

**ANNUAL REPORT  
1998 - 2000**



**NORRIS**

**MEDICINES LIMITED**

**BOARD OF DIRECTORS**

Mr. B.N.Thakore  
Mr. N.J. Patel  
Mr. N.L. Upadhyaya  
Mr. S.G. Patel  
Mr. M.L. Upadhyaya  
Mr. N.B. Thakore  
Mr. M.M. Shah

Chairman and Managing Director  
Joint Managing Director

Non-Resident Indian  
Alternate to Mr. M.L. Upadhyaya

**Auditors**

J.P. Sharma & Co.  
Chartered Accountants

**Legal Advisor**

Chitnis Vaithy & Co.  
Advocates & Solicitors

**Bankers**

Dena Bank

**Registered Office**

Plot No. 7, Vikram Apartments,  
Chakravarti Ashok Road,  
Kandivali (East), Mumbai 400 101.

**Works**

901/3,4,5, 801/P & 802  
GIDC Industrial Estate,  
Ankleshwar 393 002. [Gujarat].

**Administrative Office & Share Department**

205, Phoenix House,  
Lower Parel,  
Mumbai 400 013.



## NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of NORRIS MEDICINES LIMITED will be held on Thursday the 28th September 2000, at 3.00 p.m. at "The Celebrity" Payyade International Hotels Pvt. Ltd., VasANJI Lalji Road, Kandivali (West), Mumbai - 400 067 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2000, the Audited Profit and Loss Account for the period ended on that date, together with the Auditor's Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. S.G.Patel who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.  
M/s. J.P. Sharma & Co., Chartered Accountants retire at the conclusion of ensuing Annual General Meeting. They have given a notice to the company of their unwillingness to be re-appointed as Auditors. The Company has also received a special notice pursuant to section 225(1) of the Companies Act, 1956 proposing following resolution for appointment of M/s. Mittal & Mehrotra Chartered Accountants in place of retiring auditors :  
"RESOLVED THAT M/s. Mittal & Mehrotra Chartered Accountants be and are hereby appointed as Auditors of the company in place of retiring auditors M/s. J.P. Sharma & Company, and to hold office till the conclusion of the next annual general meeting at a remuneration to be settled mutually between the Board of Directors of the Company and them".

### SPECIAL BUSINESS :

- 4) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :  
"RESOLVED THAT subject to the approval of the Central Government under section 21 and other applicable Provisions, if any of the Companies Act 1956, the name of the Company be changed from 'Norris Medicines Limited to 'Positive Biotech (Asia) Limited and accordingly the name Norris Medicines Limited wherever it appears in the Memorandum & Articles of Association of the Company be substituted by the name Positive Biotech (Asia) Limited."
- 5) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :  
"RESOLVED THAT pursuant to section 31 and all other applicable provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :

### DEMATERIALISATION OF SECURITIES

#### Article 12A :

- i) For the purpose of this Article :  
'Act means the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force.

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository.

'Depository' means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992 or any other Appropriate Authority.

"Depository Act" means the Depositories Act, 1996 or any statutory modification(s) or re-enactment thereof for the time being in force.

'SEBI' means the Securities and Exchange Board of India; and  
'Security' means such security as may be specified by SEBI from time to time.

ii) Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise the securities which are in materialised form, pursuant to the Depositories Act, 1996 and any Rules and Regulations formed under it.

iii) Options for Investors :

Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act; and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

iv) Securities in Depositories to be in fungible form :

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

v) Rights of Depositories and Beneficial Owners :

- a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

vi) Service of Documents :

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

vii) Transfer of Securities :

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

viii) Allotment of Securities dealt with by a Depository :

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.



ix) Distinctive numbers and securities held in Depository :

Nothing contained in the Act or these Articles regarding the necessity of having distinctive number for securities issued by the company shall apply to securities held in depository.

x) Register and Index of Beneficial Owners :

The Register and index of beneficial Owners, maintained by the depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

"RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded to the Board of Directors/ its Committee to register the Company with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited, and/or with any other Depository; as the Depository for the purpose of and/or availing the facility of dematerialisation/rematerialisation of the securities of the Company and the Board of Directors/ its Committee be and is hereby empowered to do all such acts, deeds, matters and things, including the appointment and remuneration of a Registrar and Transfer Agent, delegation of any of its powers to the executives of the Company and other matters as may be required to implement this resolution from time to time."

**By order of the Board**

**B.N.THAKORE**  
**Chairman & Managing Director**

Regd. office :  
Plot No. 7, Vikram Apartments,  
Chakravarti Ashok Road,  
Kandivali (E), Mumbai - 400 101.

Date : September 4, 2000

NOTE :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE MEMBER OF THE COMPANY.
2. The Instrument of proxy, in order to be effective, must be deposited at the Company's Registered Office not less than forty-eight hours before the time of the meeting.
3. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto :
4. The Register of Members and Share Transfers Book will remain closed from Thursday the 21<sup>st</sup> September, 2000 to 28<sup>th</sup> September, 2000 (both days inclusive).
5. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

ITEM No. 4.

As the members are aware, at the extra-ordinary General Meeting of the company held on 22nd June 2000, the preferential allotment of 1,80,00,000 equity shares of Rs. 10/- each at par to PHC Holdings Ltd., and Positive Healthcare Asia Ltd., Chennai hereinafter collectively called PHC Holdings and associates was approved.

Consequently PHC holding and associates will become majority shareholders with 64.75% voting rights. Further, as per the terms of technical and financial collaboration with PHC Holdings and associates, PHC is transferring the technologies of herbal and hydrotalcite products to the Company which will be produced at the plants of the Company. To reflect these changes it is proposed to change the name of the company to POSITIVE BIOTECH (ASIA) LTD. The said name has been made available to the company by the Registrar of Companies, Maharashtra. None of the Directors are interested in the resolution. Your Directors recommend passing of the same.

#### ITEM NO. 5

With the enactment of the Depositories Act, 1996 and amendments made to the Companies Act, 1956 vide Companies (Amendment) Act, 1999; alterations to the Articles of Association of the Company had become necessary to bring them inline with the statutory provisions. Further, to support the measures taken by SEBI and Stock Exchanges to improve Stock Markets and making them in favour of investors, it is proposed to dematerialise the securities of the Company voluntarily. It is therefore, proposed to alter the relevant provisions of the Articles of Association of the Company to enable it to facilitate operation of the Depository System/ Dematerialisation/ Rematerialisation of its securities.

Under the Depository System, a facility has been provided to the investors to hold the securities in the form of electronic entries instead of paper scrips. Necessary empowerment to the Company and description of the rights of the Depository and the Company's security holders holding them in de-materialised form are provided by inserting a new Article 12A.

The Special Resolution at item no. 5 is therefore proposed pursuant to Section 31 of the Companies Act, 1956 for approval by the shareholders.

Your Directors recommend the Special Resolution for approval by the members. None of the Directors of the Company is any way concerned or interested in the proposed resolution.

**DIRECTORS' REPORT**

**The Members**  
**Norris Medicines Limited**  
**Mumbai.**

Your Directors have pleasure in presenting their 9<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the period ended on March 31, 2000.

**FINANCIAL HIGHLIGHTS :**

The financial highlights of the Company are as under :

Rs. in 000's

|                        | <b>Period Ended</b><br><b>31/3/2000</b> | <b>Year Ended</b><br><b>30/9/98</b> |
|------------------------|---|-------------------------------------|
| Sales & Other Income   | 3,22,244                                | 1,98,407                            |
| Loss before Dep. & Tax | 32,115                                  | 20,271                              |
| Depreciation           | 9,093                                   | 5,741                               |
| Loss before Tax        | 41,208                                  | 26,012                              |
| Provision for Tax      | —                                       | —                                   |
| Loss After Tax         | 41,208                                  | 26,012                              |

**OPERATIONS :** The Company continued its major activities of doing job work / loan license work of reputed pharmaceutical majors during the period under review. Besides this, the Company also marketed its products under its own brand names. The Company expects to continue with the present arrangements besides expecting big boost in exports in the coming years with the PHC groups focus and marketing strengths worldwide.

**DIVIDEND :**

In view of losses, your Directors do not recommend any dividend.

**ISSUE OF SHARES ON PREFERENTIAL BASIS :**

The Company at its EGM held on 22/6/2000, approved a preferential allotment of 1,80,00,000 Equity shares of Rs. 10/- each at par to the PHC group, Grand Cayman Islands against the average market price of Rs. 6.61 over the last six months prior to the EGM.

**CHANGE OF NAME :**

The Company will be in due course known as Positive Biotech (Asia) Ltd. and the approval for change of name has been approved by the Registrar of Companies, Maharashtra. The new name will reflect the activities proposed to be undertaken besides the present pharmaceutical production.

**DIRECTORS :**

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. S.G. Patel retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Your Directors recommend his reappointment.

**PARTICULARS OF EMPLOYEES :**

During the financial period the Company had no employees on its rolls in receipt of remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956.

**CONSERVATION OF ENERGY AND FOREIGN EARNINGS & OUTGO :**

As required under Section 217 (1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

**CORPORATE GOVERNANCE :**

As per the recent amendments to the listing agreement with Stock Exchanges, your Company is required to implement Corporate Governance latest by March 31, 2002. However, your Company is taking necessary steps to implement the Corporate Governance well before the prescribed time limit.

The shares of the Company are listed on Mumbai, Ahmedabad and Delhi Stock Exchanges and the Company has paid their Annual Listing fees for the year 2000-01. The Company has taken effective steps to de-materialise its shares and the same would be available for trading in de-mat form by the end of October, 2000.

**Y2K COMPLIANCE :**

The effective measures taken by the Company helped it achieve smooth transition into new century and there was no disruption on this account.

**FIXED DEPOSITS :**

The Company has not accepted any fixed deposits during the Period.

**AUDITORS :**

The present Statutory Auditors, M/s J.P. Sharma & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. The Company has received a notice of their unwillingness for re-appointment as Auditors of the Company for the financial year 2000-01. The Company has received a special notice u/s. 225(1) of the Companies Act, 1956 from a shareholder proposing the appointment of M/s. Mittal & Mehrotra, Chartered Accountants, as the Auditors of the Company in place of the retiring Auditors. The Company has received the consent and eligibility certificate from the proposed Auditors. While recommending their appointment, your Directors take this opportunity to thank M/s. J.P. Sharma & Co. for the valuable services rendered during their tenure as Statutory Auditors of the Company.

**APPRECIATION :**

Your Directors wish to place on record their appreciation of the support and co-operation received from the Financial Institutions, Banks and Employees of the Company.

**By order of the Board**

Date : September 4, 2000  
Place : Mumbai

**B.N.THAKORE**  
**Chairman & Managing Director**





## **ANNEXURE TO THE DIRECTORS' REPORT**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors Report for the period ended March 31, 2000.

### **(A) CONSERVATION OF ENERGY :**

#### **(a) Measures taken :**

1. Improvement in production process.
2. Optimisation of batch quality

#### **(b) Additional investment and proposals for reduction of consumption of energy :**

#### **(c) Impact of (a) & (b) : NIL**

Reduction in power consumption and consequential savings in costs.

### **(B) TECHNOLOGY ABSORPTION**

#### **(a) Specific areas :**

#### **(b) Benefits derived : NIL**

1. Improvement in productivity and quality

#### **(c) Future plans of action :**

Increased efforts to reduce cost of production.

#### **(d) Expenditure on R & D :**

The Company has not yet developed a system of separate maintenance of accounts for expenses under this head and the expenditure is merged with various other heads of expenses.

Technology absorption, adaption and innovations :

#### **(a) Efforts made :**

1. Keeping abreast of latest developments in India and abroad.

#### **(b) Benefits :**

1. Savings in cost and foreign exchange.

#### **(c) In case of Imported Technology :**

All the Company's plants and products are based on indigenous technology.

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

(a) Outgo Rs. 33,50,944

(b) Earnings Rs. 1,33,82,658

**For and on behalf of the Board**

Date : September 4, 2000

Place : Mumbai

**B.N.THAKORE**  
**Chairman & Managing Director**

**AUDITOR'S REPORT**

We have audited the attached Balance Sheet of NORRIS MEDICINES LIMITED as at March 31, 2000 and also the Profit & Loss Account of the Company for the period ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books ;
  - c) The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts ;
  - d) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view -
    - (i) in the case of the Balance sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2000, and
    - (ii) in the case of the Profit and Loss Account, of the LOSS of the Company for the period ended on that date.

**FOR J. P. SHARMA & CO.  
CHARTERED ACCOUNTANTS**

Date : September 4, 2000  
Place : Mumbai

**J. P. SHARMA  
PROPRIETOR**

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS REPORT TO THE MEMBERS OF  
NORRIS MEDICINES LTD**

1. The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets. Verification of fixed assets is being conducted in a phased programme by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. The verification of assets due as per this programme has been carried out and no discrepancies have been noticed on such verification.
2. None of the fixed assets have been re-valued during the period.
3. Stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the period.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stock as compared to book records.
6. In our opinion and on the basis of our examination of the stock records, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles, and is on the same basis as in the previous year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
9. The company has during the period given loans and advances in the nature of loans, which are in our opinion



- on terms and conditions not prejudicial to the interests of the company. The parties to whom such loans and advances have been given are regular in repayment of principal and interest wherever stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipment and other assets, and with regards to sale of goods.
  11. According to the information and explanations given to us, the transactions of purchase of goods and materials with the parties entered in the register maintained under Section 301 of the Companies Act, 1956 are not *prejudicial to the interest of the Company and there are no transactions of sale of goods and materials (there being no sale of services)*, aggregating during the period to Rs. 50,000/- or more in respect of each party.
  12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
  13. The Company has not accepted any deposits from the public.
  14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of scrap. The Company has no by-products.
  15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
  16. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been maintained.
  17. The Company has been irregular in depositing Provident Fund dues and Employees State Insurance dues with the appropriate authorities.
  18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs tax and excise duty were outstanding as at march 31<sup>st</sup>, 2000 for a period of more than six months from the date they became payable.
  19. According to the information and explanation given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligation or in accordance with generally accepted business practices.
  20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
  21. In relation to trading activity of the Company no damaged goods have been determined.

**FOR J.P.SHARMA & CO.  
CHARTERED ACCOUNTANTS**

Date : September 4, 2000  
Place : Mumbai

**J. P. SHARMA  
(PROPRIETOR)**

**BALANCE SHEET AS AT MARCH 31, 2000**

| Sr.<br>No.  | Schedule                  | 1-10-1998<br>to<br>31-3-2000<br>Rupees | 1-10-1997<br>to<br>30-9-1998<br>Rupees |
|---|---------------------------|--|--|
| <b>I. SOURCES OF FUNDS :</b>  |                           |  |  |
| <b>1. Share Holders Funds</b>   |                           |  |  |
| a. Capital  | 1                         | 9,72,17,500                            | 9,72,13,500                            |
| b. Reserves & Surplus   | 2                         | 16,57,910                              | 16,57,910                              |
| <b>2. Loan Funds</b>  |                           |  |  |
| a. Secured Loans  | 3                         | 20,41,50,830                           | 16,84,21,081                           |
| b. Unsecured Loans  | 4                         | 1,01,69,313                            | 1,06,85,529                            |
|   | <b>TOTAL</b>              | <b>31,31,95,553</b>                    | <b>27,79,78,020</b>                    |
| <b>II. APPLICATIONS OF FUNDS :</b>  |                           |  |  |
| <b>1. Fixed Assets :</b>  |                           |  |  |
| (a) Gross Block   | 5                         | 23,43,19,961                           | 19,88,40,222                           |
| (b) Less : Depreciation   |                           | 2,98,07,901                            | 2,07,81,231                            |
| (c ) Net Block  |                           | 20,45,12,060                           | 17,80,58,991                           |
| <b>2. Investments</b>   |                           |  |  |
| 6   |                           | 15,73,795                              | 15,65,775                              |
| <b>3. Current Assets, Loans &amp; Advances</b>                                      |                           |  |  |
| (a) Inventories   | 7                         | 2,72,17,226                            | 2,91,47,412                            |
| (b) Sundry Debtors  | 8                         | 6,48,99,958                            | 6,25,90,074                            |
| (c) Cash & Bank Balances  |                           | 6,46,996                               | 16,59,699                              |
| (d) Loans & Advances  |                           | 52,87,705                              | 48,38,278                              |
|   |                           | 9,80,51,885                            | 9,82,35,463                            |
| Less : Current Liabilities & Provisions   |                           | 4,18,55,929                            | 1,13,91,735                            |
|   | <b>Net Current Assets</b> | <b>5,61,95,956</b>                     | <b>8,68,43,728</b>                     |
| <b>4. Miscellaneous Expenditure<br/>(to the extent not written off or adjusted)</b> |                           |  |  |
| 9   |                           | 5,09,13,742                            | 1,15,09,526                            |
|   | <b>Total</b>              | <b>31,31,95,553</b>                    | <b>27,79,78,020</b>                    |
| <b>NOTES TO ACCOUNTS</b>  |                           |  |  |
|   | 10                        |  |  |

As per our report of even date  
FOR J.P. SHARMA & CO.  
CHARTERED ACCOUNTANTS

JAI PRAKASH SHARMA  
PROPRIETOR

Place : Mumbai  
Date : September 4, 2000

FOR NORRIS MEDICINES LTD.

B.N. THAKORE  
CHAIRMAN & MNG. DIRECTOR

N.J. PATEL  
JT. MANAGING DIRECTOR

SURESH PATEL  
NAKUL UPADHYAYA  
NIMISH THAKORE  
MANISH M. SHAH

} DIRECTORS

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2000**

|   | 1/10/1998<br>to<br>31/3/2000<br>Rupees | 1/10/1997<br>to<br>30/9/1998<br>Rupees |
|---|--|--|
| <b>I. INCOME</b>  |  |  |
| Sales   | 29,86,22,887                           | 19,20,68,112                           |
| Other Income  | 2,36,21,964                            | 63,38,890                              |
| <b>TOTAL</b>  | <b>32,22,44,851</b>                    | <b>19,84,07,002</b>                    |
| <b>II. EXPENDITURE</b>                                      |  |  |
| Cost of goods consumed/sold                                 | 30,54,06,550                           | 18,79,19,687                           |
| Administrative Expenses                                     | 68,14,677                              | 41,22,408                              |
| Selling Expenses  | 94,41,122                              | 87,51,768                              |
| Interest  | 3,08,93,289                            | 1,65,53,298                            |
| Depreciation  | 90,93,428                              | 57,40,691                              |
| Misc. Expenditure w/off.                                    | 18,03,327                              | 13,31,477                              |
| <b>TOTAL</b>  | <b>36,34,52,393</b>                    | <b>22,44,19,329</b>                    |
| <b>III. PROFIT (LOSS) BEFORE TAX</b>                        | <b>(4,12,07,542)</b>                   | <b>(2,60,12,327)</b>                   |
| <b>IV. PROVISION FOR TAXATION</b>                           | NIL                                    | NIL                                    |
| <b>V. PROFIT (LOSS) AFTER TAX</b>                           | <b>(4,12,07,542)</b>                   | <b>(2,60,12,327)</b>                   |
| <b>VI. SURPLUS (DEFICIT) BROUGHT FORWARD FROM LAST YEAR</b> | <b>(1,13,26,099)</b>                   | <b>1,46,86,228</b>                     |
|   | <b>(5,25,33,641)</b>                   | <b>(1,13,26,099)</b>                   |
| <b>LESS : TRANSFER FROM GENERAL RESERVE</b>                 | <b>40,00,000</b>                       | <b>40,00,000</b>                       |
| <b>VII. BALANCE CARRIED TO BALANCE SHEET</b>                | <b>(4,85,33,641)</b>                   | <b>(73,26,099)</b>                     |

NOTES TO ACCOUNTS SCHEDULE 10

As per our report of even date  
FOR J.P. SHARMA & CO.  
CHARTERED ACCOUNTANTS

JAI PRAKASH SHARMA  
PROPRIETOR

Place : Mumbai  
Date : September 4, 2000

FOR NORRIS MEDICINES LTD.

B.N. THAKORE  
CHAIRMAN & MNG. DIRECTOR

N.J. PATEL  
JT. MANAGING DIRECTOR

SURESH PATEL  
NAKIJL UPADHYAYA  
NIMISH THAKORE  
MANISH M. SHAH

} DIRECTORS

## SCHEDULES FORMING PART OF THE ACCOUNTS

| <b>SCHEDULE 1</b>   | <b>31/03/2000</b><br>Rupees | <b>30/09/1998</b><br>Rupees |
|---|-----------------------------|-----------------------------|
| <b>SHARE CAPITAL</b>  |                             |                             |
| <i>Authorised</i>   |                             |                             |
| 1,01,00,000 Equity Shares of Rs. 10/- each  | 10,10,00,000                | 10,10,00,000                |
| <i>Issued Subscribed &amp; Paid up</i>  |                             |                             |
| 98,00,000 Equity Shares of Rs. 10/- each fully paid up  | 9,80,00,000                 | 9,80,00,000                 |
| Less : Share Allotment Money in arrears   | 7,82,500                    | 7,86,500                    |
|   | <u>9,72,17,500</u>          | <u>9,72,13,500</u>          |
| <b>SCHEDULE 2</b>   |                             |                             |
| <b>RESERVES &amp; SURPLUS</b>   |                             |                             |
| State Subsidy   | 16,57,910                   | 16,57,910                   |
|   | <u>16,57,910</u>            | <u>16,57,910</u>            |
| <b>SCHEDULE 3</b>   |                             |                             |
| <b>SECURED LOAN</b>   |                             |                             |
| <b>A. TERM LOANS</b>  |                             |                             |
| i. Financial Institutions   | 13,94,43,828                | 11,92,02,714                |
| ii. Others  | 4,25,207                    | 5,22,098                    |
|   | <u>13,98,69,035</u>         | <u>11,97,24,812</u>         |
| Note :  |                             |                             |
| The term loans from financial institutions & others are secured by way of (1) First mortgage & charge on all the immovable properties both present & future & (2) First charge by way of hypothecation of all the movable assets subject to prior charges in favour of bank for borrowing of Working Capital finance & (3) Personal guarantee by promoters Directors & (4) Pledge of shares of the company belonging to the promoters |                             |                             |
| <b>B. WORKING CAPITAL LOAN :</b>  |                             |                             |
| The Working Capital Loan is secured by way of hypothecation of Company's stock & book debts, and personal guarantee by promoter directors   |                             |                             |
|   | 6,42,81,795                 | 4,86,96,269                 |
|   | <u>20,41,50,830</u>         | <u>16,84,21,081</u>         |
| <b>SCHEDULE 4</b>   |                             |                             |
| <b>UNSECURED LOANS</b>  |                             |                             |
|   | 1,01,69,313                 | 1,06,85,529                 |
|   | <u>1,01,69,313</u>          | <u>1,06,85,529</u>          |

**SCHEDULE 5**

**FIXED ASSETS**

| SR. NO. | ASSETS                                   | GROSS BLOCK                  |   |                               | DEPRECIATION                |  |                               | NET BLOCK                     |                             |
|---------|--|------------------------------|---|-------------------------------|-----------------------------|--|-------------------------------|-------------------------------|-----------------------------|
|         |  | As at<br>01.10.98<br><br>Rs. | Addition/<br>(Deletions)<br>during the<br>period<br><br>Rs. | As on<br>31.3.2000<br><br>Rs. | As at<br>1/10/98<br><br>Rs. | Depreciat.<br>(adjust)<br>for the<br>period<br><br>Rs. | As at<br>31.3.2000<br><br>Rs. | As at<br>31/3/2000<br><br>Rs. | As on<br>30.9.98<br><br>Rs. |
| A       | B  | C                            | D   | E                             | F                           | G  | H                             | I                             | J                           |
| 1.      | Land (Leasehold)                         | 26,86,219                    | NIL   | 26,86,219                     | NIL                         | NIL  | NIL                           | 26,86,219                     | 26,86,219                   |
| 2.      | Buildings                                | 3,76,87,456                  | NIL   | 3,76,87,456                   | 47,37,338                   | 18,86,417  | 66,23,755                     | 3,10,63,701                   | 3,29,50,117                 |
| 3.      | Plant & Machinery                        | 7,57,31,493                  | 2,46,05,377   | 10,03,36,870                  | 1,31,81,529                 | 55,96,881  | 1,87,78,410                   | 8,15,58,460                   | 6,25,49,964                 |
| 4.      | Vehicles                                 | 5,74,668                     | 2,20,660<br><br>(1,72,474)                                  | 6,22,854                      | 2,54,797                    | 60,252<br><br>(66,758)                                 | 2,48,291                      | 3,74,563                      | 3,19,871                    |
| 5.      | Furniture & fixture<br>and Office Equip. | 1,32,18,844                  | 47,58,362   | 1,79,77,206                   | 26,07,567                   | 15,49,878  | 41,57,445                     | 1,38,19,761                   | 1,06,11,278                 |
|         | <b>SUB TOTAL</b>                         | <b>12,98,98,680</b>          | <b>2,94,11,925</b>  | <b>15,93,10,605</b>           | <b>2,07,81,231</b>          | <b>90,93,428</b><br><br><b>(66,759)</b>                | <b>2,98,07,901</b>            | <b>12,95,02,704</b>           | <b>10,91,17,449</b>         |
| 6.      | CWIP                                     | 6,89,41,542                  | 60,67,814   | 7,50,09,356                   | NIL                         | NIL  | NIL                           | 7,50,09,356                   | 6,89,41,542                 |
|         | <b>TOTAL</b>                             | <b>19,88,40,222</b>          | <b>3,54,79,739</b>  | <b>23,43,19,961</b>           | <b>2,07,81,231</b>          | <b>90,26,670</b>                                       | <b>2,98,07,901</b>            | <b>20,45,12,060</b>           | <b>17,80,58,991</b>         |



## SCHEDULES FORMING PART OF THE ACCOUNTS

| SCHEDULE 6  | 31-03-2000<br>Rupees | 30-09-1998<br>Rupees |
|---|----------------------|----------------------|
| <b>INVESTMENTS</b>  |                      |                      |
| UNQUOTED (AT COST)  |                      |                      |
| National Saving Certificate   | 2,000                | 2,000                |
| Kisan Vikas Patra   | 5,000                | 5,000                |
| Equity Shares (Unquoted) of Navjeevan<br>Co-op Hsg. Society, Ankleshwar                       | 1,275                | 1,275                |
| Equity Shares (Unquoted) of Anl. Taluka<br>Sahakari Bhandar Ltd.                              | 500                  | 500                  |
| Equity Shares (unquoted) of Navsarjan Indl. Co-op Bank  | 1,500                | --                   |
| QUOTED (AT COST)  |                      |                      |
| 1500 Equity Shares of Dena Bank<br>(M.V. Rs.18,000/- Prev Year Rs.26,400/-)                   | 45,000               | 45,000               |
| 200 Equity Shares of Bank of Baroda<br>(M.V. Rs. 9,600/- Prev Year Rs. 6,800/-)               | 18,520               | 12,000               |
| 1,50,000 Partly Paid Equity Shares of Guj. State<br>Fin. Corp. Ltd. (Alloted 1,40,300 Shares) | 15,00,000            | 15,00,000            |
|   | <u>15,73,795</u>     | <u>15,65,775</u>     |
| <b>SCHEDULE 7</b>   |                      |                      |
| <b>INVENTORIES</b>  |                      |                      |
| (At Cost or Market Value whichever is lower.<br>As taken, valued and certified by management) |                      |                      |
| Raw & Packing Materials   | 92,72,069            | 1,15,76,803          |
| Finished Goods  | 52,51,589            | 85,43,909            |
| Work-in-Progress  | 1,26,93,568          | 90,26,700            |
|   | <u>2,72,17,226</u>   | <u>2,91,47,412</u>   |
| <b>SCHEDULE 8</b>   |                      |                      |
| <b>SUNDRY DEBTORS</b>   |                      |                      |
| (Unsecured, Considered Good)  |                      |                      |
| More than 6 months  | 1,16,13,488          | 1,06,62,494          |
| Others  | 5,32,86,470          | 5,19,27,580          |
|   | <u>6,48,99,958</u>   | <u>6,25,90,074</u>   |
| <b>SCHEDULE 9</b>   |                      |                      |
| <b>MISCELLANEOUS EXPENDITURE</b>  |                      |                      |
| (to the extent not written off or adjusted)   |                      |                      |
| Profit & Loss A/c. [Debit Balance]  | 4,85,33,641          | 73,26,099            |
| Preliminary Expenses  | 28,185               | 65,825               |
| Pre-operative/Public Issue Expenses   | 23,51,916            | 32,33,885            |
| Deferred Revenue Expenses   | —                    | 8,83,717             |
|   | <u>5,09,13,742</u>   | <u>1,15,09,526</u>   |





**SCHEDULE 10  
NOTES TO ACCOUNTS**

1. Previous years figures have been regrouped/reclassified in the current period.
2. Accounting Policies :
  - a) Inventories  
Raw Materials and packing materials are valued at cost, work-in-process and finished goods are valued at cost or market price whichever is lower.
  - b) The Company has provided depreciation on straight line method on pro rata basis as per the rates provided in schedule XIV of the Companies Act, 1956.
  - c) Investments :  
Investments are shown at cost.
  - d) Modvat Benefits :  
Modvat benefits are accounted on duty paid materials when credit is given in Excise records by Debit to excise duty deposit account. Amount of Modvat Benefit availed of is charged to Profit & Loss Account as Excise Duty paid and amount of modvat benefit availed on capital goods is credited to assets account.
3. The Company has extended the accounting period by six months from 30/9/99 to 31/3/2000 and accordingly accounts are prepared for 18 months period ended on 31/3/2000. The necessary permission has been obtained from Registrar of Companies, Maharashtra u/s. 210[4] of the Companies Act, 1956.
4. Contingent liability in respect of bills accepted and given to banks and institutions on behalf of third parties Rs. 1,93,98,115/-. Contingent Liability in respect of Partly Paid shares of GSFC Ltd. Rs. 13,06,000/- (Previous year Rs. 13,06,000/-)
5. The Company has not provided for Interest on term loans from The Industrial Development Bank of India and Gujarat State Financial Corpn. In view of the one time settlement proposal under consideration by the institutions.

6. Auditors Remuneration includes :

|                | <b>1998-2000</b> | <b>1997-98</b> |
|----------------|------------------|----------------|
|                | <b>Rupees</b>    | <b>Rupees</b>  |
| Audit fees     | 37,500           | 25,000         |
| Tax Audit Fees | 7,500            | 5,000          |
| <b>TOTAL</b>   | <b>45,000</b>    | <b>30,000</b>  |

Additional information pursuant to the provision of paragraphs 3, 4C and 4D of Part II of schedule VI of the Companies Act, 1956.

The Company Law Board has exempted from publication of certain information of the Profit & loss Account under paragraphs 3(i), 3(ii)(a)(1) & (2) of Part II of schedule VI of the Companies Act, 1956 by their order no. 46/64/2000/CL-III dt. 27/3/2000 under section 211 (4) of the Companies Act, 1956.

Information regarding Part 4C & 4 D of Part II of Schedule VI

|  | <b>1998-2000</b> | <b>1997-98</b> |
|--|------------------|----------------|
|  | <b>Rupees</b>    | <b>Rupees</b>  |
| (a) Value of Imports calculated on CIF basis during the period   | 33,50,944        | 16,71,869      |
| (b) Expenditure in foreign currency during the financial period on of know-how, professional fees, interest etc. | Nil              | Nil            |

|  |             |             |
|--|-------------|-------------|
| (c) Value of imported raw materials, spare parts and components consumed during the period | 33,50,944   | 16,71,869   |
| (d) Amount remitted during the period in foreign currencies on account of dividend         | Nil         | Nil         |
| (e) Earnings in Foreign Exchange on FOB basis  | 1,38,82,658 | 1,79,84,142 |

As per our report of even date  
**FOR J.P. SHARMA & CO.**  
**CHARTERED ACCOUNTANTS**

**JAI PRAKASH SHARMA**  
**PROPRIETOR**

Place : Mumbai  
Date : September 4, 2000

**FOR NORRIS MEDICINES LTD.**

**B.N. THAKORE**  
**CHAIRMAN & MNG. DIRECTOR**

**N.J. PATEL**  
**JT. MANAGING DIRECTOR**

**SURESH PATEL**  
**NAKUL UPADHYAYA**  
**NIMISH THAKORE**  
**MANISH M. SHAH** } **DIRECTORS**



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

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

I. Registration Details

Registration No. : 58071 State Code :11  
 Balance Sheet Date : March 31, 2000

II. Capital Raised during the year (Amount in Rs. Thousands)

|              |     |                    |     |
|--------------|-----|--------------------|-----|
| Public Issue | NIL | Right Issue        | NIL |
| Bonus Issue  | NIL | *Private Placement | NIL |
|              |     | *Including Premium |     |

III. Position of Mobilisation & Development of Funds (Amount in Rs. Thousands)

|                      |          |                           |          |
|----------------------|----------|---------------------------|----------|
| Total Liabilities    | 3,13,196 | Total Assets              | 3,13,196 |
| Sources of Funds     |          |                           |          |
| Paid-up Capital      | 97,218   | Reserves & Surplus        | 1,658    |
| Secured Loans        | 2,04,151 | Unsecured Loans           | 10,169   |
| Application of Funds |          |                           |          |
| Net Fixed Assets     | 2,04,512 | Investments               | 1,574    |
| Net Current Assets   | 56,196   | Miscellaneous Expenditure | 2,380    |
| Accumulated Losses   | 48,534   |                           |          |

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

|                          |           |                   |           |
|--------------------------|-----------|-------------------|-----------|
| Turnover                 | 3,22,244  | Total Expenditure | 3,63,452  |
| Loss Before Tax          | (-)41,208 | Loss After Tax    | (-)41,208 |
| Earning per share in Rs. | * -       | Dividend rate %   | NIL       |

\* based on year end ordinary shares

V. Generic names of Three principal Products/Service of Company (As per monetary terms)

Item code No. (ITC Code) Product Description 30.04 Pharmaceutical Products.

As per our report of even date  
**FOR J.P. SHARMA & CO.**  
**CHARTERED ACCOUNTANTS**

**JAI PRAKASH SHARMA**  
**PROPRIETOR**

Place : Mumbai  
 Date : September 4, 2000

**FOR NORRIS MEDICINES LTD.**

**B.N. THAKORE**  
**CHAIRMAN & MNG. DIRECTOR**

**N.J. PATEL**  
**JT. MANAGING DIRECTOR**

**SURESH PATEL**  
**NAKUL UPADHYAYA**  
**NIMISH THAKORE**  
**MANISH M. SHAH** } **DIRECTORS**

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD ENDED 31/3/2000.**

|  | Rs. in lacs |        |           |
|--|-------------|--------|-----------|
|  | 1998-2000   |        | 1997-1998 |
| <b>A. Cash Flow from Operating activities :</b>              |             |        |           |
| Net Profit before tax and extraordinary                      | (412.08)    |        | (260.12)  |
| Adjustments For :  |             |        |           |
| Depreciation   | 90.93       |        | 57.41     |
| Foreign Exchange   | —           |        | —         |
| Investments  | —           |        | —         |
| Interest   | 308.93      | 399.86 | 165.53    |
| Operating profit before working capital changes              | (12.22)     |        | (37.18)   |
| Adjustments For :  |             |        |           |
| Trade and Other Receivables                                  | (27.60)     |        | (128.09)  |
| Inventories  | 19.30       |        | 120.09    |
| Trade Payables   | 304.64      | 296.34 | (75.10)   |
|  |             |        |           |
| Cash Generated from Operations                               | 284.12      |        | (120.28)  |
| Interest Paid  | 308.93      |        | 165.53    |
| Direct Taxes Paid  | —           |        | —         |
| Cash Flow before Extraordinary Items                         | (24.81)     |        | (285.81)  |
| Extraordinary Items  | —           |        | 8.10      |
| Net Cash from Operating Activities                           | (24.81)     |        | (277.71)  |
| <b>B. Cash Flow from Investing Activities :</b>              |             |        |           |
| Purchase of Fixed Assets (Net)                               | (337.41)    |        | (82.24)   |
| Acquisition of Companies                                     | —           |        | —         |
| Purchase of Investments                                      | (0.08)      |        | —         |
| Sale of Investments  | —           |        | —         |
| Interest Received  | —           |        | —         |
| Dividend Received  | —           |        | —         |
| Net Cash used in Investing Activities                        | (337.49)    |        | (82.24)   |
| <b>C. Cash flow from Financing Activities</b>                |             |        |           |
| Proceeds from issue of share capital (Allotment money)       | 0.04        |        | —         |
| Proceeds from Long Term Borrowing                            | 357.30      |        | 358.38    |
| Repayment of Finance lease liabilities                       | (5.17)      |        | —         |
| Dividend Paid  | —           |        | —         |
| Net Cash used in Finance Activities                          | 352.17      |        | 358.38    |
| <b>D. Net Increase in cash and Cash Equivalents (A+B+C)</b>  | (10.13)     |        | (1.57)    |
| <b>E. Opening Balance Cash and Cash Equivalents</b>          | 16.60       |        | 18.17     |
| <b>F. Closing Balance of Cash and Cash Equivalents (D+E)</b> | 6.47        |        | 16.60     |

For and on behalf of the Board

Place : Mumbai  
Date : September 4, 2000**B.N.THAKORE**  
Chairman & Managing Director**AUDITORS' REPORT**

We have verified the attached Cash Flow Statement of Norris Medicines Ltd., derived from audited financial statements and the books and record maintained by the Company for the period ended March 31, 2000 and found the same in agreement therewith.

For **J. P. SHARMA & CO.**  
Chartered AccountantsPlace : Mumbai  
Date : September 4, 2000**J.P. SHARMA**  
Proprietor