



**Aarti Drugs Ltd.**

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**14TH ANNUAL REPORT 1998-99**

### Attention Members

Secretarial Department of the Company has been shifted to  
Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road,  
L.B.S. Marg, Mulund (West), Mumbai - 400 080.

**Working Days:** Monday to Saturday  
(Except Fourth Saturday)  
**Visiting Hours:** 9.30 a.m. to 12.30 p.m.  
2.00 p.m. to 4.00 p.m.

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**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 400 051.

**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**

Udyog Kshetra, 2nd Floor,  
Mulund - Goregaon Link Road,  
L.B.S. Marg, Mulund (West),  
Mumbai - 400 080.

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

## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of AARTI DRUGS LIMITED will be held on Monday the 28th day of June, 1999 at 10.00 a.m. at the Registered Office of the Company at Plot No.N-198, M.I.D.C., Tarapur, Village Pantembhi, 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, 1999 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. Manilal P. Savla, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Shantilal T. Shah, 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 modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications and re-enactment thereof, for the time being in force) and the provisions of other statutes as applicable and subject to such approvals and sanctions as may be necessary from the appropriate authorities, the Articles of Association of the Company be and are hereby altered as follows :

- (A) At the end of sub-clause (a) of Article 2, the following new definitions shall be inserted :

'Beneficial Owner' shall mean the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force; and

'Depository' shall mean a Depository as defined under clause(e) of sub-section(1) of Section 2 of the Depositories Act, 1996.'

- (B) In Article 2 of the Articles of Association, the existing definition of 'Member' shall be substituted by the following:

'Member' means the duly registered holder from time to time of the shares of the Company and includes the subscriber to the Memorandum of the Company and the beneficial owner in the records of the Depository.'

- (C) Insert the following new Article as Article 15A after the existing Article 15 :

'15A. The Register and index of beneficial owners maintained by a depository under the Depositories Act, shall be deemed to be the Register and index of Members and Security holders for the purposes of these Articles.'

- (D) Insert the following new Article as Article 26A after the existing Article 26 :

### '26A. DEMATERIALISATION OF SECURITIES

- (a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act.

- (b) Every person subscribing to the securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold his security with a depository, the Company Shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter it in its record the name of the allottee as the beneficial owner of the security'.

- (c) Insert the following new Article as Article 76A after the existing Article 76 :

'76A. In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a depository, the provisions of the Depositories Act shall apply.'

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 provisions of sections 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force and hereinafter referred to as "the Act") and subject to all such sanctions as may be necessary, the Company hereby approves the variations of the terms of remuneration payable to each one of the following Directors, namely, Shri. Prakash M. Patil and Shri. Satish P. Nachane, Managing Directors, Shri. Chandrakant V. Gogri, Shri. Harshit M. Savla and Shri. Harit P. Shah, Wholtime Directors of the Company with effect from 1st April, 1999 for the remainder of the tenure of their respective terms as such as set out in the respective Supplemental Agreements dated 22nd May, 1999 entered into by the Company with each one of the said Directors and submitted to this meeting duly initialled by the Chairman, which Supplemental Agreements are hereby specifically sanctioned.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the said terms of remuneration, in any one or more cases and either at a time or at different times and in

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such manner as the Board in its absolute discretion deem fit within the limits specified in the Schedule XIII of the Act."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, approval and consent of the Company be and is hereby accorded to Mr. Arun M. Patil holding and continuing to hold an Office of Profit as Vice-President - Commercial under the Company from 1st April, 1999 on a gross remuneration of Rs.2,35,230/- per annum inclusive of perquisites/allowances as are normally provided by the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the

Companies Act, 1956, approval and consent of the Company be and is hereby accorded to Mr. Sudhir P. Nachane holding and continuing to hold an Office of Profit as Manager Administration under the Company from 1st April, 1999 on a gross remuneration of Rs.1,82,616/- per annum inclusive of perquisite/allowances as are normally provided by the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, approval and consent of the Company be and is hereby accorded to Mr. Digvijay Jadeja holding and continuing to hold an Office of Profit as Export Manager under the Company from 1st April, 1999 on a gross remuneration of Rs.1,62,750/- per annum inclusive of perquisites/allowances as are normally provided by the Company."

**NOTES**

- 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.**
- The Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business at item Nos. 6 to 10 above is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22nd June, 1999 to Monday, 28th June, 1999. (both days inclusive).
- The dividend, when declared, will be paid on or after 12th July, 1999.
- The unclaimed dividend for the financial year 1994-95 has been transferred to the General Revenue Account

of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.

- Members are requested to notify immediately any change in their address to the Company's Secretarial Department at Udyog Kshetra, Mulund - Goregaon Link Road, L. B. S. Marg, Mulund (West), Mumbai - 400 080.
- Members/Proxies should bring the admission slip duly filled in for attending the meeting.

Registered Office :

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

BY ORDER OF THE BOARD

Sd/-

Place : Mumbai  
Dated : 7th May, 1999.

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. 6 to 10 of the Notice convening the 14th Annual General Meeting.

**Item No. 6**

The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer and dealing in shares and other securities as also issue of relevant certificates so as to facilitate the introduction and implementation of the Depository System. In order to bring the Articles of Association of the Company in line with the Act, it is now proposed to add/alter relevant Articles as set out in the draft resolution proposed at Item No. 6 in the accompanying Notice.

All documents referred to hereinabove 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.

Your Directors recommend the resolution at Item No. 6 of the accompanying notice for your approval.

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

**Item No.7**

- Shri. Prakash M. Patil, Shri. Satish P. Nachane, Managing Directors (MDs), Shri. Chandrakant V. Gogri, Shri. Harshit M. Savla and Shri. Harit P. Shah, Wholetime Directors (WTDs) of the Company have been holding offices as such with effect from 1.6.1997, 1.6.1997, 1.7.1995, 1.6.1997, and 1.7.1996, respectively for a period of five years in terms of the respective principal agreements entered into by the Company with each of them and varied by the supplemental agreements made from time to time.
- The Board of Directors have further varied and enhanced the remuneration payable to each one of them

with effect from 1st April, 1999 for the remainder of their respective terms as such as set out in the supplemental agreements dated 22nd May, 1999 entered into by the Company with each one of them subject to the approval of the Company in General Meeting.

3. The said supplemental agreements, inter-alia, contain the following revised material terms of remuneration :  
(a) Salary :

Name of Director	Revised (Per Month)	Present (Per Month)
Shri. Prakash M. Patil (M.D)	Rs. 45,000/-	Rs. 29,000/-
Shri. Satish P. Nachane (M.D)	Rs. 45,000/-	Rs. 29,000/-
Shri. Chandrakant V. Gogri (WTD)	Rs. 45,000/-	Rs. 29,000/-
Shri. Harshit M. Savla (WTD)	Rs. 45,000/-	Rs. 28,000/-
Shri. Harit P. Shah (WTD)	Rs. 27,000/-	Rs. 23,000/-

The Board shall have power to make annual increment subject to a ceiling of Rs. 1,00,000/- per month.

- (b) Perquisites :

- (i) Perquisites shall be provided in addition to salary to each of them. The following perquisites/allowances will be allowed to MDs/WTDs:

(Rs. per annum)

Name of Director	House Rent Allowance	Elect. Gas Expen.	Medical Exp./Ins. Premium*	Servants at Resi.	Soft Furnishings	Bonus	Leave Travel Allowance**
Shri. P.M. Patil	81,000	48,000	15,000	24,000	36,000	54,000	54,000
Shri. S.P. Nachane	81,000	48,000	Nil	36,000	39,000	54,000	54,000
Shri C.V. Gogri	81,000	Nil	Nil	36,000	Nil	54,000	54,000
Shri H.M. Savla	81,000	36,000	15,000	36,000	24,000	54,000	54,000
Shri H.P. Shah	48,600	12,000	15,000	36,000	36,000	32,400	24,000

\* Payable quarterly for self and family. \*\* Payable yearly for self and family.

- (ii) MDs/WTDs shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration:

- Contribution to Provident Fund, super annuation fund or annuity fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- Gratuity payable at rate not exceeding half a month's salary for each completed year of service.
- Encashment of leave at the end of the tenure.
- Provision of car with driver for business of the Company as well as for personal use. Provided that reimbursement of Salary paid to Driver shall not exceed the amount as stated below:

Name of Director	Maximum amount per month (Rs.)
Shri. P.M. Patil	4,000/-
Shri. S.P. Nachane	4,000/-
Shri C.V. Gogri	Nil
Shri H.M. Savla	5,000/-
Shri H.P. Shah	4,000/-

- (v) Telephone at residence. Personal long distance calls on telephone shall be billed by the Company.

- The other terms and conditions of the respective appointments remain unchanged.
- The said supplemental agreements dated 22nd May, 1999 entered into between the Company and the said MDs/WTDs 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.
- Your Directors recommend the resolution at Item No. 7 of the accompanying Notice for your approval.
- The above may also be treated as an abstract of the said supplemental agreements made between the Company and the said MDs/WTDs pursuant to Section 302 of the Companies Act, 1956.
- Shri. Chandrakant V. Gogri, Shri. Prakash M. Patil, Shri. Satish P. Nachane, Shri. Harshit M. Savla and Shri. Harit P. Shah are interested in the said resolution pertaining to variation of terms of remuneration payable to each of them. Shri. Rajendra V. Gogri & Shri. Manilal P. Savla are deemed to be concerned or interested in the resolution to the extent pertaining to variation of terms of remuneration payable to Shri. Chandrakant V. Gogri and Shri. Harshit M. Savla respectively as they are related. None of the other Directors is, in any way, concerned or interested in the resolution.

#### Item Nos. 8, 9 and 10.

Mr. Arun M. Patil, Mr. Sudhir P. Nachane and Mr. Digvijay Jadeja, relatives of Directors of the Company have been holding and continuing to hold offices of profit under the Company with effect from 1st April, 1999 as stated in the respective resolutions set out at Item Nos. 8, 9 and 10 of the Notice on gross remuneration exceeding Rs. 10,000/- per month as stated in the draft resolutions.

Under the provision of Section 314(1) of the Companies Act, 1956 approval of the Company by way of special resolution is necessary to a relative of Director holding and continuing to hold an office of profit under the Company carrying total monthly remuneration of Rs 10,000/- or more. Your Directors, thus, recommend the said resolutions for your approval to be passed as special resolutions.

Your Directors recommend the resolutions at Item Nos. 8, 9 and 10 of the accompanying Notice for your approval.

Shri. Prakash M. Patil, Shri. Satish P. Nachane and Shri. Shantilal T. Shah are deemed to be concerned or interested in the resolutions at Item Nos. 8, 9 and 10 respectively. None of the Directors 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

Sd/-

Place : Mumbai  
Dated : 7th May, 1999.

CHANDRAKANT V. GOGRI  
Chairman



**14TH ANNUAL REPORT 1998-99****DIRECTORS' REPORT**

TO THE MEMBERS OF  
AARTI DRUGS LIMITED

The Directors present this Fourteenth Annual Report and the Audited Statements of Accounts for the year ended 31st March, 1999.

**1. FINANCIAL RESULTS**

	(Rupees in Lakhs)	
	1998-99	1997-98
Profit before depreciation & interest	1603.41	1439.30
Less: Depreciation	322.24	279.93
Interest	788.97	673.39
<b>Profit before tax</b>	<b>492.20</b>	<b>485.98</b>
Provision for taxation	52.00	45.00
<b>Profit after tax</b>	<b>440.20</b>	<b>440.98</b>
<b>Appropriations:</b>		
Transfer to General Reserve	Nil	10.90
Proposed Dividend	91.07	143.10
Profit & Loss A/c balance carried to Balance Sheet	1494.52	1190.00

**2. DIVIDEND**

Your Directors have recommended a dividend at the rate of 7% for the year under review. The proposed dividend, if declared at the Annual General Meeting will result in pay out of Rs. 91.07 lakhs (Previous Year: Rs. 143.10 lakhs).

**3. OPERATIONS AND PROJECTS**

During the year under review, the Company has achieved a turnover of Rs. 13237.25 lakhs (Previous Year: Rs. 12430.20 lakhs), registering a growth of over 6.49%. However, the net profit has come down marginally to Rs. 440.20 lakhs as against Rs. 440.98 lakhs in the previous year.

During the year 1998-99, recessionary trends all over the world resulted in decrease in the demand for the Company's products. In addition, there was steep competition from China for the major products manufactured by your Company.

Your Company has made substantial progress in completion of the projects for manufacture of number of intermediates which are expected to improve the profitability during the coming years.

**4. EXPORTS**

During the year under review, export sales was Rs. 3813.74 lakhs (Previous Year: Rs. 4659.49 lakhs). Efforts are being made to boost export sales of the Company.

**5. DEPOSITORY SYSTEM**

Considering various benefits available to the Shareholders for trading in shares in dematerialised form, your Company has approached the National Securities

Depository Limited (NSDL) to permit trading of shares of the Company in dematerialised form and thereby allowing option to the Shareholders to hold their shares in Electronic form. The approval from NSDL is expected very soon.

**6. DISCLOSURE ON Y2K COMPLIANCE**

Your Company has taken necessary steps to ensure Y2K compliance for all its Computer System. The expenditure to ensure Y2K compliance is not expected to have any material financial impact.

**7. 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 'I' forming part of this report.

**8. PARTICULARS OF EMPLOYEES**

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure 'II' to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Registered Office of the Company.

**9. AUDITORS' REPORT**

As regards observation made by the Auditors under Para II (vi) of their report, the relevant note no. 4 in Notes on Accounts (Schedule 'O') is self explanatory.

**10. DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri. Manilal P. Savia and Shri Shantilal T. Shah retire by rotation and being eligible, offer themselves for re-appointment.

**11. 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.

**12. INDUSTRIAL RELATIONS**

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

**13. ACKNOWLEDGEMENT**

The Board wishes to place on record its 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

Sd/-

Place: Mumbai  
Dated: 7th May, 1999

CHANDRAKANT V. GOGRI  
Chairman