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Aarti Drugs Ltd.

Report  junction.com

**13th Annual Report
1997-98**



Aarti Drugs Ltd.

13TH ANNUAL REPORT 1997-98

DIRECTORS

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

AUDITORS

Messrs PARIKH JOSHI & KOTHARE
49/2341, M.H.B. Colony, Gandhi Nagar,
Bandra (East),
Mumbai 400 51.

BANKERS

Union Bank of India
Bank of Baroda
Bank of India
Times Bank Limited
State Bank of India

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



Regd. Off. : Plot No. N - 198, MIDC, Tarapur, Village Pamternbhi, Taluka Palghar, District Thane - 401 506
Admn. Off. : Mahendra Industrial Estate, III Floor, Plot No. 109-D, Road No. 29, Sion (East), Mumbai 400 022.

ABSTRACT U/S. 302 OF THE COMPANIES ACT, 1956.

To,
 The Members of
AARTI DRUGS LIMITED

At the meeting of the Board of Directors (Board) of the Company held on 5th May, 1998, in terms of the power given to the Board by the Company at its Annual General Meeting held on 27th September, 1997 to increase the salary, the remuneration payable to the Managing/Wholetime Directors (M.D./W.T.D.) of the Company has been revised with effect from 1st April, 1998 as under:

| Name | Salary (Rs.) Present | Per Month Revised |
|-------------------------------------|-------------------------|----------------------|
| Shri. Chandrakant V. Gogri (W.T.D.) | 25,000/- | 29,000/- |
| Shri. Prakash M. Patil (M.D.) | 25,000/- | 29,000/- |
| Shri. Satish P. Nachane (M.D.) | 25,000/- | 29,000/- |
| Shri. Harit P. Shah (W.T.D.) | 25,000/- | 28,000/- |
| Shri Harit P. Shah (W.T.D.) | 20,000/- | 23,000/- |

MEMORANDUM OF CONCERN OR INTEREST

The said Director are interested in the respective revised remuneration payable to each one of them. Shri. Rajendra V. Gogri and Shri. Manilal P. Savla are deemed to be interested or concerned in the revised remuneration payable to Shri. Chandrakant V. Gogri and Shri. Harshit M. Savla respectively as they are related interest. None of the other Directors of the Company is, in any way, concerned or interested in the said variation of remuneration.

For and on behalf of Board
 Sd/-
CHANDRAKANT V. GOGRI
 Chairman

Mumbai, 21st May, 1996



13TH ANNUAL REPORT 1997-98

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of AARTI DRUGS LIMITED will be held on Saturday the 26th day of September, 1998 at 10.30 A.M. at the Registered Office of the Company at Plot No.N-198, M.I.D.C., Tarapur, Village Pamtembhi, Tal. Palghar, Dist.Thane, Maharashtra, 401 506 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri. Harshit M. Savla, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Harit P. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri. Rajendra V. Gogri, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. 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 provision of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to contribute to any institute, body, trust, society, association of persons, funds for any charitable or other purposes, not directly relating to the business of the Company or the welfare of the employees upto an amount not exceeding Rs.25 lakhs per annum, notwithstanding that the said amount may exceed the limits laid down in Section 293(1)(e) of the Companies Act, 1956."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, approval of the Company be and is hereby accorded to the variation in the terms of remuneration of Shri Prakash M. Patil, Managing Director of the Company with effect from 1st April, 1998 for the remainder of the tenure of his term as set out in the Supplemental Agreement dated 5th May, 1998 entered into by the Company with him and submitted to this meeting, and for identification initialled by the Chairman, which Supplemental Agreement be and is hereby specifically sanctioned".

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, approval of

the Company be and is hereby accorded to the variation in the terms of remuneration of Shri Satish P. Nachane, Managing Director of the Company with effect from 1st April, 1998 for the remainder of the tenure of his term as set out in the Supplemental Agreement dated 5th May, 1998 entered into by the Company with him and submitted to this meeting, and for identification initialled by the Chairman, which Supplemental Agreement be and is hereby specifically sanctioned".

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, approval of the Company be and is hereby accorded to the variation in the terms of remuneration of Shri Harshit M. Savla, Wholetime Director of the Company with effect from 1st April, 1998 for the remainder of the tenure of his term as set out in the Supplemental Agreement dated 5th May, 1998 entered into by the Company with him and submitted to this meeting, and for identification initialled by the Chairman, which Supplemental Agreement be and is hereby specifically sanctioned".

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals 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 April, 1998 for the remainder of the tenure of his term as set out in the Supplemental Agreement dated 5th May, 1998 entered into by the Company with him and submitted to this meeting, and for identification initialled by the Chairman, which Supplemental Agreement be and is hereby specifically sanctioned".

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, approval of the Company be and is hereby accorded to the variation in the terms of remuneration of Shri Harshit P. Shah, Wholetime Director of the Company with effect from 1st April, 1998 for the remainder of the tenure of his term as set out in the Supplemental Agreement dated 5th May, 1998 entered into by the Company with him and submitted to this meeting, and for identification initialled by the Chairman, which Supplemental Agreement be and is hereby specifically sanctioned".

Registered Office :
Plot No.N-198, MIDC,
Tarapur, Village-Pamtembhi,
Taluka-Palghar,
Dist. Thane 401 506.

Place : Mumbai
Dated : 5th May, 1998.

BY ORDER OF THE BOARD

CHANDRAKANT V. GOGRI
Chairman



Aarti Drugs Ltd.

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 Special Business at Item Nos. 7 to 12 above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 15th September, 1998 to Saturday, 26th September 1998 (both days inclusive).
4. The dividend, when declared, will be paid on or after 25th October, 1998.

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.

Registered Office :
Plot No.N-198, MIDC,
Tarapur, Village-Pantembhi,
Taluka-Palghar,
Dist. Thane 401 506.
Place : Mumbai
Dated : 5th May, 1998.

BY ORDER OF THE BOARD

CHANDRAKANT V. GOGRI
Chairman

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. 7 to 12 of the Notice convening the 13th Annual General Meeting.

Item No. 7

As per the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of a public Company shall not except with the consent of such public company contribute to Charitable and other funds not directly relating to the business of the Company or the welfare of its employees in excess of Rs. 50,000 or 5% of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956, during the three financial year, immediately preceding, whichever is greater.

Acknowledging the Company's increased responsibility towards social, philanthropic and other causes of public utility, your Directors recommend for approval by the Shareholders that the limit of contribution to charitable and other funds be fixed not exceeding Rs. 25 (Twenty five) lakhs per annum.

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

Item Nos. 8 to 12

The Board of Directors of the Company at its meeting held on 5th May, 1998 considered appropriate to vary the terms of remuneration of all the Managing/Wholtime Directors of the Company by providing for personal usage of car to the said Directors subject to the approval of the Company in the General Meeting. The terms of variation as set out in the respective Supplemental Agreements are as under :

"Provision of car with driver for business of the Company as well as for personal use".

The draft resolutions as item nos. 8 to 12 of the accompanying Notice are, thus, proposed to be passed as such to obtain the consent of the Company for the above variation.

The above may be treated as an abstract of the respective supplemental agreements made between the Company and the Managing/Wholtime Directors under Section 302 of the Companies Act, 1956.

The Principal and Supplemental Agreements entered into between the Company and the Managing/Wholtime Directors are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. excluding Saturdays & holidays.

Shri Prakash M. Patil and Shri Satish P. Nachane, Managing Directors and Shri Harshit M. Savla, Shri Chandrakant V. Gogri and Shri Harit P. Shah, Wholtime Directors of the Company are interested in the said variation relating to their own office as such. Shri Rajendra V. Gogri and Shri Manilal P. Savla are deemed to be concerned or interested in the variation relating to the office as such of Shri Chandrakant V. Gogri and Shri Harshit M. Savla as they are related inter se. 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.
Place : Mumbai
Dated : 5th May, 1998.

BY ORDER OF THE BOARD

CHANDRAKANT V. GOGRI
Chairman

13TH ANNUAL REPORT 1997-98

DIRECTORS' REPORT

TO THE MEMBERS OF AARTI DRUGS LIMITED

The Directors present their Thirteenth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 1998.

1. FINANCIAL RESULTS

| | (Rupees in Lakhs) | |
|--|-------------------|---------|
| | 1997-98 | 1996-97 |
| Profit before depreciation & interest | 1439.29 | 1235.07 |
| Less : Depreciation | 279.93 | 227.15 |
| Interest | 673.39 | 750.53 |
| Profit before tax | 485.97 | 257.39 |
| Provision for taxation | 50.09 | 36.20 |
| Profit after tax | 435.88 | 221.19 |
| Appropriations : | | |
| Transfer to General Reserve | 10.89 | NIL |
| Proposed Dividend | 143.10 | NIL |
| Profit & Loss A/c balance carried to Balance Sheet | 1215.20 | 922.43 |

2. DIVIDEND

Your Directors have recommended a dividend at 11 % per annum for the year under review. The proposed dividend, if declared at the Annual General Meeting will result in pay out of Rs.143.10 lakhs (previous year Rs. Nil).

3. SHARE CAPITAL

During the year under review, the Company has increased Authorised Share Capital from Rs.17,00,00,000/- to Rs.20,00,00,000/- and further reclassified the same into 1,30,09,500 equity shares of Rs.10/- each and 69,90,500 preference shares of Rs. 10/- each.

4. OPERATIONS AND PROJECTS

During the year under review, the Company achieved a turnover of Rs.12,439.53 lakhs (Previous Year : Rs. 9,903.18 lakhs) registering a growth of over 25%. The profit for the year has shown a substantial improvement of over 81% from Rs.240.67 lakhs to Rs.435.88 lakhs.

The higher profit have resulted due to establishment of Ranitidine quality, increase in production of Ranitidine, Metronidazole, Metronidazole Benzoate, Diclofenac Sodium, Secnidazole etc. and reduction in cost of finance. The depreciation of Indian Rupee against US Dollar has also improved the profitability.

During the year, the projects to increase capacity of Ranitidine, Metronidazole, Diclofenac Sodium, Secnidazole were successfully implemented.

5. EXPORTS

The Company has further improved its export performance by increasing exports turnover from Rs.3,464.99 lakhs to Rs.4,659.49 lakhs showing an increase of over 34%.

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 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. AUDITORS' REPORT

As regards observations made by the Auditors under Para II (iv)(a) and (b) of their Report regarding non-provision of loss in the value of investments and non-provision for debts considered doubtful of recovery, the following explanations are given:

- Investments held by the Company are held as long term investments and in the opinion of the management, the diminution in the value of these investments is considered to be temporary in nature. Accordingly, as per Mandatory Accounting Standard 13 on "Accounting for Investments" issued by the ICAI, the Company has not provided for the said diminution in the value of investments.
- As regards non-provision for doubtful debts, the management expects to realise the same and attempts are being made for recovery of the same.

As regards observations made by the Auditors under Para I (17) of their Report regarding delay in depositing Provident Fund with the appropriate authorities in one case, it is clarified that the delay was due to lack of proper coordination and due to communication gap in the said one case.

9. DIRECTORS

The Board of Directors have varied the terms of Shri Satish Prabhakar Naghane - Wholtime Director by redesignating him as the Managing Director of the Company with effect from 30th September, 1997.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Harshit M. Savla, Shri Harit P. Shah and Shri Rajendra V. Gogri retire by rotation and being eligible, offer themselves for reappointment.

10. 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.

11. INDUSTRIAL RELATIONS

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

12. 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
Dated : 5th May, 1998.

CHANDRAKANT V. GOGRI
Chairman