

17TH ANNUAL REPORT 2003-2004



**NEOCURE
THERAPEUTICS LIMITED**



BOARD OF DIRECTORS

Sri.D.Krishna Kumar Raju	Chairman
Sri. D.Sreerama Raju	Director
Sri.P.V.V.Prasad	Director
Sri.Ch.Srinivas	Director
Sri.P.Krupavaram	Director

BANKERS

The Karnataka Bank Limited
Manasa Bank Ltd.
Bank of India

AUDITORS

M/s. P.Murali & Co.,
Chartered Accountants,
6-3-655/2/3,
Somajiguda,
Hyderabad - 500 082.
Phone : 23326666

REGISTERED OFFICE

G-4/B, SEIE,
Kattedan,
Hyderabad - 500 077.
Phone : 24361220
Fax : 24361220

SHARE TRANSFER AGENTS

M/s. AARTHI CONSULTANTS PRIVATE LIMITED
1-2-285, DOMALGUDA,
HYDERABAD - 500 029.
Phone : 27634445, 27638111, Fax : 27632184

NEOCURE THERAPEUTICS LIMITED



NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the members of M/s. NEOCURE THERAPEUTICS LIMITED will be held on Tuesday, the 28th day of September, 2004, at 10.00 A.M. at the Registered Office of the Company at G-4/B, SEIE, Kattedan, Hyderabad - 500 077 to consider the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri D.Sreerama Raju who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri P.V.V.Prasad who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS
for NEOCURE THERAPEUTICS LIMITED

PLACE: HYDERABAD
DATE : 01-09-2004

(D.KRISHNA KUMAR RAJU)
CHAIRMAN

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- c) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 24-09-2004 to 28-09-2004 (BOTH DAYS INCLUSIVE)

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing Agreement, the particulars of Directors who are proposed to be re-appointed are given below:

1. **Name** : **D.SREERAMA RAJU**
Age : 68 Years
Qualifications : Graduate
Expertise : Vast Experience in Business Administration, Construction & Real Estate Business.
Other Directorships : Nil
2. **Name** : **P.V.V.PRASAD**
Age : 38 years
Qualifications : Graduate
Expertise : An experience of 10 years in Trading and Business Administration
Other Directorships : 2

**DIRECTORS' REPORT**

To
The Members of

M/s.NEOCURE THERAPEUTICS LIMITED

The Directors have pleasure in presenting the 17th Annual Report of the company together with the Audited Accounts for the year ended 31st March 2004.

OPERATIONS

Because of the stiff competition in the Pharmaceutical & Bio Technology business the Company has been continuously incurring losses and not able to sustain the competitive business. Hence, it is the need of the hour to search for good and financially strong parties to get good association and if necessary change in the line of activity and bring the company back into financially healthy organisation.

FINANCIAL RESULTS

	Year Ended 31.03.2004 (Rs.in Lakhs)	Year Ended 31.03.2003 (Rs.in Lakhs)
Turnover	5.40	19.12
Profit (+) / Loss (-)	(47.67)	(44.67)
Balance Brought Forward	(969.26)	(925.27)
Balance Carried Forward	(1032.74)	(969.26)

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

Pursuant to Clause 49 of the Listing Agreement, a Management Analysis Report is given below:

A. INDUSTRY BACKGROUND

The demand scenario for the pharmaceutical industry, in general, is good and ever increasing. Nevertheless, the industry is obsessed with stiff competition. In spite of the market competition, there is always a growing demand for this industry. Proper efforts are required to be made to fall in line with the changing trends and to achieve the targets and a better bottom line in the operations. Accordingly, plans are set to get good business partners and good associations to bring the company into healthy level.

B. INDUSTRY OUTLOOK

The need of the hour in the industry is to fall in line with the changing trends and to meet the lofty objectives. In general, the outlook for the industry can be categorized as excellent. The industry has to face the competitions and adopt itself to the use of latest technologies. There is also emergent need for helping the society by the use of latest bio technologies.

C. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has adequate internal control systems commensurate with the size of its operations and for the purpose of exercising adequate controls on the day-today operations. Systems are regularly reviewed to ensure effectiveness.

D. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

During the year there are no material developments in Human Resources as well as Industrial Relations.

ADDITIONAL INFORMATION AS REQUIRED U/S 217(1)(e) OF THE COMPANIES ACT, 1956

- (a) Conservation of Energy : The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.
- (b) (i) Technology Absorption, adaptation and innovation:- No technology either indigenous or Foreign is involved.
- ii) Research and Development (R & D): No research and Development has been carried out.

NEOCURE THERAPEUTICS LIMITED



- (c) Foreign exchange earnings : NIL
Foreign exchange out go : -NIL-

PARTICULARS OF EMPLOYEES

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month where employed for a part of the year.

DIRECTORS

Sri D.Sreerama Raju and Sri P.V.V.Prasad retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year Sri.D.Krishna Kumar Raju resigned as Managing Director and continues as Director/Chairman.

DIRECTORS' RESPONSIBILITY STATEMENT

- i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

STATEMENT PURSUANT TO LISTING AGREEMENT

Presently the company's Equity shares are listed at Hyderabad Stock Exchange (HSE), Mumbai Stock Exchange (BSE) and National Stock Exchange (NSE). The Company has paid the Annual Listing Fee upto the year 2002-03.

CORPORATE GOVERNANCE

In order to bring more transparency in the conduct of business, the Stock Exchanges have amended the listing agreement incorporating the code of corporate governance to listed companies. Your Company has always been committed to the best practices in the governance of its affairs. Your company had taken steps and complied with most of the recommendations during the year. For the year under review, the Compliance Report is provided in the Corporate Governance section in this Report. The Auditors' Certificate on compliance with the mandatory requirements of Corporate Governance is given in "Annexure "A" to this Report."

PERSONNEL

The relations between the management and the staff were very cordial throughout this year. Your Directors take this opportunity to record their appreciation for the Co-operation and loyal services rendered by the employees.

DEPOSITS

The company has not accepted any deposits during the year.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge with thanks the constructive guidance and support extended by Banks and Government Agencies.

for and on behalf of the Board
for NEOCURE THERAPEUTICS LIMITED

PLACE : HYDERABAD.
DATE : 01-09-2004

(D.KRISHNA KUMAR RAJU)
CHAIRMAN

(D. SREERAMA RAJU)
DIRECTOR



**ANNEXURE – “A” TO DIRECTORS’ REPORT- CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)**

1. Company’s Philosophy on code of governance :

The basic philosophy of corporate governance of the company is to achieve business excellence and enhance shareholder value keeping in view the interests of all stake-holders. The company stands by transparency in all its dealings and strict regulatory compliance. The company believes that strong corporate governance is indispensable for healthy business growth and to be resilient in a vibrant capital market and is an important instrument of investor protection.

2. Board of Directors

a) Composition

The composition of Board of Directors of the company meets the stipulated requirements. The Board of Directors comprises of One Chairman and 4 Independent Non Executive Directors. To be in line with the company’s philosophy on Corporate Governance, all statutory subjects are placed before the Board to discharge its responsibilities as trustees of the Share Holders.

b) Attendance of each Director at the Board Meetings and the last AGM

5 Board Meetings were held during the year from April 01, 2003 to March 31, 2004 on the following dates: 29.4.2003, 29.7.2003, 04.09.2003, 28.10.2003 and 30.1.2004. The Last Annual General Meeting was held on 30th September, 2003. The attendance of each Director is as under:

Name of the Director	Category	No. of Other Directorships	No. of Committees in which member	No. of Board Meetings attended	Whether attended last AGM
Sri.D.Krishna Kumar Raju	Chairman	1	Nil	5	Yes
Sri.D.Sreerama Raju	Independent Non-Executive	NIL	Nil	5	Yes
Sri.P.V.V.Prasad	Independent Non-Executive	2	2	5	Yes
Sri.P.Krupavaram	Independent Non-Executive	1	2	5	Yes
Ch.Srinivas	Independent Non-Executive	2	2	5	Yes

3. AUDIT COMMITTEE:

During the year under review Four (4) meetings were held for approval of Un-audited Financial Results for each quarter ended.

The constitution of the Committee and the attendance of each member of the Committee is given below:

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Name of the Director	Designation	Wholetime/ Independent	Profession	Committee meetings attended
Sri.P.V.V.Prasad	Member	Independent	Business	4
Sri.Ch.Srinivas	Member	Independent	Business	4
Sri.P.Krupavaram	Member	Independent	Business	4

The meetings of Audit committee are also attended by the head of finance and Statutory Auditor as Invitees. The un-audited financial results for each quarter are approved by the audit committee before submission to the Board of Directors for approval and adoption.

Terms and reference of the Audit Committee include a review of;

- Financial reporting process
- Draft financial statements and auditor's report (before submission to the Board)
- Accounting policies and practices
- Internal controls and internal audit systems
- Risk management policies and practices
- Related party transactions
- Internal audit reports and adequacy of internal audit function

The role of the audit committee includes recommending the appointment and removal of the external auditor, discussion of the audit plan, fixation of audit fee and also approval of payment of fees for any other services.

4. Remuneration Committee

The Company does not have a "Remuneration Committee". Your Directors recommended that all such items that may be required to be discussed at a Meeting of the "Remuneration Committee" could be considered at a Meeting of the Board of Directors.

5. REMUNERATION OF DIRECTORS:

None of the Directors has drawn any remuneration or sitting fees during the financial year

6. Share Holders /Investors Grievance Committee:

The Committee oversees share transfers and monitors investor grievances. To look into the redressal of shareholders and investors complaints like – transfer of shares, non–receipt of balance Sheet, non–receipt of declared dividends etc.,

The Committee consists of the following Directors:

Sri.Ch.Srinivas Member
Sri P.V.V.Prasad Member
Sri.P.Krupavaram Chairman
Sri. P.V.V.Prasad is the Compliance Officer.

The total No. of Complaints received and complied during the year were: 19.

The Complaints had been attended to within seven days from the date of receipt of the complaint.

No complaints are outstanding as on 31st March, 2004

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7. Details of Annual General Meetings: Location and time of the last Three AGMs.

AGM	YEAR	VENUE	DATE	TIME
16th	2002-2003	Registered Office	30-03-2003	3 P.M.
15 TH	2001-2002	Registered Office	30.09.2002	12 Noon
14 TH	2000-2001	Registered Office	30.07.2001	11.00 A.M.

No Special resolution was put through postal ballot last year.

8. Disclosures

A. Disclosure on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors or the management's, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

None

B. Details of non-compliance by the company, penalties, Strictures imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

9. NOTES ON DIRECTORS APPOINTMENT/RE-APPOINTMENT:

Relevant details form part of the explanatory statement to the notice of the Annual General Meeting/ Director's Report.

10. Means of Communications:

As per the listing requirements, the company publishes periodical financial results in leading English and regional newspapers for information. The Management Discussion and Analysis (MD& A) forms part of the annual report.

11. MANAGEMENT DISCUSSION AND ANALYSIS

Appended to this Report.

12. General Share Holder Information:

a) AGM, Date ,Time and Venue : 28th September, 2004 at 10.00 A.M.
at G-4/B, SEIE, Kattedan, Hyderabad -77

b) Financial Calendar : April to March

Financial Reporting for:

Quarter ending June 30, 2004	Before end July 04
Quarter ending September 30, 2004	Before end October 04
Quarter ending December 31, 2004	Before end January 05
Quarter ending March 31, 2005	Before end April, 05
Annual General Meeting for FY ended 31 st March, 2005	Before end 30 th September, 2005

c) Date of Book Closure : 24th September,2004 to 28th September, 2004 (both days inclusive)

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- d) Dividend Payment date(s) : Not Applicable.
- e) Dividend Payment date(s) : Not Applicable.
- f) Listing on Stock Exchange : Hyderabad, Mumbai and National Stock Exchange of India Limited. The Company has paid Annual listing Fee upto the year 2002-03 for the National Stock Exchange, The Stock Exchange Mumbai and the Hyderabad Stock Exchange Ltd.
- i) **Stock Code**
 Hyderabad : Not Allotted
 Mumbai : 531624
 NSE : NEOCURTHER EQ.
- ii) **Demat ISIN Number**
 NSDL - INE 695 B01017
 CDSL - INE 695 B01017
- g) Market Price Date: High : The Company was given Listing permission by
 Low during each : the Stock Exchange from
 Month in last Financial Year : Mumbai Stock Exchange 24-4-1996
 Hyderabad Stock Exchange 26-4-1996
 National Stock Exchange of India Limited 12-3-97

Month	Hyderabad Stock Exchange		Mumbai Stock Exchange		National Stock Exchange	
	High	Low	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2003	—	—	—	—	1.10	0.65
May, 2003	—	—	—	—	1.30	0.70
June, 2003	—	—	—	—	1.85	1.10
July, 2003	—	—	—	—	2.60	1.15
August, 2003	—	—	—	—	2.55	1.35
September, 2003	—	—	—	—	2.65	1.45
October, 2003	—	—	—	—	—	—
November, 2003	—	—	—	—	—	—
December, 2003	—	—	—	—	2.00	1.65
January, 2004	—	—	—	—	2.00	1.00
February, 2004	—	—	—	—	1.30	0.80
March, 2004	—	—	—	—	1.05	0.75

- h) Stock Performance in Comparison : The Share Price of the Company has been moving with
 to Broad-based indices such as : the trend of the indices
 BSE Sensex, BZX 200, Nifty
- i) Registrar and Transfer Agent : Aarathi Consultants Private Limited
 1-2-285, Domalguda, Hyderabad-29
 Phone : 27638111, 27634445.
- j) Share and Transfer agent : The Share transfers are being effected physically by
 the Company's share transfer agents, M/s Aarathi
 Consultants Pvt. Ltd, Hyderabad.

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k) Distribution Shareholdings as on 31.3.2004

Share Holding of Nominal Value		Share Holders		Share Amount	
Rs.	Rs.	Numbers	% of Total	In Rs.	% of Total
	(1)	(2)	(3)	(4)	(5)
Upto	5,000	4886	53.00	14293630.00	8.82
5,001	10,000	1643	17.83	14960160.00	9.24
10,001	20,000	1058	11.48	17160820.00	10.59
20,001	30,000	691	7.50	17843340.00	11.02
30,001	40,000	192	2.08	7070830.00	4.36
40,001	50,000	293	3.18	14036510.00	8.66
50,001	1,00,000	266	2.89	20250430.00	12.50
1,00,001	and above	188	2.04	56375280.00	34.81
TOTAL		9217	100.00	161991000.00	100.00

l) According to categories of shareholders as at 31st March 2004.

	CATEGORY	No. of Shares held	% age of shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters*		
	- Indian Promoters	1141400	7.05
	- Foreign Promoters	30100	0.19
2.	Persons acting in Concert		
B.	NON-PROMOTERS' HOLDING		
3.	Institutional Investors		
a.	Mutual Funds	-	-
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions / Non-government Institutions)	-	-
c.	FIs	-	-
4.	OTHERS		
a.	Private Corporate Bodies	880717	5.44
b.	Indian Public	13618180	84.07
c.	NRIs / OCBs	528703	3.26
d.	Any other (please specify)		
	TOTAL	16199100	100

- m) Dematerialisation of Shares and liquidity : The Company has entered into an agreement with both the depositories namely NSDL and CSDL for its shares dematerialisation. The dematerialisation status as on 31-3-04 is furnished hereunder.
NSDL: 9613423 Shares; CDSL: 488542 shares
- n) Outstanding GDRs./ADRs./Warrants or any Convertible instruments : The Company has not issued any DRs./ADRs. Warrants or any convertible instruments.
Conversion date and likely Impact on equity
- o) Address for Correspondence : G-4/3, SEIE, Kattedan, Hyderabad - 500 077

BY ORDER OF THE BOARD OF DIRECTORS
for NEOCURE THERAPEUTICS LIMITED

PLACE : HYDERABAD
DATE : 01-09-2004

(D.KRISHNA KUMAR RAJU)
CHAIRMAN

(D.SREERAMA RAJU)
DIRECTOR



Compliance Certificate on Corporate Governance

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s. Neocure Therapeutics Limited ("the company") for the year ended 31st March, 2004 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above mentioned Listing Agreement.

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

For P.MURALI & CO.,
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
Date : 1.9.2004

P.MURALI MOHANA RAO
PARTNER.



AUDITORS' REPORT

To
The Members,
NEOCURE THERAPEUTICS LIMITED

We have audited the attached Balance Sheet of NEOCURE THERAPEUTICS LIMITED as at 31st March , 2004 and also the Profit & Loss Account for the period ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion .

As required by the Companies (Auditors Report) Order 2003, issued by the Central Government of India in terms of the 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.

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 & Loss Account dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March , 2004 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2004 from being appointed 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 , 2004;
 - (b) In the case of the Profit & Loss Account, of the Loss for the period ended on that date;

And

- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date ;

For P.MURALI & CO.,
CHARTERED ACCOUNTANTS

P.MURALI MOHANA RAO
PARTNER.

PLACE : HYDERABAD
Date : 1.9.2004



ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of NEOCURE THERAPEUTICS LIMITED on the accounts for the year ended 31st March , 2004.

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) As explained to us , the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
(c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year and in our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of the 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 and as explained to us , no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) The Company has not either granted or taken any loans, secured or unsecured to / from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
(b) As the Company has not either granted or taken any loans covered in the register maintained U/ s.301 of the Companies Act 1956 , the applicability of the clause regarding interest and other terms and conditions for secured and unsecured Loans and the prima facie prejudicial to the interest of the Company does not arise.
(c) On the basis of our checking and according to the information and explanations given to us during the course of our audit no loans or advances in the nature of loans have been given by the Company hence the applicability of the clause regarding regular payment of principal amount and interest does not arise.
(d) No loans have been taken from or granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956 , hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us , since no such transactions have been made by the company exceeding the value of Five Lacs Rupees in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
(b) According to the information and explanations given to us, as no such transactions made by the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. We have broadly reviewed the books of account relating to the materials, labour and other items of cost 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.

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- IX. a) The Company is not regular in depositing statutory dues including PF,ESI, with the appropriate authorities and at the last of the financial year the amounts outstanding which were due for more than 6 months from the date they became payable are as follows:
- | | |
|----------------------------------|------------------|
| <i>Provident Fund</i> | <i>23,059.00</i> |
| <i>Employees State Insurance</i> | <i>3,842.00</i> |
- b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF,ESI, as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and its accumulated losses at the end of the financial year is more than fifty percent of its net worth and the company has not incurred cash losses in this financial year but has incurred cash loss in the financial year immediately preceding such current financial year.
- XI. According to information and explanations given to us, the Company has defaulted in repayment of dues to financial Institutions or banks or debenture holders and the amount of default is as follows :.
- | | |
|-----------------------------|-------------------|
| <i>Working capital Loan</i> | <i>25,509,801</i> |
|-----------------------------|-------------------|
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the company has not obtained any Term Loans, hence this clause is not applicable.
- XVII. According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment and vice versa does not arise.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of securities in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For **P.MURALI & CO.,**
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : 1.9.2004

P. MURALI MOHANA RAO
PARTNER

NEOCURE THERAPEUTICS LIMITED



BALANCE SHEET AS AT 31-03-2004

PARTICULARS	SCHEDULE No.	AS AT 31-03-2004 (Rupees)	AS AT 31-03-2003 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDERS FUNDS			
a. Capital	1	161,991,000	161,991,000
b. Reserves & Surplus		37,113,500	37,113,500
2. LOAN FUNDS			
a. Secured Loans	2	25,509,801	25,509,801
b. Unsecured Loans		4,000,000	4,000,000
3. DEFERRED INCOME TAX LIABILITY		17,853,474	16,272,245
TOTAL		<u>246,467,775</u>	<u>244,886,546</u>
II APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	3	153,500,917	94,997,987
b. Less Depreciation		34,058,927	29,287,874
c. Net Block		119,441,990	65,710,113
d. Capital Work in Progress		-	58,502,930
2. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		598,430	598,430
b. Sundry Debtors	4	829,980	829,980
c. Cash & Bank Balance	5	251,664	68,664
d. Loans & Advances	6	24,984,919	24,984,919
Less: Current Liabilities & Provisions	7	3,068,108	3,043,108
NET CURRENT ASSETS		23,596,885	23,438,885
3. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		154,390	308,783
4. PROFIT & LOSS ACCOUNT		103,274,510	96,925,835
TOTAL		<u>246,467,775</u>	<u>244,886,546</u>
NOTES TO ACCOUNTS	9		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for **P. MURALI & CO.**,
CHARTERED ACCOUNTANTS

D. KRISHNA KUMAR RAJU
CHAIRMAN

D. SREERAMA RAJU
DIRECTOR

P. MURALI MOHANA RAO
PARTNER

PLACE: HYDERABAD
DATE: 01-09-04

NEOCURE THERAPEUTICS LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2004

PARTICULARS	SCHEDULE No.	ENDING 31-03-2004 (Rupees)	ENDING 31-03-2003 (Rupees)
1 INCOME			
Sales		-	1,449,587
Other Income		540,000	461,924
TOTAL		540,000	1,911,511
2 EXPENDITURE			
Raw Materials Consumed		-	1,125,270
(Increase) / decrease instock		-	3116
Financial Charges		-	1,701
Administrative Expenses	8	382,000	955,964
Depreciation		4,771,053	4,137,709
Miscellaneous Expenses W/o		154,393	154,393
TOTAL		5,307,446	6,378,153
3 PROFIT / (LOSS) BEFORE TAX		(4,767,446)	(4,466,642)
4 PROVISION FOR TAXATION		-	-
5 DEFERRED INCOME TAX ASSETS (PREVIOUS YEAR)		-	68,036
6 DEFERRED INCOME TAX LIABILITIES (CURRENT YEAR)		(1,581,229)	-
7 PROFIT / (LOSS) AFTER TAX		(6,348,675)	(4,398,606)
8 BALANCE BROUGHT FORWARD PROFIT/(LOSS)		(96,925,835)	(92,527,229)
9 TRANSITIONAL CUMULATIVE DEFERRED TAX		-	-
10 BALANCE CARRIED FORWARD		(103,274,510)	(96,925,835)
11 EARNINGS PER SHARE		(0.39)	(0.27)
NOTES TO ACCOUNTS	9	-	-

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS

D.KRISHNA KUMAR RAJU
CHAIRMAN

D.SREERAMA RAJU
DIRECTOR

P.MURALI MOHANA RAO
PARTNER

PLACE: HYDERABAD
DATE : 01-09-04

NEOCURE THERAPEUTICS LIMITED



SCHEDULE 1 SHARE CAPITAL

PARTICULARS	AS AT 31-03-2004 (Rupees)	AS AT 31-03-2003 (Rupees)
AUTHORISED		
20,000,000 Equity Shares of Rs.10/-Each	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP:		
16199100 Shares of Rs.10/-Each	<u>161,991,000</u>	<u>161,991,000</u>
	<u>161,991,000</u>	<u>161,991,000</u>

SCHEDULE 2 SECURED LOANS

PARTICULARS	AS AT 31-03-2004 (Rupees)	AS AT 31-03-2003 (Rupees)
Working Capital Borrowing From Banks	<u>25,509,801</u>	<u>25,509,801</u>
	<u>25,509,801</u>	<u>25,509,801</u>

SCHEDULE - 3 FIXED ASSETS

(S L M)

Particulars	Gross block as on 01-04-2003	Additions during the year	Gross block as at 31-03-2004	Depreciation up to 31-3-2003	Depreciation during the year	Total depreciation 31-3-2004	Net block as at 31-3-2004	Net block as at 31-3-2003
Land	89,491	—	89,491	—	—	—	89,491	89,491
Land & Buildings	27,154,066	17,412,055	44,566,121	6,583,534	1,052,336	7,635,870	36,930,251	20,570,532
Furniture & Fixtures	647,844	—	647,844	289,246	41,009	330,255	317,589	358,598
Plant & Machinery	64,081,142	41,090,875	105,172,017	21,222,824	3,531,808	24,754,632	80,417,385	42,858,318
Art work	330,526	—	330,526	131,739	15,700	147,439	183,087	198,787
Blocks	597,574	—	597,574	237,890	28,385	266,275	331,299	359,684
Cylinders	918,456	—	918,456	361,698	43,627	405,325	513,131	556,758
Vehicles	46,128	—	46,128	33,187	4,382	37,569	8,559	12,941
Misc. Fixed Assets	1,132,760	—	1,132,760	427,756	53,806	481,562	651,198	705,004
	<u>94,997,987</u>	<u>58,502,930</u>	<u>153,500,917</u>	<u>29,287,874</u>	<u>4,771,053</u>	<u>34,058,927</u>	<u>119,441,990</u>	<u>65,710,113</u>

SCHEDULE 4 SUNDRY DEBTORS

PARTICULARS	AS AT 31-03-2004 (Rupees)	AS AT 31-03-2003 (Rupees)
(Debts considered good & unsecured)		
a. Debts outstanding for a period exceeding six months	-	829,980
b. Others	829,980	-
	<u>829,980</u>	<u>829,980</u>

NEOCURE THERAPEUTICS LIMITED**SCHEDULE 5
CASH & BANK BALANCES**

PARTICULARS	AS AT 31-03-2004 (Rupees)	AS AT 31-03-2003 (Rupees)
Cash in hand	232,356	49,356
Balances with Banks	19,308	19,308
	<u>251,664</u>	<u>68,664</u>

**SCHEDULE 6
LOANS & ADVANCES**

PARTICULARS	AS AT 31-03-2004 (Rupees)	AS AT 31-03-2003 (Rupees)
Advances & Others	23,805,012	23,805,012
Deposits	1,179,907	1,179,907
	<u>24,984,919</u>	<u>24,984,919</u>

**SCHEDULE 7
CURRENT LIABILITIES & PROVISIONS**

PARTICULARS	AS AT 31-03-2004 (Rupees)	AS AT 31-03-2003 (Rupees)
Sundry Creditors	58,202	58,202
Other Liabilities	2,378,483	2,378,483
Outstanding Expenses & Provisions	107,604	82,604
	<u>3,068,108</u>	<u>3,043,108</u>

**SCHEDULE 8
MANUFACTURING, SELLING & ADMINISTRATIVE EXPENSES**

PARTICULARS	YEAR ENDED 31-03-2004 (Rupees)	YEAR ENDED 31-03-2003 (Rupees)
Manufacturing Expenses	-	151,782
Selling Expenses	-	108,149
Audit Fee	25,000	25,000
Other Administrative Expenses	357,000	671,033
	<u>382,000</u>	<u>955,964</u>



SCHEDULE - 9

NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

General :

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

Revenue Recognition :

- (i) The Company follows the Mercantile system of Accounting and recognises income and expenditure on accrual basis.
- (ii) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Fixed Assets :

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

Depreciation and Amortisation :

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.

Inventories:

Inventories are valued at cost or market price whichever is lower.

Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Earning Per Share:

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighed average number of shares outstanding during the year.

Gratuity :

The company has not made any provision for gratuity to its employees. Gratuity payable will be accounted as and when payments are made and as such the liability has not been ascertained.

B. NOTES ON ACCOUNTS

- 1 Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act , 1956 read with Companies (Particulars of Employees) Rule 1975. **NIL**
- 2 Auditor's Remuneration :

	<u>Current Year</u>	<u>Previous Year</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Audit Fee	25,000/-	25,000/-
- 3 Detailed information regarding quantitative particulars under part II of Schedule VI to the Companies Act, 1956.

NEOCURE THERAPEUTICS LIMITED

Quantitative Particulars	Qty.	Value
A. Turnover	Nil	
B. Purchases	Nil	
C. Opening Stock		
Raw Materials (Kgs.)	2506.780 kgs	580501.00
Medicines (Bottles)	900 Nos.	12679.00
Medicines (Boxes)	98 Nos.	5250.00
d. Closing Stock		
Raw Materials (Kgs.)	2506.78 kgs	580501.00
Medicines (Bottles)	900 Nos.	12679.00
Medicines (Boxes)	98 Nos.	5250.00
4	There are no dues to SSI Units outstanding for more than 30 days.	
5	No confirmations were obtained from debtors/creditors as to the balances receivable from/ payable to them as at year end.	
6	In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.1581229/- towards deferred income tax Liability. (Previous year Rs.68036/- towards deferred income tax Assets).	
7	Previous years figures have been regrouped wherever necessary.	
8	The figures have been rounded off to the nearest rupee.	

SIGNATURES TO SCHEDULES 1 To 9

As per our report of even date
For **P.MURALI & CO.,**
CHARTERED ACCOUNTANTS

For and on behalf of the Board
NEOCURE THERAPEUTICS LIMITED

P.MURALI MOHANA RAO
PARTNER

D.KRISHNA KUMAR RAJU
CHAIRMAN

D.SREERAMA RAJU
DIRECTOR

PLACE : HYDERABAD
DATE : 01.09.2004

NEOCURE THERAPEUTICS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2004**

	31-3-2004 (Rs. In lakhs)	31-3-2003 (Rs. In lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before taxation, and extraordinary items	(47.67)	(44.67)
Adjustments for:		
Depreciation	47.71	41.38
W/o expenses	1.54	1.54
Interest expenses		0.02
Operating Profit before working capital changes	1.58	(1.73)
Trade and other receivables		(4.83)
Inventories		3.48
Trade payables	0.25	3.13
Cash generated from operations	1.83	0.05
Interest paid	0.00	0.02
Direct Taxes paid	-	-
Cash flow before extraordinary items	-	-
Extraordinary items	-	-
NET CASH FLOW OPERATING ACTIVITIES	1.83	0.03
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-	-
NET CASH USED IN INVESTING ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Equity Shares	-	-
Proceeds from Share premium	-	-
Net Proceeds from Long Term Borrowings	-	-
NET CASH USED IN FINANCING ACTIVITIES	-	-
Net increase in cash and cash equivalents	1.83	0.03
Cash and Cash equivalents (Opening Balance)	0.69	0.66
Cash and Cash equivalents (Closing Balance)	2.52	0.69

FOR AND ON BEHALF OF THE BOARD

D.KRISHNA KUMAR RAJU
Chairman

D.SREE RAMA RAJU
Director

Place : Hyderabad

Date : 01-09-04

CERTIFICATE

To
The Board of Directors
M/s Neocure Therapeutics Limited

We have examined the attached Cash Flow Statement of M/s Neocure Therapeutics Limited for the year ended 31st March, 2004. The Statement has been prepared by the company in accordance with the requirement of Clause 32 of listing agreement with Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 1/9/04 to the members of the company.

for **P. MURALI & CO.,**
CHARTERED ACCOUNTANTS

Place: Hyderabad.

Date : 01-09-04

(P. MURALI MOHANA RAO)
PARTNER

NEOCURE THERAPEUTICS LIMITED



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. - State Code

Balance Sheet

Date Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

PUBLIC ISSUE

RIGHTS ISSUE

BONUS ISSUE

PRIVATE PLACEMENT

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

TOTAL LIABILITIES

TOTAL ASSETS

SOURCES OF FUNDS

PAID - UP CAPITAL

RESERVES & SURPLUS

SECURED LOANS

UNSECURED LOANS

DEFERRED TAX

APPLICATION OF FUNDS

NET FIXED ASSETS

INVESTMENTS

NET CURRENT ASSETS

MISC. EXPENDITURE

ACCUMULATED LOSSES

* Net Fixed Assets includes capital work-in-progress.

NEOCURE THERAPEUTICS LIMITED



IV PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

		TURNOVER						TOTAL EXPENDITURE											
						5	4	0					5	3	0	7			
		PROFIT/ LOSS BEFORE TAX						PROFIT/ LOSS AFTER TAX											
+ -						4	7	6	7	+ -						4	7	6	7
-																			
		EARNING PER SHARE IN RS.						DIVIDEND RATE %											
						0	.	3	9	N I L									

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

Item Code No. (ITC Code) 3 0 0 4

PRODUCT DESCRIPTIONS

P A R A C E T A M O L - I P - T A B S

C A T R I M O X A Z O L E - D S - T A B S

A M P I C I L L I N - C A P S

P H A R M A C E U T I C A L - F O R M U L A T I O N S

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IF UNDELIVERED PLEASE RETURN TO :

NEOCURE THERAPEUTICS LIMITED

G-4B, SEIE, Kattedan, Hyderabad - 500 077.