



Cadila Healthcare Limited

6th Annual Report 2000-2001

Zydus
Cadila
dedicated *to life*

Cadila Healthcare Limited

CADILA HEALTHCARE LIMITED

 Regd. Office: "ZYDUS TOWER", Satellite Cross Roads, Sarkhej-Gandhinagar Highway Ahmedabad-380 015

NOTICE

Notice is hereby given that the SIXTH ANNUAL GENERAL MEETING of the members of CADILA HEALTHCARE LIMITED will be held at Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 on Monday the 16th day of July, 2001 at 10.00 AM., to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2001, the Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Dr. M. A. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS
REAPPOINTMENT OF MANAGING DIRECTORS

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 and 311 and other applicable provisions, if any, read with Schedule-XIII of the Companies Act, 1956, Shri Ramanbhai B. Patel, who fulfills the conditions specified in Part I and II of Schedule XIII to the Companies act, 1956, be and is hereby re-appointed as the Managing Director of the Company for a further period of five years from 1st day of January, 2001 on the terms and conditions including remuneration and powers and duties proposed to be delegated to him as set-out in the draft Agreement placed before the Meeting, and for identification initialed by the Chairman, which is hereby specifically approved.

RESOLVED FURTHER THAT Shri P.R. Patel, Director of the Company be and is hereby authorised to execute the said Agreement with the said Managing Director, for and on behalf of the Company.

RESOLVED FURTHER THAT where in any financial year there are no profits or the same are not considered adequate by the Board, the Board is empowered to decide not to pay any remuneration or to reduce the remuneration mentioned above to any amount they consider reasonable in the circumstances of the case. The Board's powers in this behalf are absolute and if so exercised by the Board before the end of financial year or before the accounts are passed by the Annual General Meeting will override the provisions for remuneration set out above, and no remuneration or reduced remuneration as the case may be, will accrue and become payable to the said Managing Director.

RESOLVED FURTHER THAT Directors/Company Secretary of the Company be and they are hereby severally authorised to file necessary returns with the Registrar of Companies and to do all acts and things as may be necessary in this connection."

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Ordinary Resolution** :

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 and 311 and other applicable provisions, if any, read with Schedule-XIII of the Companies Act, 1956, Shri Pankaj R. Patel, who fulfills the conditions specified in Part I and II of Schedule XIII to the Companies act, 1956, be and is hereby re-appointed as the Managing Director of the Company for a further period of five years from 1st day of September, 2001 on the

Cadila Healthcare Limited

terms and conditions including remuneration and powers and duties proposed to be delegated to him as set-out in the draft Agreement placed before the Meeting, and for identification initialed by the Chairman, which is hereby specifically approved.

RESOLVED FURTHER THAT Shri Ramanbhai B. Patel Director of the Company be and is hereby authorised to execute the said Agreement with the said Managing Director, for and on behalf of the Company.

RESOLVED FURTHER THAT where in any financial year there are no profit or the same are not considered adequate by the Board, the Board is empowered to decide not to pay any remuneration or to reduce the remuneration mentioned above to any amount they consider reasonable in the circumstances of the case. The Board's powers in this behalf are absolute and if so exercised by the Board before the end of financial year or before the account are passed by the Annual General Meeting will override the provisions for remuneration set out above, and no remuneration or reduced remuneration as the case may be, will accrue and become payable to the said Managing Director.

RESOLVED FURTHER THAT Directors/Company Secretary of the Company be and they are hereby severally authorised to file necessary returns with the Registrar of Companies and to do all acts and things as may be necessary in this connection."

By Order of the Board of Directors

D. D. SANGHAVI
 Company Secretary

Place: Ahmedabad

Date : 2nd May, 2001

Registered Office:

"ZYDUS TOWER"
 Satellite Cross Roads
 Sarkhej-Gandhinagar Highway
 Ahmedabad - 380 015.

NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item 5 & 6 are annexed hereto.
2. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll only instead of himself and a proxy need not be a member.**
3. The Register of Members will remain closed from 3rd July, 2001 to 16th July, 2001 (both days inclusive).
4. Dividend if declared, will be paid on or after 19th July, 2001 to those members whose names appear on the Company's Register of Members as on 16th July, 2001, subject however to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
5. Members are requested to intimate to the Registrar and Transfer Agents viz., Pinnacle Shares Registry Private Limited, Unit: Cadila Healthcare Limited Near Asoka Mills, Naroda Road, Ahmedabad - 380 025, before 15th June, 2001, change, if any, in their registered address.

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6. For the convenience of Members, an Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and affix their signatures at the space provided therein and hand over the Attendance slip at the entrance of the place of Meeting. Proxy/Representative of a Member should mark on the Attendance Slip as "Proxy" or "Representative", as the case may be.
7. Members are requested to encash the dividend warrants immediately on receipt, as dividends remaining unclaimed for seven years are now required to be transferred to the "Investor Education and Protection Fund" to be established by the Central Government under the amended provisions of the Companies Act, 1956. You shall not be able to claim any unpaid dividend from the said fund or the Company thereafter.

REQUEST TO THE MEMBERS

1. Members desiring any relevant 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.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.



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EXPLANATORY STATEMENT

Explanatory Statement in pursuance to Section 173 (2) of the Companies Act 1956, in respect of all material facts relating to the items 5 to 6 of the accompanying notice of the Annual General Meeting to be held on 16th July, 2001.

ITEM 5 :

Shri Ramanbhai B. Patel was appointed as Managing Director of the Company for a period of 5 years from 1st January, 1996. The Board of Directors of the Company at its meeting held on 21st October, 2000 reappointed him, subject to the approval of the members at the General Meeting accorded by a Special Resolution, as the Managing Director of the Company for a further period of 5 years from 1st January, 2001 on the terms & conditions as existing and remuneration as allowable under Schedule XIII to the Companies Act, 1956.

Shri Ramanbhai B. Patel is a promoter and founder of the Company and he is having more than 50 years invaluable experience in pharmaceutical industry. He has been bestowed with several prestigious awards in recognition of his services rendered to the profession, education, industry and research. He has been awarded with Prestigious " Gujarat Businessman Award " for the year 1999-2000 by the Hon'ble Union Home Minister Shri L.K. Adwani. He has been awarded fellowships of Institute of Chemists (India), The Society of Ethnobotanists, Indian Pharmaceutical Association, Mumbai and Gujarat Science Academy, Ahmedabad. He was National President of the Indian Pharmaceutical Congress Association during 1988-90 and President of The Indian Pharmaceuticals Association during 1986-87, President of Gujarat State Pharmacy Council since 1977 and Executive Committee Member of Pharmacy Council of India since 1977. Under his able leadership our Company which was initially ranked at 16th position as per ORG report of July, 1995, now ranked 6th position as per ORG report of March, 2001. The turnover of the Company which was Rs.221.10 Crore in the year 1995-96 raised to Rs. 508.79 crore in the year 2000-2001. He is a Science Graduate from Bombay University and Graduate in Pharmaceutical science from L.M. College of Pharmacy, Ahmedabad.

Since, Shri Ramanbhai B. Patel has attained the age of 70 years, as per the requirement of Clause C of Part-I of Schedule XIII of the Companies, Act, 1956 his appointment is required to be approved by members by a Special Resolution passed at the General Meeting.

The remuneration proposed to be paid and the perquisites proposed to be provided to Shri Ramanbhai B. Patel are set out below:-

REMUNERATION

- I. The Managing Director shall be entitled to the following remuneration by way of salary, dearness allowance, perquisites, commission and other allowances.

SECTION I.

Subject to the applicable provisions of Section 198 and Section 309 read with Schedule-XIII of the Companies Act, 1956, the Managing Director will be paid the remuneration by way of salary, dearness allowance, perquisites, commission and other allowances or any combination thereof which shall not exceed five per cent of the net profits of the Company with overall ceiling of ten percent for all such managerial persons appointed by the Company for the financial year computed in the manner laid down in Section 349, 350 and 351.

SECTION II.

1. Notwithstanding anything contained hereinabove, where in any financial year during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the Managing Director shall be paid remuneration by way of salary, dearness allowance, perquisites and any other allowances, not exceeding ceiling limit of Rs.24,00,000/- per annum or Rs.2,00,000/- per month calculated in the following scale:-

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Sr. No.	Where the effective capital of a Company on the last day of preceding financial year is -	Monthly remuneration payable shall not exceed-
I	Less than Rs.1.00 crore	Rs. 75,000.00
II	Rs.1.00 crore or more but less than Rs.5.00 crore	Rs.1,00,000.00
III	Rs. 5.00 crore or more but less than Rs.25.00 crore	Rs.1,25,000.00
IV	Rs.25.00 crore or more but less than Rs.100.00 crore	Rs.1,50,000.00
V	Rs.100.00 crore or more	Rs.2,00,000.00

2. The Managing Director shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified in paragraph 1 of this Section.
- Contribution to provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
 - Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
 - Encashment of leave at the end of the tenure.

BOARD'S POWER TO DECIDE PAYMENT OF REMUNERATION

Notwithstanding anything herein above stated, where in any financial year, there are no profits or the same are not considered adequate by the Board, the Board is empowered to decide not to pay any remuneration or to reduce the remuneration mentioned above to any amount they consider reasonable in the circumstances of case. The Board's powers in this behalf are absolute and if so exercised by the Board before the end of the financial year or before the accounts are passed by the Annual General Meeting will override the provisions for remuneration set out above, and no remuneration or reduced remuneration as the case may be, will accrue and become payable to the said Managing Director.

SITTING FEES

- II. The Managing Director shall not be entitled to sitting fees for attending meeting of the Board of Directors or committees thereof.

RATEABLE PROPORTION

- III. If the Managing Director's employment shall cease during the currency of any financial year, he or his executors or administrators shall be entitled to rateable proportion of what he would have received if he had lived and been employed for the whole of that year.

REIMBURSEMENT

- IV. The Managing Director shall be entitled to reimbursement of all expenses including traveling, entertainment and other out-of-pocket expenses incurred in connection with the business of the Company.

NOT EXCLUSIVE

- V. The Directors are at liberty from time to time to appoint any other person or persons to be Managing Director.

COMPENSATION

- VI. If at any time the office of the Managing Director is determined before the expiry of his term of office, the Managing Director shall be entitled to compensation for loss of office in accordance with and subject to the restrictions laid down in Section 319 of the Act.

The Board recommends the acceptance of the Resolution set out in the Notice convening the meeting.

Cadila Healthcare Limited

The said draft agreement as stated in the Resolution is available for inspection to the Members at the Registered Office of the Company on any working day between 11.00 a.m. and 3.00 p.m.

Apart from Shri Ramanbhai B. Patel Managing Director himself, Shri Pankaj R. Patel and Smt. Taraben R. Patel (alternate director to Shri Sharvil P. Patel) being relative of Shri Ramanbhai B. Patel are interested in the resolution.

The above information may be treated as abstract and Memoranda under Section 302 of the Companies Act, 1956.

ITEM 6 :

Shri Pankaj R. Patel was appointed as Managing Director of the Company for a period of 5 years from 1st September, 1996. The Board of Directors of the Company at its meeting held on 2nd May, 2001 re-appointed him, subject to the approval of the members at the General Meeting accorded by an Ordinary Resolution, as the Managing Director of the Company for a further period of 5 years from 1st September, 2001 on the terms & conditions as existing and remuneration as allowable under Schedule XIII to the Companies Act, 1956.

Shri Pankaj R. Patel is one of the promoters of the Company and actively involved in day to day management and administration of the Company. Due to his hard work and sincere efforts during a span of five years business operation, the Sales turn over of the Company reached to Rs. 508.79 crore as on 31st March, 2001 as against Rs. 221.10 crore in the year 1995-96 when he was appointed as Managing Director of the Company. Profit before tax of the Company for the year 2000-01 was Rs. 70.81 crore as against Rs. 6.19 crore for the year 1995-96. Considering his dedicated services and restless efforts in the progress of the Company and considering the business expansion and New Projects undertaken and Projects under pipeline, the Company intends to continue availing his services as Managing Director of the Company. He is a qualified Pharmacist having Master Degree in Pharmacy.

The remuneration proposed to be paid and the perquisites proposed to be provided to Shri Pankaj R. Patel are set out below:-

REMUNERATION

- I. The Managing Director shall be entitled to the following remuneration by way of salary, dearness allowance, perquisites, commission and other allowances.

SECTION I.

Subject to the applicable provisions of Section 198 and Section 309 read with Schedule-XIII of the Companies Act, 1956, the Managing Director will be paid the remuneration by way of salary, dearness allowance, perquisites, commission and other allowances or any combination thereof which shall not exceed five per cent of the net profits of the Company with overall ceiling of ten percent for all such managerial persons appointed by the Company for the financial year computed in the manner laid down in Section 349, 350 and 351.

SECTION II.

1. Notwithstanding anything contained hereinabove, where in any financial year during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the Managing Director shall be paid remuneration by way of salary, dearness allowance, perquisites and any other allowances, not exceeding ceiling limit of Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month calculated in the following scale:-

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2. The Managing Director shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified in paragraph 1 of this Section.

- (a) Contribution to provident fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.

BOARD'S POWER TO DECIDE PAYMENT OF REMUNERATION

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SITTING FEES

II. The Managing Director shall not be entitled to sitting fees for attending meeting of the Board of Directors or committees thereof.

RATEABLE PROPORTION

III. If the Managing Director's employment shall cease during the currency of any financial year, he or his executors or administrators shall be entitled to rateable proportion of what he would have received if he had lived and been employed for the whole of that year.

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COMPENSATION

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By Order of the Board of Directors

D. D. SANGHAVI
Company Secretary

Place: Ahmedabad

Date : 2nd May, 2001

Registered Office:

"ZYDUS TOWER"
Satellite Cross Roads
Sarkhej-Gandhinagar Highway
Ahmedabad - 380 015.





In our quest to create a healthier world

Providing total healthcare solutions ranging from formulations, active pharmaceutical ingredients, biologicals, vaccines, diagnostics, herbals, and animal healthcare to cosmeceuticals.

In our hope to evolve through research

Optimising the lead for a new process for Sertraline Hydrochloride; developing the process for recombinant human serum albumin for which patent has been filed. Entering into a Joint Venture with Onconova Therapeutics Inc., for collaborative research in oncology. Discovering new innovative processes for several block buster products like Sildenafil, Paroxetine, Clopidogrel, Sertoline, Phenytoin Sodium etc.

In our desire to scale greater heights

Entering potential high growth segments, we launched two new speciality divisions, Neurosciences and Vaccicare. Also entered three new segments, women's healthcare, respiratory and oncology as result of the joint ventures and acquisition initiated during the year.

In our endeavour to shape tomorrow's world

Investing in specialised technology like r-DNA therapeutic protein development, lymphokine protein for treatment of cancer, transdermal novel drug delivery systems.

In our ambition to be a global healthcare company

A leading healthcare company, we strive to fulfil our promise to be a leading Asian player by 2010 and a global player by 2020.

In our commitment to support the hands that heal

Offering you products of highest quality and providing our earnest support to the hands that heal.

We remain dedicated to life

Leading the way with innovative contributions in healthcare.