

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



Aarti Drugs Ltd.

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DIRECTORS

CHANDRAKANT V. GOGRI, Chairman
MANILAL P. SAVLA, Vice Chairman
PRAKASH M. PATIL, Managing Director
NEMJEE P. SAVLA, Joint Managing Director
SATISH P. NACHANE, Wholetime Director
HARSHIT M. SAVLA, Wholetime Director
HARIT P. SHAH, Wholetime Director
RAJENDRA V. GOGRI
SHANTILAL T. SHAH

AUDITORS

Messrs. Parikh Joshi & Kothare
49/ 2341, M.H.B. Colony, Gandhi Nagar,
Bandra (East),
Mumbai 400 051.

BANKERS

Union Bank of India
Bank of Maharashtra
Bank of Baroda
Bank of India
Times Bank Limited

REGISTERED OFFICE

Plot No. N - 198, M.I.D.C., Tarapur
Village - pamtembhi, Taluka - Palghar,
Dist. Thane 401 506
Maharashtra

ADMINISTRATIVE OFFICE

Plot No. 109 - D,
Mahendra Industrial Estate,
Road No. 29, Sion (East),
Mumbai 400 022.

SECRETARIAL DEPARTMENT

3B, Ganga Vihar,
94, Kazi Sayed Street, Masjid (W),
Mumbai 400 003.

Shareholders are requested to bring their copy of the Annual Report alongwith them as the same will not be distributed at the Meeting.

Aarti Drugs Ltd.

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of AARTI DRUGS LIMITED will be held at Tarapur Industries Manufacturers Association Hall, Plot No.P-14, Tarapur Industrial Area, Boisar, Dist.Thane 401 506, Maharashtra on Saturday, 27th September, 1997 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Chandrakant V. Gogri, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Nemjee P. Savla, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Satish P. Nachane, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and further subject to all such sanctions, as may be necessary, the Company hereby approves the reappointment of Shri. Prakash M. Patil as the Managing Director of the Company for a period of five years with effect from 1st June, 1997 on the terms and conditions including remuneration as set out in the Agreement dated 9th May, 1997 entered into by the Company with him and submitted to this meeting duly initialled by the Chairman which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement so as not to exceed the limits specified in Schedule XIII to the Act as may be agreed to between the Board of Directors and Shri. Prakash M. Patil."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and further subject to all such sanctions, as may be necessary, the Company hereby approves the reappointment of Shri. Nemjee P. Savla as the Joint Managing Director of the Company for a period of five years with effect from 1st June, 1997 on the terms and conditions as set out in the Agreement dated 9th May, 1997 entered into by the Company with him and submitted to this meeting duly initialled by the Chairman which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement so as not to exceed the limits specified in

Schedule XIII to the Act as may be agreed to between the Board of Directors and Shri. Nemjee P. Savla."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and further subject to all such sanctions, as may be necessary, the Company hereby approves the reappointment of Shri. Satish P. Nachane as the Wholetime Director of the Company for a period of five years with effect from 1st June, 1997 on the terms and conditions including remuneration as set out in the Agreement dated 9th May, 1997 entered into by the Company with him and submitted to this meeting duly initialled by the Chairman which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement so as not to exceed the limits specified in Schedule XIII to the Act as may be agreed to between the Board of Directors and Shri. Satish P. Nachane."
9. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and further subject to all such sanctions, as may be necessary, the Company hereby approves the reappointment of Shri. Harshit M. Savla as the Wholetime Director of the Company for a period of five years with effect from 1st June 1997 on the terms and conditions including remuneration as set out in the Agreement dated 9th May, 1997 entered into by the Company with him and submitted to this meeting duly initialled by the Chairman which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement so as not to exceed the limits specified in Schedule XIII to the Act as may be agreed to between the Board of Directors and Shri. Harshit M. Savla."
10. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT in accordance with the provisions of Sections 198, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such sanctions as may be necessary, approval of the Company be and is hereby accorded to the variation in the terms of remuneration of Shri. Chandrakant V. Gogri, Wholetime Director of the Company with effect from 1st June, 1997 for the remainder of the tenure of his term as such as set out in the Supplemental Agreement dated 9th May, 1997 entered into by the Company with him and submitted to this meeting, and for identification initialled by the Chairman, which Agreement be and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Supplemental

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Agreement so as not to exceed the limits specified in Schedule XIII to the Act as may be agreed to between the Board of Directors and Shri.Chandrakant V. Gogri."

11. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT in accordance with the provisions of Sections 198,310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such sanctions as may be necessary, approval of the Company be and is hereby accorded to the variation in the terms of remuneration of Shri.Harit P. Shah, Wholetime Director of the Company with effect from 1st June, 1997 for the remainder of the tenure of his term as such as set out the Supplemental Agreement dated 9th May, 1997 entered into by the Company with him and submitted to this meeting, and for identification initialled by the Chairman, which Agreement be and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Supplemental Agreement so as not to exceed the limits specified in Schedule XIII to the Act as may be agreed to between the Board of Directors and Shri. Harit P. Shah."

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at Item Nos.6.to 11 above is annexed hereto.
3. All the documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 16th September, 1997 to Saturday, 27th September, 1997 (both days inclusive).
5. Members are requested to notify immediately any change in their address to the Company's Secretarial Department at 3B, Ganga Vihar, 94, Kazi Sayed Street, Masjid (West), Mumbai - 400 003.
6. Members/Proxies should bring the admission slip duly filled in for attending the meeting.

ANNEXURE TO NOTICE

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

The following Explanatory Statement sets out the material facts relating to Item Nos. 6 to 11 of the Notice convening the 12th Annual General Meeting.

Item Nos.6 to 9

At the meeting of the Board of Directors (Board) of the Company held on 25th April, 1997, Shri.Prakash M. Patil, Shri. Neenjee P. Savla, Shri. Satish P. Nachane and Shri. Harshit M. Savla have been reappointed as Managing Director, Joint Managing Director and Wholetime Directors (MD/JMD/

WTDs) of the Company respectively upon the terms and conditions contained in the agreements dated 9th May, 1997 entered into by the Company with each of them, subject to the approval of the Company in General Meeting. The agreements dated 9th May, 1997 entered into by the Company with the said MD/JMD/WTDs respectively, inter alia, contain the following material terms and conditions :

1. Period of Agreements : From 01/06/1997 to 30/05/2002.
2. Remuneration :
 - a) Salary :

Shri. Prakash M. Patil	- Rs.25,000/- per month.
Shri. Satish P. Nachane	- Rs.25,000/- per month.
Shri. Harshit M. Savla	- Rs.25,000/- per month.

The above salary per month shall be paid with power to the Board of Directors to increase the salary from time to time subject to ceiling of Rs.50,000/- per month in each of the cases.

- b) Perquisites : The following perquisites will be allowed to the said MD/WTDs : Housing accommodation or House Rent Allowance; Reimbursement of medical expenses and/or medical insurance for self and family; Leave Travel Concession for self and family once in a year; Reimbursement of fees of clubs; Personal accident insurance premium; Bonus and such other perquisites as may be determined by the Board from time to time in each of the cases.
- c) The following shall not be included in the computation of the ceiling on remuneration specified herein :
 - i) Contribution to Provident Fund, Super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the income Tax Act, 1961.
 - ii) Gratuity which shall not exceed half a month's salary for each completed year of service, and
 - iii) Encashment of leave at the end of the tenure.
- d) i) Provision of car with driver for business of the Company and use of car for private purpose shall be billed by the Company to MD/WTDs.
- ii) Telephone at residence of MD/WTDs Use of personal long distance calls on telephone shall be billed by the Company to the MD/WTDs
- e) No remuneration, except sitting fee, shall be payable by the Company to the JMD.
3. Annual Privilege Leave to MD/WTDs : On full salary for a period of thirty days and shall be entitled to accumulate such leave for maximum of 90 days. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
4. MD/WTDs shall not be paid any sitting fees for attending the Meetings of the Board of Directors and/or Committee thereof.
5. The Company shall pay to the MD/WTDs the above salary/ perquisites/allowances, notwithstanding the inadequacy of profits or no profits in any financial year during the tenure of their respective offices as such.
6. Either party shall be entitled to terminate the Agreement by giving to the other party 180 days notice in writing without showing any cause provided that the same may be waived mutually.
7. The terms and conditions of the said reappointments

Aarti Drugs Ltd.

and/or Agreements may be altered and varied from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.

8. The other terms and conditions of the Agreements are such as are customarily contained in agreements of similar nature.
9. The said reappointments/agreements including the remuneration payable to MD and WTDs of the Company shall be subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modifications, if any, made/approved as aforesaid.
10. The Agreements dated 9th May, 1997 entered into between the Company and Shri. Prakash M. Patil, Shri. Nemjee P. Savla, Shri. Satish P. Nachane and Shri. Harshit M. Savla respectively are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.
11. Your Directors recommend the resolutions at Item Nos.6 to 9 of the accompanying Notice for your approval.
12. Shri.Prakash M. Patil, Shri. Nemjee P. Savla, Shri.Satish P. Nachane and Shri.Harshit M. Savla are interested in the resolutions pertaining to their respective reappointments as Managing Director, Joint Managing Director and Wholtime Directors of the Company respectively. Shri. Manilal .P.Savla, Shri.Nemjee P.Savla and Shri. Harshit M. Savla, Directors related interse, are deemed to be concerned or interested in the resolutions pertaining to reappointments of Shri. Nemjee P. Savla as JMD and Shri. Harshit M. Savla as WTD of the Company.

None of the other Directors of the Company is, in any way, concerned or interested in the said resolutions.

Item Nos. 10 and 11

1. Shri.Chandrakant V. Gogri and Shri. Harit P. Shah are respectively holding offices as the Wholtime Directors of the Company with effect from 01/07/1995 and 01/07/1996 respectively for a period of five years in terms of the respective principal agreements dated 25/09/1995 and 03/07/1996 entered into by the Company with each of them.
2. It is proposed to enhance the remuneration payable to each of them with effect from 01/06/1997 for the remainder of their respective terms as such as set out in the Supplemental Agreements dated 09/05/1997 entered into with each of them by the Company subject to the approval of the Company.
3. The revised remuneration proposed to be paid to the said Wholtime Directors are as under :

a) Salary

Name	Present (p.m.)	Revised (p.m.)
SHRI.CHANDRAKANT V. GOGRI	Rs.18,000/-	Rs.25,000/-
SHRI.HARIT P. SHAH	Rs.10,000/-	Rs.20,000/-

The above salary per month shall be paid with power to the Board of Directors to increase the salary from time to time subject to ceiling of Rs.50,000/- per month in each of the cases.

- b) Perquisites : The following perquisites will be allowed to Shri. Chandrakant V. Gogri and Shri. Harit P. Shah. Housing accommodation or House Rent Allowance; Reimbursement of medical expenses and/or medical insurance for self and family; Leave Travel Concession for self and family once in a year; Reimbursement of fees of clubs; Personal accident insurance premium; Bonus and such other perquisites as may be determined by the Board of Directors from time to time in each of the cases.
- c) The following shall not be included in the computation of the ceiling on remuneration specified herein :
 - i) Contribution to Provident Fund, Super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity which shall not exceed half a month's salary for each completed year of service; and
 - iii) Encashment of leave at the end of the tenure.
- d) i) Provision of car with driver for business of the Company and use of car for private purpose shall be billed by the Company to Shri. Chandrakant V. Gogri and Shri. Harit P. Shah.
- ii) Telephone at residence of Shri. Chandrakant V. Gogri and Shri.Harit P.Shah. Use of personal long distance calls on telephone shall be billed by the Company to Shri.Chandrakant V. Gogri and Shri. Harit P. Shah.
4. All other terms and conditions of the said Principal Agreements remain unchanged.
5. The said Supplemental Agreements dated 9th May, 1997 are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.
6. Your Directors recommend the resolutions at Item Nos.10 and 11 for your approval.
7. Shri. Chandrakant V. Gogri and Shri. Harit P. Shah are interested in the resolutions pertaining to variation of the terms of remuneration payable to each of them. Shri.Rajendra V. Gogri, Director is deemed to be concerned or interested in the resolution at Item No.10 pertaining to variation of terms of remuneration payable to Shri.Chandrakant V. Gogri as he is related to him. None of the other Directors of the Company is, in any way, concerned or interested in the said resolutions.

Registered Office :

Plot No.N-198, MIDC,
Tarapur, Village-Pantembhi,
Taluka-Palghar,
Dist. Thane 401 506.

BY ORDER OF THE BOARD

Place : Mumbai
Dated : 23rd June, 1997

CHANDRAKANT V.GOGRI
Chairman

12TH ANNUAL REPORT 1996-97**DIRECTORS' REPORT****TO THE MEMBERS OF AARTI DRUGS LIMITED**

The Directors present their Twelfth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

	(Rupees in Lakhs)	
	1996-97	1995-96
Profit before depreciation and interest	1199.33	1059.72
Less : Depreciation	227.14	193.28
Interest	695.52	527.42
Profit before tax	276.67	339.02
Provision for taxation	36.00	NIL
Profit after tax	240.67	339.02
Appropriations :		
Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	42.28
Profit & Loss A/C balance carried to Balance Sheet	922.43	701.24

2. DIVIDEND

Your Directors have not recommended dividend for the year under review in order to conserve resources to meet working capital requirements of the Company.

3. SHARE CAPITAL

During the year under review, fully paid-up equity shares of Rs.10/- each aggregating 56,34,500 were allotted on 09/07/96 pursuant to the Scheme of Amalgamation and including bonus equity shares entitlements thereto. Further, 21,25,000 fully paid-up bonus equity shares of Rs.10/- each were also allotted on 09/07/96 to the other existing members of the Company. Further, 10,00,000 fully paid-up equity shares of Rs.10/- each were allotted on 20/01/97 at a premium of Rs.6/- per share on preferential basis in due compliance of the applicable laws and guidelines. Consequently, the paid-up share capital of the Company now stands credited at Rs.13,00,95,000/-.

4. OPERATIONS AND PROJECTS

During the year under review, the Company achieved a turnover of Rs.9427.53 Lakhs (Previous Year : Rs.7685.18 Lakhs) registering a growth of over 22%. However, the profits have been lower due to teething problems in manufacturing process of Ranitidine Hydrochloride (R-HCL) which has since been sorted out and further due to increased interest cost. The Company has also been able to achieve 100% capacity utilisation for R-HCL since January, 1997.

Your Directors are pleased to inform that the projects to manufacture Anti-diarrhoeal drug namely, "Secnidazole" and Anti-inflammatory drug namely, "Dichlofenac Sodium"

have been implemented and the production of these products has already commenced.

Your Company proposes to enhance the manufacturing capacity for its existing products by de-bottlenecking of the certain processes and installation of the balancing equipments wherever needed.

5. EXPORTS

Your Directors are pleased to inform you that based on the past export performance, the Company has been accorded the status of 'Export House' by the Government of India.

The Company has achieved an export turnover of Rs.3464.99 Lakhs (Previous Year : Rs.3376.94 Lakhs). Constant efforts are being made to achieve higher export turnover.

6. DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.

7. PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be given under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, as amended upto date.

8. DIRECTORS

The Board of Directors have reappointed Shri. Prakash M. Patil as the Managing Director, Shri.Nemjee P. Savla as the Joint Managing Director, Shri. Satish P. Nachane and Shri. Harshit M. Savla as the Wholtime Directors of the Company with effect from 1st June, 1997 for a period of five years, since their terms as such expired on 30th May, 1997.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Chandrakant V. Gogri, Shri.Nemjee P. Savla and Shri.Satish P. Nachane retire by rotation and being eligible, offer themselves for reappointment.

9. AUDITORS

Messrs. Parikh Joshi & Kothare, Auditors of the Company retire and are eligible for reappointment. Members are requested to appoint Auditors and to fix their remuneration.

10. INDUSTRIAL RELATIONS

Cordial industrial relations continued to prevail throughout the financial year under review.

11. ACKNOWLEDGEMENT

The Directors would like to place on record their appreciation of the valuable co-operation extended to the Company by the employees of the Company, Government Departments, Lending Institutions, Bankers, Suppliers and Customers for the smooth operation of the Company.

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMBAI

DATE : 23RD JUNE, 1997.

CHANDRAKANT V.GOGRI

Chairman