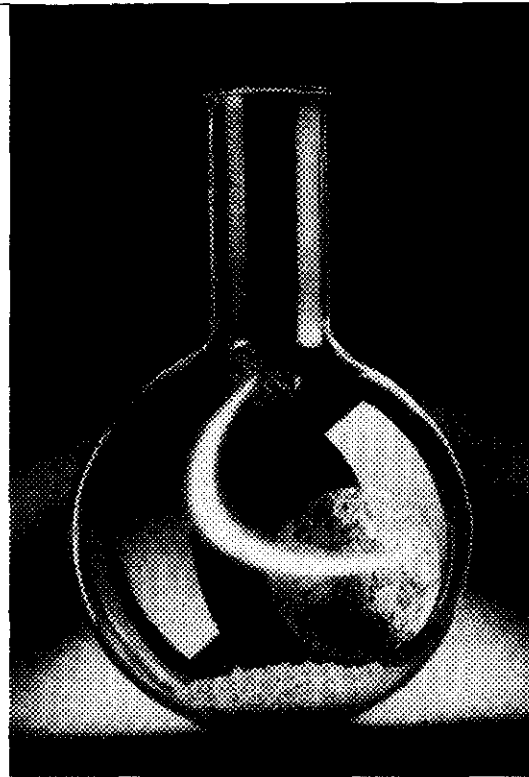


94th ANNUAL REPORT 2000



Over
9 Decades of
Excellence
Through
Dedication...



Alembic - launched in 1907 in the green undulating landscape of Baroda, has become one of the largest pharmaceutical companies in India, based on philosophy of indigenous technology. Maintaining its leadership in fermentation technology, Alembic is the largest producer of Erythromycin and Penicillin in private sector. With its No.1 position, ALTHROCIN is the largest selling pharmaceutical Product in India. Some of the milestones of Alembic are :

★ Largest manufacturer of Erythromycin in India and leading manufacturer and exporter of Penicillin formulations in the world.

★ First Indian company and second in the world to manufacture Roxithromycin, right from the basic stage.

★ One of the largest exporters of finished formulations to over 30 countries including Germany, U.K., France, Spain, Switzerland, China, Belgium etc.

★ Winner of Certificate of Excellence in 1992 from Ministry of Science & Technology.

★ Winner of "First Award" by Chemexcil, for excellent performance in export from Ministry of Commerce for the year 1991-92.

Dedication to the nation and better health care for ailing humanity are the forte to keep us marching towards a ton.

Alembic

An ISO 9002 & 14001 Company

Where the Pursuit of Progress is endless

ALEMBIC LIMITED

REGD. OFFICE : ALEMBIC ROAD, VADODARA 390 003. INDIA

Phones : (0265) 280550, 280880 • Fax : (0265) 282934, 281229 • E-mail : alembic@alembic.co.in • Website : www.alembic-india.com

ALEMBIC LIMITED

BOARD OF DIRECTORS : **SHRI CHIRAYU R. AMIN** Chairman & Managing Director
SMT. MALIKA C. AMIN Whole-time Director
DR. BABUBHAI R. PATEL
DR. MOHANLAL V. PATEL
SHRI HASMUKHLAL B. PARIKH
SHRI RANJITBHAI R. PATEL
DR. CHUNIBHAI B. PATEL
SHRI RAMANLAL M. KAPADIA
SHRI PRANAV N. PARIKH (w.e.f. 28th March, 2001)

SECRETARY : **SHRI R.M. KAPADIA**

AUDITORS : **K. S. AIYAR & CO.,**
Chartered Accountants,
4th Floor Janmabhoomi Bhavan,
24-26, Janmabhoomi Marg,
Fort, Mumbai-400 001.

BANKERS : **ABN-AMRO BANK N.V.**
BANK OF BARODA
ICICI BANK LIMITED
INDIAN BANK
ING BANK N.V.
PUNJAB NATIONAL BANK
UNION BANK OF INDIA
UTI BANK LIMITED
VIJAYA BANK
VYSYA BANK

INSTITUTIONS : **EXIM BANK**
ICICI

REGD. OFFICE : **ALEMBIC ROAD, VADODARA-390 003.**

FACTORIES : **ALEMBIC ROAD, VADODARA-390 003.**
PANELAV, TAL. HALOL, DIST. PANCHMAHALS.

STOCK EXCHANGES : **THE STOCK EXCHANGE, MUMBAI**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Trade World, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.
VADODARA STOCK EXCHANGE LIMITED
Fortune Tower, Sayajigunj, Vadodara - 390 005.

ALEMBIC LIMITED**NOTICE**

Notice is hereby given that the Ninety-fourth Annual General Meeting of the Members of Alembic Limited will be held at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003, on **Saturday, the 30th June, 2001 at 3.30 p.m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the audited Balance Sheet and Profit & Loss Account of the Company for the year ended on 31st December, 2000 and the reports of the Directors and Auditors thereon.
2. To confirm the payment of interim dividend on Preference Shares and to declare dividend on Equity Shares.
3. To appoint a Director in place of Dr. B.R. Patel, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri H.B.Parikh, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To transact the following business as Special Business:

6. To appoint a Director in place of Shri Pranav N. Parikh who vacates office pursuant to section 260 of the Companies Act, 1956 and the Articles of Association of the Company, as he was appointed as an Additional Director on the Board of Directors of the Company. The Company has received a notice under Sections 190 and 257 of the Companies Act, 1956 from a member of the Company intimating his intention to propose him for the re-appointment as a Director of the Company and for that purpose to pass the following resolution as an Ordinary Resolution with or without modifications:

ORDINARY RESOLUTION

"RESOLVED that Shri Pranav N. Parikh, having been appointed as an Additional Director, who vacates office at this Annual General Meeting, be and is hereby re-appointed as a Director of the Company."

7. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

"RESOLVED that in modification of Ordinary Resolution passed by the Company at its Eighty-eighth Annual General Meeting held on 21st September 1995, the consent of the Company be and is hereby accorded to the Board of Directors under Section 293 (1)(d) and other applicable provisions, if any, of the Companies Act, 1956, or any modifications or re-enactment thereof, to borrow for and on behalf of the Company, any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed in the aggregate for the time being the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, that the total amount upto which moneys so borrowed and/or to be borrowed shall not, at any time, exceed Rs. 350 crores (Rupees three hundred fifty crores only)."

8. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

SPECIAL RESOLUTION

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:

'The following Article No. 97A be inserted after the existing Article No. 97 in the Articles of Association of the Company:

- 97A. Notwithstanding anything contained in these Articles, pursuant to Section 192A of the Companies Act, 1956, the Company may, and in the case of resolution relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot (including voting by electronic mode), shall, get any resolution passed by means of a postal ballot (including voting by electronic mode), instead of / in addition to transacting the business in the General Meeting of the Company. Where the Company decides to pass any resolution by postal ballot, it shall send a notice by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf to all the shareholders, along with draft resolution explaining reasons therefor, and requesting them to send their assent or dissent in writing on a postal ballot, in postage pre-paid envelope to be provided by the Company, within a period of 30 days or within such period as may be prescribed by the Central Government from the date of posting of the notice.

Resolutions by postal ballot

If a resolution is assented to by a requisite majority of the shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf."

ALEMBIC LIMITED

NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain closed from Tuesday, the 19th June, 2001 to Saturday, the 30th June, 2001 (both days inclusive), for the purpose of payment of dividend.
4. The dividend when sanctioned will be made payable on or after Monday, the 9th July, 2001 to those members whose names stand on the Register of Members of the Company on 30th June, 2001. Members are requested to notify promptly any change in their registered address.
5. No tax at source will be deducted from the dividend amount as per the existing provisions of the Income-Tax Act, 1961.
6. Explanatory Statement setting out all material facts concerning item nos. 6 to 8 as required under Section 173 of the Companies Act, 1956, is annexed hereto.
7. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day.
8. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended on 30th June, 1994 have been transferred to the General Revenue Account of the Central Government.
Shareholders who have not encashed the dividend warrant for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), C.G.O. Complex, Opp. Rupal Park, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013.

Registered Office :
Alembic Road,
Vadodara 390 003.
Dated : 25th April, 2001

By Order of the Board,

R.M. KAPADIA
Secretary

**EXPLANATORY STATEMENT AS REQUIRED UNDER
SECTION 173 OF THE COMPANIES ACT, 1956.**

Item No. 6

The Board of Directors in its meeting held on 28th March, 2001 has appointed Shri Pranav N. Parikh as an Additional Director of the Company with effect from that date. Shri Pranav N. Parikh is a Commerce Graduate and has done one-year Business Administration Program at Harvard University, USA. He is a known Industrialist in Mumbai and holding directorship in other companies viz. Technova Imaging Systems Ltd., Travel Corporation of India, and Lemuir Group. He is having vast experience as an Industrialist and he has been an active participant in various industrial forums and organisations. Your Directors consider it desirable that Shri Pranav N. Parikh be re-appointed as a Director of the Company and recommend that the resolution in this regard be adopted by the members at the meeting.

Except Director Shri Pranav N. Parikh, no other Director of the Company is concerned or interested in this resolution.

Item No. 7

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves viz. reserves not set apart for any specific purpose.

The members in the Annual General Meeting held on 21st September, 1995 had accorded consent to the Board of Directors for borrowing to the extent of Rs. 200 crores. In order to enable the Board of Directors, as and when required, to raise funds for meeting the cost of expansion of business and activities of the Company, it is proposed to raise this limit to Rs. 350 crores. The approval of the members is being sought pursuant to section 293(1)(d) of the Companies Act, 1956.

Your Directors recommend the resolution for the approval of the members.

None of the Directors of the Company is deemed to be concerned or interested in the resolution.

Item No. 8

Article 97A is proposed to be inserted, being consequential alteration to the Articles of Association of the Company in view of recent amendments to the Companies Act, 1956, by insertion of Section 192A for passing of certain resolutions by postal ballot, by the Companies (Amendment) Act, 2000.

According to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of Articles of Association. Therefore, the Board recommends the resolution for the approval of the members.

None of the Directors of the Company is deemed to be concerned or interested in the resolution.

Registered Office :
Alembic Road,
Vadodara 390 003.
Dated : 25th April, 2001

By Order of the Board,

R.M. KAPADIA
Secretary

ALEMBIC LIMITED

DIRECTORS' REPORT

To,
The Members,

Your Directors submit their Ninety-Fourth Report together with the Statement of Accounts for the year ended on 31st December, 2000.

1. FINANCIAL RESULTS:

	Year ended 31st December, 2000 Rs.	Year ended 31st December, 1999 Rs.
The gross profit for the year before providing for interest, depreciation and tax, amounts to	72,02,07,954	68,38,89,675
Deducting therefrom:		
Interest and discounting charges	26,02,86,398	25,20,00,361
Depreciation	12,84,59,805	10,65,47,804
Provision for Taxation	3,05,00,000	4,04,00,000
	<u>30,09,61,751</u>	<u>28,49,41,510</u>
Adding thereto:		
Balance brought forward from last year	39,32,64,342	18,55,54,998
Transfer from Investment Allowance Reserve	87,00,000	22,00,000
	<u>70,29,26,093</u>	<u>47,26,96,508</u>
Deducting therefrom:		
Short Provision of the Income-tax of earlier years	8,72,783	-
	<u>70,20,53,310</u>	<u>47,26,96,508</u>
Appropriating therefrom:		
Debenture Redemption Reserve	2,00,00,000	-
Provision for Dividend on :Preference Shares	6,17,391	1,02,92,550
Equity Shares	2,52,48,510	2,52,48,510
Provision for Corporate Dividend Tax	57,74,076	38,91,106
General Reserve	4,00,00,000	4,00,00,000
Balance carried forward to next year's accounts	61,04,13,333	39,32,64,342
	<u>70,20,53,310</u>	<u>47,26,96,508</u>

2. DIVIDEND:

Your Directors have declared interim Dividend as under :

1. On 1,05,000 Redeemable Non-convertible Cumulative Preference Shares of Rs. 100/- each (Series D) for the year 2000 at 13.5% p.a. pro-rata for the period from 1/1/2000 upto the date of redemption (Already paid). : **3,33,984**
2. On 63,500 Redeemable Non-convertible Cumulative Preference Shares of Rs. 100/- each (Series D) for the year 2000 at 13.5% p.a. pro-rata for the period from 1/1/2000 upto the date of redemption (Already paid). : **2,83,407**

Your Directors recommend Dividend on Equity Shares as under :

- On 72,13,860 Equity Shares of Rs. 10/- each at Rs. 3.50 per share (i.e. 35%) for the year 2000. : **2,52,48,510**

3. CAPITAL:

The Company has redeemed, at par, total 1,68,500 Redeemable Non-convertible Cumulative Preference Shares of Rs.100/- each (Series D) during the year.

4. CORPORATE GOVERNANCE:

As per the amended Listing Agreement with the Stock Exchange, your Company is required to comply with the requirements of Corporate Governance by 31st March, 2002. Several steps taken by the Company in this direction are attached to this report.

ALEMBIC LIMITED

5. OPERATIONS:

The Company's sales, including export incentives, were Rs. 477.20 crores for the year ended on 31st December, 2000 as compared to Rs. 391.79 crores for the previous year ended on 31st December, 1999. The gross profit (before interest and depreciation) was Rs. 72.02 crores for the year under review as compared to Rs. 68.39 crores for the previous year ended on 31st December, 1999. The Company has made profit (before tax provision) of Rs. 33.15 crores for the year under review as compared to Rs. 32.53 crores for the previous year ended on 31st December, 1999. Although the overall sales increased by about 22%, the increase was mainly in bulk drug sales, both in domestic markets and export markets. The sales in domestic formulations markets and export formulations markets could not be achieved to the desirable level and, therefore, the profit could not be increased in line with increase in overall sales. Secondly, the profitability could not be increased because of increase in certain expenses such as publicity, power and fuel, etc.

(i) **Pharmaceutical Division :**

The sales, including export incentives, API and Generic were Rs. 452.21 crores for the year ended on 31st December, 2000 as compared to Rs. 367.66 crores for the previous year ended on 31st December, 1999.

Overall performance remained under pressure due to decline in older generation products like penicillin formulations and our second largest brand Roxid, showing a marginal growth largely on account of pressure from low priced, branded generics. Major thrust came from 15 new introductions giving a sales of Rs.15.60 crores. With introduction of Nimegesic-IR and new molecules like Rofecoxib (Rofegesic) and Celecoxib (Sionara), we are now 10th largest company in Non-Steroidal Anti-Inflammatory Drugs (NSAID) market.

During the year, we took a major step of moving into life style disease like diabetes through introduction of three new products which will be further supported by latest molecules in the coming year. Our basket of products in life style segment was further strengthened with introduction of products like Sildenafil Citrate (Alsigra - for erectile dysfunction) and Calcitriol (Dolcy-Osteoporosis). With aggressive media exposure, we could revive our flagship brand, Glycodin. Introduction of Glycodin Activ, a brand extension in cough and cold segment will make significant contribution in the coming year.

Export Sales:

Export Sales for the year ended on 31st December, 2000 were Rs. 98.39 crores as against Rs. 75.35 crores for the previous year ended on 31st December, 1999 showing a growth of about 31%.

In the year 2000, the Company could achieve some growth in export of its branded formulations due to marketing activities undertaken for the products by Company's representative offices established in various markets.

To consolidate our position in the existing markets new products are under process of registration.

API Marketing Division:

Overall sales performance of Active Pharmaceutical Ingredients (API) - (Bulk Drugs) reached to a new high with domestic sales of Rs.91.21 crores as compared to previous year's sales of Rs.49.49 crores and the overall API sales reaching to Rs. 163.35 crores mark.

We consolidated our presence in South East Asian Markets and are working towards more active presence in China. Plans are in place for achieving substantial sales of Roxithromycin in EU countries. We could establish presence in the East European markets. Strategies put in place in Latin and South American Markets are yielding results.

Generic Division:

The Company launched its Generic Division on 13th May, 2000 by having attendance of 31 Super Stockists at Vadodara. Since then, the Division has launched 90 brands with extension in various forms covering the therapeutic segments of Antibiotic, cough & cold, NSAID, B-complex, Cardio Vascular Drugs, etc.

Generic product basket has helped us to expand our covered market by entering into segments where we were not present through prescription business.

At present we have strong network of 32 super stockists all over India and under them around 3000 stockists/sub-stockists/wholesalers are working.

Generic Division has achieved total sales of Rs.15.89 crores during the period from May, 2000 to December, 2000.

ALEMBIC LIMITED**(ii) Veterinary Division:**

The sales of Veterinary Division were Rs. 24.99 crores for the year ended on 31st December, 2000 as against Rs. 24.06 crores for the previous year ended on 31st December, 1999.

As per the marketing needs, Alembic Veterinary Division has been restructured into Alembic Veterinary Division - Livestock and Alembic Veterinary Division - Poultry.

To strengthen the product mix of Poultry Division an agreement has been signed with a foreign party to import and market the poultry vaccines in India.

New products lines are also added which includes Docmycin 50 gm., Maducox, Promix-Y Forte and in Livestock Tik-out 15 ml/50 ml/100 ml.

6. ACTIVE PHARMACEUTICAL INGREDIENTS (API) - (BULK DRUGS) :**(i) PRODUCTION:**

Production of Penicillin G first crystal increased by 60% to 767 MMU and that of Erythromycin remained at the same level as last year. Erythromycin productivity saw a significant rise, but the total production was similar to last year owing to less number of runs taken. Production of Macrolides also saw a steep rise with Clarithromycin production more than doubling, followed by Azithromycin production, which increased by more than 40% and that of Roxithromycin seeing an increase in production to the extent of 15%.

Ceph-C project was commercialised in October 2000. Around 1.5 MT of 7-ACA was manufactured from the same. The production of Ceph-C, 7-ACA is less due to low international prices and some difficulty in scale-up.

(ii) MARKETING:**(i) Penicillin G & Derivatives**

Price of Penicillin G fell in the second quarter but gained later (higher than the first quarter) and remained stable thereafter. Our Penicillin sales saw a healthy growth of around 70% on quantitative basis with respect to last year. This rise was due to better targeting of the customers supported with increased production.

(ii) Erythromycin and Semi-Synthetic Macrolides

The price trend of Erythromycin Thiocyanate was stable in the first half and later on moved to higher levels. Due to sudden spurt in demand of Erythromycin Thiocyanate, the Company made a record sales of more than 35 MT in the second half of the financial year.

The Company witnessed good growth in the sales of Macrolides in 2000. This may be attributed to giving more marketing thrust to Macrolides globally.

Quantitative growth was possible by increased production of Macrolides through better processes and utilisation of capacity to its optimal level.

Your Company achieved an important landmark towards our dedicated and continuous efforts to enter into Regulatory Markets by receiving the European "Certificate of Suitability" (CoS) issued by European Directorate for Quality of Medicine (EDQM) for Roxithromycin. This has paved our entry into the European markets and thereby guaranteeing better realisation.

7. MODERNISATION AND EXPANSION:

The Ceph-C, 7-ACA project has been completed with the commissioning of the project in October, 2000.

In co-generation power plant, gas turbine No.3 of 4 MW was successfully commissioned in September, 2000.

Your Company successfully installed Micro-filtration unit for Erythromycin recovery, which increased our capacity through de-bottlenecking and also bettered our efficiency.

Fresh expansion plans are on the anvil, primarily in the areas of R&D and Regulatory Compliance. We plan to procure sophisticated equipment for R&D and develop a separate pilot plant for developmental work. Investments will be directed towards renovating and upgradation of manufacturing facility to meet increasing regulatory requirements. This will in turn help the Company to expand its markets to regulatory areas, thereby offering better returns.

ALEMBIC LIMITED

Investments will also be made towards de-bottlenecking the fermentation capacity to manufacture Penicillin -G, Erythromycin and Cephalosporin-C, to the optimal capacity.

8. TAKE OVER OF BULK DRUG UNIT OF DARSHAK LTD. :

The Company was on look-out for good manufacturing facilities for its bulk drug expansion requirements and has now finalised to take over the Bulk-Drug unit (BD) of Darshak Ltd. (promoted by the Company earlier). The Scheme of Arrangement together with exchange ratio of equity shares, has been finalised, subject to your approval, and those of respective High Courts and other concerned authorities. The main terms of the Scheme are as under:

- (a) The Appointed Date is 1.04.2000.
- (b) All the assets and all the liabilities of BD will be transferred to the Company at book values.
- (c) The Company will be required to issue 6 equity shares of Rs.10/- each for every 100 equity shares of Rs.10/- each held by the Shareholders of Darshak Ltd. after take over becomes effective.
- (d) The take over will be effective after receiving all necessary approvals of Shareholders, High Courts, etc. and after completing all formalities as required under the Companies Act and other relevant laws, rules, regulations, etc.

The Company will approach the members, with necessary details, for their consideration of the proposal, under directions of the High Court of Gujarat, in due course.

9. ISO-9002 AND ISO-14001 CERTIFICATION:

The philosophy of the Company is continuous improvements both in Quality Standards and Environment Standards. Our endeavour to achieve excellence is demonstrated by two certificates that we have got namely ISO-9002 and ISO-14001 from world renowned body.

Your Company has been able to control all types of pollution by adopting the latest technology for the treatment of its effluents. The treated effluent is also being recycled in line with best practices for environment protection.

The Company believes in continuous improvements both in our quality and environment standards and is committed to comply with all relevant legislation and regulation. For this purpose, the Company is committed to continuous training and development of its people in order to achieve desirable social objectives.

10. RESEARCH & DEVELOPMENT:

R&D efforts yielded significant impact on the performance of the API business. This was both in terms of productivity improvements as well as introduction of newer molecules in the market.

On the fermentation front, the improvement in producing cultures and production practices evolved from R&D studies, helped to the improved productivity of both Penicillin-G and Erythromycin.

The productivity improvements of Cephalosporin-C culture have given the Company enough confidence to commercialize the new improvised process in the beginning of year 2001. Several new products were commercialized and are in pipeline for the next year. Active support was given by R&D in developing and standardizing processes for products being targeted for Regulatory Markets.

Non-infringing processes were developed for some of the existing products to facilitate entry into developed markets post-product patent expiry. R & D Projects were taken on contract basis for Multi-National Companies (MNCs). This has opened up a new opportunity of business for the Company.

The Department of Science and Technology (DST)-National Chemical Laboratory (NCL)-Alembic Project on "Rational Design, Synthesis and Screening of new Anti-Microbial Macrolides" has been started at NCL, Pune, and is proceeding according to plans and targets laid.

11. INFORMATION TECHNOLOGY:

Your Company has implemented ERP solution SAP R/3 and this has gone live at Vadodara and Panelav factories with effect from 01.10.2000.

Your Company has upgraded Networking Infrastructure and Computers to meet the future challenges. Your Company will continue to encourage an extensive use of Information Technology solutions to streamline processes, improve its cost control and increase work effectiveness.

ALEMBIC LIMITED**12. CONTINGENT LIABILITIES - GAS PRICE MATTERS :**

The matter of contingent liabilities of gas price principal and interest liabilities has been with the Courts of Law for quite some time. The Company is optimistic about the favourable outcome in the matter. It is hoped that the matter would be settled satisfactorily.

13. HUMAN RESOURCES INITIATION IN 2000:

The Company's belief in its Human Resources as the most valuable asset is firmly rooted in its philosophy of self reliance, indigenisation and import substitution right from Alembic's inception. The year in retrospect focussed on further strengthening its Human Resource-the rich repository of knowledge-by adding, updating and training talents at top, senior and middle level in the organization.

Organisational worth comes from the collective worth of its people. The Company's endeavour for the year focussed on instilling and developing required attributes through planned interventions and interactions. Business awareness building and sensitizing the employees towards competitive scenario ahead has been the focal message of all training and development inputs.

14. SUBSIDIARY COMPANY:

As required under Section 212 of the Companies Act, 1956, the accounts of the subsidiary company M/s. Alembic Exports Limited are annexed.

15. FIXED DEPOSITS:

The Fixed Deposits including loans from Shareholders of the Company as on 31st December, 2000 amounted to Rs. 30,81,98,401/-. Out of these, deposits aggregating to Rs. 47,93,401/- from 510 depositors have not been renewed on due dates. Deposits of Rs. 24,39,500/- have since been repaid or renewed at the option of 241 depositors and for balance of Rs. 23,53,901/- from 269 depositors, no instructions have been received so far.

16. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

In accordance with the provisions of 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, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in Annexure "A" to this Report.

17. PARTICULARS OF EMPLOYEES:

In compliance with the provision of Section 217(2A) of the Companies Act, 1956, a Statement giving requisite information is given in Annexure "B" and forms part of this Report.

18. DIRECTORS:

The Board of Directors had appointed Shri Pranav N. Parikh, as an Additional Director of the Company with effect from 28th March, 2001. He holds office until the conclusion of ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing his appointment as a Director liable to retire by rotation. Your Directors recommend his appointment as Director liable to retire by rotation.

Under the Company's Articles of Association, Dr. B.R. Patel and Shri H.B. Parikh retire by rotation and are eligible for re-appointment.

19. AUDIT COMMITTEE:

The Company has constituted Audit Committee comprising of Shri R.R. Patel, Dr. B.R. Patel, Shri H.B. Parikh and Dr. C.B. Patel. The Committee reviewed the Internal Control System, Scope of Internal Audit and compliance of related regulations. The Committee reviewed at length and approved the Annual Financial Statements before the same were considered by the Board of Directors.

20. AUDITORS:

M/s. K.S. Aiyar & Co., the Company's Auditors, will retire at the conclusion of the ensuing Annual General meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them and fix their remuneration.

21. COST AUDITORS:

The Central Government has directed that an audit of Cost Accounts maintained by the Company relating to Bulk Drugs, Formulations and Industrial Alcohol for the year ended on 31st December, 2000 be conducted by Auditor with qualification prescribed in Section 233B (1) of the Companies Act, 1956. Accordingly, the Board has with the approval of the Central Government, appointed Shri H.R. Kapadia as Cost Auditor for the year ended 31st December, 2000.