)
Sale / Adjustment of Fixed Assets	226,000	283,800
Interest Received	35,237	98,225
Net Cash from Investing Activities B:	(40,730,129)	(44,435,720)
C Cash Flow from Financing Activities		
Long Term Loans received	—	—
Long Term Loans repaid	(20,000,000)	(5,000,000)
Short Term Loans	10,408,610	3,911,791
Unsecured Loans received	—	—
Unsecured Loans repaid	(26,366,000)	(15,230,870)
Interest accrued & Due	(288,496)	168,647
Deferred Payment Liability	47,469,687	—
Net Cash from Financing Activities C:	11,223,801	(16,150,432)
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B +C)	(1,823,342)	(8,262,668)
Cash & Cash Equivalents as at 1st April (Opening Balance)	4,558,309	12,820,977
Cash & Cash Equivalents as at 31st March (Closing Balance)	2,734,967	4,558,309

New Delhi
29-06-2005Bikramjit Ahluwalia
ChairmanM.K.G. Pillai
Managing DirectorDr. Rohini S. Ahluwalia
Whole Time DirectorNilanchal Pradhan
Company SecretaryRajeev Kumar Walia
General Manager (F&A)**AUDITORS' CERTIFICATE**

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

For Arun K. Gupta & Associates
Chartered Accountants

New Delhi
Date : 29-06-2005

Sachin Kumar
Partner
M. No. 503204

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(i) Registration Details

Registration No. : 47245 State Code : 55

Balance Sheet Date : 31-03-2005

(ii) Capital raised during the year : Nil

(iii) Position of mobilisation and deployment of Funds

**(Amount in Rs.
Thousands)**

Total Liabilities	340,565	Total Assets	340,565
Sources of Funds			
Paid up Capital	81,001	Secured Loans	109,854
Reserves & Surplus	32,254	Deferred Tax Liability	33,986
Unsecured Loans	36,000	Deferred Payment Liability	47,470
Application of Funds			
Net Fixed Assets	273,209	Misc. Expenditure	581
Net Current Assets	66,775		

(iv) Performance of Company

Turnover including other income	356,503	Total Expenditure	314,211
Profit/(Loss) before Tax	42,292	Profit/(Loss) after Tax	22,499
Earning/(Loss) per share in Rs.	3.12	Dividend rate	10%

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

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

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

Sachin Kumar
Partner
M. No. 503204

Bikramjit Ahluwalia
Chairman

M.K.G. Pillai
Managing Director

Dr. Rohini S. Ahluwalia
Whole Time Director

New Delhi
Date : 29-06-2005

Nilanchal Pradhan
Company Secretary

Rajeev Kumar Walia
General Manager (F & A)

ATTENDANCE SLIP

AHLCON PARENTERALS (INDIA) LIMITED

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

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

Client ID NO. *		Regd. Folio No.	
DPID No. *			

NAME AND ADDRESS OF THE SHAREHOLDER :

No. of Share(S) held :

I hereby record my presence at the **Thirteenth Annual General Meeting** of the Company held on Friday, the 30th September, 2005 at 3.00 P.M. at Ahlcon Public School, Mayur Vihar, Phase 1, New Delhi - 110092

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.



AHLCON PARENTERALS (INDIA) LIMITED

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

PROXY FORM

Client ID NO. *		Regd. Folio No.	
DPID No. *			

I/We.....

of.....

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

.....of

.....or failing in

.....of.....

as my/our proxy to vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting to be held on Friday, the 30th September, 2005 at 3.00 p.m. or at any adjournment thereof.

Signed this..... day of..... 2005

Revenue Stamp not below 30 paise

* Applicable for investors holding shares in electronic form.

Note :

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

BOARD OF DIRECTORS

Mr. Bikramjit Ahluwalia
Chairman

Mr. M. K. G. Pillai
Managing Director

Dr. Rohini S. Ahluwalia
Whole Time Director

DIRECTORS

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

Mr. Nilanchal Pradhan
Company Secretary

BANKERS

Allahabad Bank
State Bank of Bikaner & Jaipur
Syndicate Bank

AUDITORS

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

REGISTERED OFFICE

4, Community Centre
Saket, New Delhi - 110 017

WORKS

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

STOCK EXCHANGES

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

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

REGISTRAR & SHARE TRANSFER AGENTS

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

For Dematerialisation of Shares

ISIN No. INE 027C01011

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Note : Annual listing fee for the year 2005-2006 has been paid to all the Stock Exchanges.