



MD	✓		BKC	✓
CS	✓		FFY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓		
YE	✓	✓		

TENTH ANNUAL REPORT

1996-97

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ALPHA DRUG INDIA LTD.



ALPHA DRUG INDIA LTD.**BOARD OF DIRECTORS****Chairman**

Mr. Bindert K. Vriesema

Vice Chairman & Managing Director

Mr. V.K.Garg

Executive Director

Mr. Anil Kohli

Directors

Mr. Ajay K. Mahajan

(Nominee of PSIDC)

Mr. Satpal Singh

(Nominee of IFCI)

Mr. P.T. Thomas

(Nominee of IDBI)

Mr. Johannes J.W. Van den Berg

Mr. Pieter de Haan

Mr. Cornelis T.P. Visker

Mr. Wilhelmus H.M. Dohmen

Mr. Joan Julia

Mr. Micheal Pettersson

(Nominees of DSM Andeno)

Dr. Nityanand

Company Secretary

Mr. Vivek Atri

Auditors

M/s S.C. Dewan & Co.

Chartered Accountants,

SCF 29, Sector 16-D,

Chandigarh - 160 016

Bankers

Punjab National Bank

Sector 19-C,

Chandigarh-160 019

Allahabad Bank

Sector 8, Madhya Marg,

Chandigarh-160 008

Registered Office & Works

Villages Kolimajra & Samalheri,

(Chandigarh-Ambala Highway)

P.O. Lalru-140 501

Distt. Patiala (Punjab).

Administrative Office

S.C.O. 18, Sector 26,

Chandigarh-160 019

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NOTICE

Notice is hereby given that the **10th Annual General Meeting** of the Company will be held at the Registered Office of the Company i.e. Villages Kolimajra & Samalheri, P.O. Lalru, Distt. Patiala (Pb) - 140 501 on Thursday, the 18th day of December, 1997 at 9.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors.
2. To appoint a Director in place of Dr. Nityanand who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS :

3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

"Resolved that M/s S.R. Batliboi & Co., Chartered Accountants, New Delhi be and are hereby appointed Auditors of the Company in place of M/s S.C. Dewan & Co., Chartered Accountants, retiring Auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

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

"Resolved that pursuant to section 31 and other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner :

A: In the existing Article 2, i.e, interpretation clause the following shall be added/substituted:

FINANCIAL COLLABORATOR: Financial Collaborator means Mr. Vijay Kumar Garg & Associates as the original co-promoter of the Company.

PSIDC: PSIDC means Punjab State Industrial Development Corporation Ltd., Chandigarh as the original co-promoter of the Company.

FINANCIAL COLLABORATION AGREEMENT : Financial Collaboration Agreement means the Collaboration Agreement dated 19th August, 1986 made between Financial Collaborator and PSIDC.

AFFILIATES: Affiliates means other associate companies & corporate bodies of participant controlled by DSM N.V of Heerlen, the Netherlands.

PARTICIPANT: Participant means DSM Andeno B.V, a

company organized and existing under the Laws of the Netherlands and whose registered office is situated at P.O. Box No. 81, 5900 AB Venlo, the Netherlands and/or any of its affiliates.

B: The existing Article 61 shall be deleted.

C : The existing Article 129-A shall be deleted.

D: Following insertion as new paragraph at the end of current paragraph of existing Article 131 :

APPOINTMENT OF ALTERNATE DIRECTOR(S) :

The Board shall appoint one or more such persons as Alternate Director(s) as shall be nominated by Participant as Alternate Director(s) to represent Participant Directors in their absence and to vote at the Board Meeting.

E: The existing Article 156 shall be deleted and following be substituted therefor :

156 : CONVENING OF MEETINGS AND NOTICE THEREOF :

A Director or Managing Director at any time and the Managing Director upon the request of a Director shall convene a meeting of the Directors. Notice of every meeting of the Directors of the Company together with the agenda of the business to be transacted thereat shall be given in writing by the Managing Director or a Director or Secretary or such other officer of the Company duly authorised in this behalf, to every Director whether within or outside India. Such notice shall be sent by registered air mail post or by fax so as to reach the addressee thereof in the normal course preferably seven days before the date of meeting unless all Directors agree by prior consent accorded in writing or by fax of such meeting being held on shorter notice.

F. The existing Article 157 shall be deleted and following be substituted therefor :

157 : QUORUM

The Quorum for a meeting of the Board of Directors shall be one third of their total number (any fraction in such one third being rounded off as one) or two Directors, whichever is higher subject however to section 287 of the Act, provided however that no quorum of the meeting of the Board of Directors of the Company shall be complete unless at least one of the Participant's Director or his Alternate is present. Provided that where at any time the number of interested Directors exceeds or is equal to two third of the total strength, the number of remaining Directors that is to say, the number of Directors who are not so interested and are present at the Meeting not being less than two shall be the quorum during such meeting. A meeting of the Directors for the time being at which quorum is present shall be competent to exercise all or any of the authorities, powers and directions by or under the Act or the Articles of the Company, for the time being vested in or exercisable by the Board of Directors generally.

ALPHA DRUG INDIA LTD.

G: The existing Article 159 shall be deleted and following be substituted therefor :

159 : APPOINTMENT OF CHAIRMAN

So long as Participant either by themselves and/or through their nominees shall hold majority of the paid up equity share capital of the Company. Participant shall have the right to nominate a person to be the Chairman of the Company as provided for in Article 98. The said nomination of the Chairman by Participant shall be from amongst the nominees of the Participant on the Board of the Company.

H: The existing Article 160 shall be deleted and following be substituted therefor :

160 : WHO IS TO PRESIDE AT MEETINGS OF THE BOARD

All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of the Directors, the Chairman be not present at the time appointed for holding the same, then in that case Vice Chairman shall be the Chairman and if Vice Chairman be also not present, then in that case, one of the another nominee Director of Participant shall be the Chairman.

I: The existing Article 162 shall be deleted and following be substituted therefor :

162 : APPOINTMENT OF BOARD COMMITTEES

Subject to the provision of the sections 292 & 293 of the Act and Article 170, the Directors may delegate any of their powers to committees consisting of any such member or members of their body as they think fit, from time to time revoke and discharge any such committee either wholly or in part and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated conform to any regulations that from time to time be imposed on it by the Directors. All acts done by such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. The Board may from time to time fix remuneration to be paid to any member or members of their body consisting a committee appointed by the Board in terms of these articles and may pay the same.

J: Following paragraph shall be substituted for Clause-2 of Article 164

164 : (2) RESOLUTION BY CIRCULATION

A resolution shall be declared to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers if any to all the directors, or to all the members of the committee(s), at their respective addresses registered with the Company and has been approved by a majority of the Directors or members of the committee(s) as are entitled to vote on the resolution.

K: 164 (3) :The existing clause (3) of Article 164 shall be deleted

L: 171 : In the Article 171 word "Director" in the last of the paragraph shall be replaced with the "Board of Directors."

The existing Article 172 shall be deleted and following be substituted therefor :

M: 172 : APPOINTMENTS OF MANAGING DIRECTOR & WHOLE TIME DIRECTOR(S)

Subject to the provisions of section 269, 316 and 317 and other applicable provisions of the Act, the appointments of the Managing Director and Whole Time Director(s) of the Company shall be made with the binding nomination of Participant, for such term or terms not exceeding five years at a time and subject to such contracts as they may think fit. Such appointments of Managing Director and Whole Time Director(s) shall be approved by an ordinary resolution in the General Meeting of the Shareholders.

The existing Article 175 shall be deleted and following be substituted therefor :

N: 175 : POWERS AND DUTIES OF THE MANAGING DIRECTOR & WHOLE TIME DIRECTOR(S)

Subject to the provisions of the Act and to the terms of any resolution of the Company in General Meeting or any Resolution of the Board and to the terms of any contract with him or them, the Managing Director or the Whole Time Directors shall function under the general superintendence, control and direction of the Board of Directors. Further provided that the powers and/or sanctions of the Managing Director/Whole Time Director(s) shall be restricted to the following :

(a) the Managing Director and the Whole Time Director(s) shall not make any capital expenditure in excess of Rs. 5.00 Lacs individually

(b) the Managing Director and the Whole Time Director(s) shall not make any capital expenditure in excess of Rs.20.00 Lacs jointly

However, a Board Committee of 3 Directors Consisting at least 2 nominees of Participant may extend the above expenditure limits of Managing Director/Whole Time Director(s) to ten times for the respective limits by way of a resolution to this effect.

Provided further that any capital expenditure beyond the above said limits including those extended by the said Committee of Directors shall be the subject of the Board.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"Resolved that Mr. Johannes J.W.van den Berg who was appointed as an Additional Director of the



Company and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"Resolved that Mr. Wilhelmus H.M. Dohmen who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"Resolved that Mr. Pieter de Haan who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"Resolved that Mr. Micheal Pettersson who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"Resolved that Mr. Cornelis T.P. Visker who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"Resolved that Mr. Joan Julia who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"Resolved that pursuant to the provisions of section 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 including schedule XIII to the Act as amended upto date, Mr. V.K. Garg be and is hereby reappointed as Vice Chairman cum Managing Director of the Company upto a further period of 15 months ending on 31st December, 1998

on the same terms of remuneration and perquisites being already paid to him which are as under :

SALARY

Rs. 15000/- per month

COMMISSION

One percent on the net profit of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a maximum of Rs. 90,000/- per annum.

PERQUISITES

These will be in addition to salary and will be restricted to an amount equal to the annual salary or Rs. 1,45,000/- per annum, whichever is less, Perquisites are classified into three categories A, B and C as follows :

CATEGORY - A

1) Residential Accommodation:

Expenditure by the Company on furnished accommodation subject to a ceiling of 50% the salary over and above 10% payable by him. The expenditure incurred by the Company on gas, electricity, water etc. shall be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of the salary. In case the Company does not provide the furnished residential accommodation, HRA @ 40% of the salary would be payable.

ii) Medical Reimbursement:

Expenditure incurred for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.

iii) Leave Travel Concession :

For self and family once in a year.

iv) Fees for Clubs:

Subject to a maximum of two clubs. This will not include admission and life membership fees.

v) Personal Accident Insurance :

Personal Accident Insurance premium not to exceed Rs. 4,000/- per month.

CATEGORY - B

1) Provident Fund:

Company's contribution to Provident Fund shall be as per the scheme of the Company, but subject to a maximum of 10% of the salary as prescribed by the Income Tax Rules.

ii) Superannuation Fund :

Contribution will be made as per the Company rules but shall not together with the Provident Fund exceed 25% of the salary.

ALPHA DRUG INDIA LTD.**iii) Gratuity:**

As per the rules of the Company payable in accordance with the approved fund for a minimum period of 5 years service, not exceeding half month salary for each completed year.

CATEGORY - C

The provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls of telephone and use of car for private purpose shall be billed by the Company.

In the event of any loss or inadequacy of profits, the aforesaid salary and perquisites be considered as the minimum payable salary.

"Resolved further that the Board be and is hereby authorised to do all such acts, deeds & things as may be considered necessary or expedient to give effect to this resolution."

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

"Resolved that pursuant to the Articles of Association of the Company and Section 198, 269 and 309 and other applicable provisions, if any of the Companies Act, 1956 including schedule XIII to the Act as amended upto date, Mr. Anil Kohli be and is hereby reappointed as the Executive Director of the Company with effect from 1st April, 1997 for a further period of five years and for payment of remuneration and perquisites on terms mentioned below :

- A. Salary not exceeding Rs. 7,30,000 per year, with an indexation of 15% per year.

B. Performance linked bonus :

Not exceeding 20% per annum over the total salary, conditional on the realisation of specific targets to be defined around the beginning of the respective year.

- C. Perquisites : In addition to salary, he will be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement, leave travel, club fees, personal accident insurance, contribution to provident fund, superannuation fund, gratuity and such other perquisites, in accordance with the rules of the Company as already applicable, provided the aggregate value of such perquisites (Computed in accordance with the income tax rules in force from time to time) shall not exceed Rs.2,50,000 per annum. with an indexation of 15% per year.

The ceiling on remuneration and perquisites shall not include the following benefits :

- Company maintained car and telephone at residence.
- Encashment of earned leave as per the rules of the Company.

"Resolved further that the Board be and is hereby authorised to do all such acts, deeds & things as may be considered necessary or expedient to give effect to this resolution."

By Order of the Board
for Alpha Drug India Ltd.

Sd/-

(VIVEK ATRI)

Place: Chandigarh

Date : 4th November, 1997 COMPANY SECRETARY



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE OR ADMN. OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed and forms part of the Notice.
3. Members are requested to intimate to the Company changes, if any, in their Registered Address alongwith Pin Code Numbers.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16.12.1997 to 18.12.1997 (both days inclusive).
5. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 9:00 A.M to 5:00 P.M except on holidays.
6. Members desiring any information as regards accounts are requested to write to the Company atleast seven days before the meeting, so as to enable the Company to keep the information ready.
7. Members/proxies should bring the attendance slips filled in for attending the meeting.
8. No gifts or gift coupons shall be distributed, members are requested to co-operate and not to demand gift.

EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956

The following are the material facts relating to the item Nos. 3 to 12 of the accompanying notice:

ITEM NO.3

M/S S.R. BATLIBOI & Co., Chartered Accountants, New Delhi are associated with M/s Ernst & Young (EY) of the Netherlands, for the purpose of auditing and other allied activities in India. Further EY are the principal auditors of DSM and in order to streamline and conduct the audit activities in the established practices adopted by them, it is proposed to appoint M/s S.R. Batliboi & Co., as the auditor of the Company.

The Board recommends the resolution for the approval of the shareholders.

ITEM NO.4

The Company has entered into an agreement with the

majority participant i.e. DSM Andeno, B.V, the Netherlands, according to which the amendments as proposed in the relevant resolution as above are to be carried out in the Articles of Association of the Company. The Board recommends the resolution for the approval of the shareholders.

ITEM NO.5

Mr. Johannes J.W. van den Berg, who has been appointed as an Additional Director effective 14th July, 1997 pursuant to provisions of Section 260 of the Companies Act, 1956, read with article 133 of the Articles of Association and in terms of the agreement entered into with DSM, holds office of Director only upto the date of the Tenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received a notice in writing alongwith a deposit of Rs.500/- from a member signifying his intention to propose the candidature of Mr. Johannes J.W. van den Berg as a Director.

Except Mr. Johannes J.W. van den Berg and other nominated Directors of DSM to the extent the holding of DSM, none of the Directors are in anyway concerned or interested in the said resolution.

ITEM NO. 6

Mr. Pieter de Haan, who has been appointed as an Additional Director effective 14th July, 1997 pursuant provisions of Section 260 of the Companies Act, 1956, read with article 133 of the Articles of Association and in terms of the agreement entered into with DSM, holds office of Director only upto the date of the Tenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received a notice in writing alongwith a deposit of Rs.500/- from a member signifying his intention to propose the candidature of Mr. Pieter de Haan as a Director.

Except Mr. Pieter de Haan and other nominated Directors of DSM to the extent the holding of DSM, none of the Directors are in anyway concerned or interested in the said resolution.

ITEM NO.7

Mr. Cornelis T.P. Visker, who has been appointed as an Additional Director effective 14th July, 1997 pursuant to provisions of Section 260 of the Companies Act, 1956, read with article 133 of the Articles of Association and in terms of the agreement entered into with DSM, holds office of Director only upto the date of the Tenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received a notice in writing alongwith a deposit of Rs.500/- from a member

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signifying his intention to propose the candidature of Mr. Cornelis T.P.Visker as a Director.

Except Mr. Cornelis T.P.Visker and other nominated Directors of DSM to the extent the holding of DSM, none of the Directors are in anyway concerned or interested in the said resolution.

ITEM NO.8

Mr. Wilhelmus H.M. Dohmen , who has been appointed as an Additional Director effective 14th July, 1997 pursuant provisions of Section 260 of the Companies Act, 1956, read with article 133 of the Articles of Association and in terms of the agreement entered into with DSM, holds office of Director only upto the date of the Tenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received a notice in writing alongwith a deposit of Rs.500/- from a member signifying his intention to propose the candidature of Mr. Wihelmus H.M. Dohmen as a Director.

Except Mr. Wihelmus H.M. Dohmen and other nominated Directors of DSM to the extent the holding of DSM, none of the Directors are in anyway concerned or interested in the said resolution.

ITEM NO. 9

Mr. Joan Julia, who has been appointed as an Additional Director effective 14th July, 1997 pursuant to provisions of Section 260 of the Companies Act, 1956, read with article 133 of the Articles of Association and in terms of the agreement entered into with DSM, holds office of Director only upto the date of the Tenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received a notice in writing alongwith a deposit of Rs.500/- from a member signifying his intention to propose the candidature of Mr. Joan Julia as a Director.

Except Mr. Joan Julia and other nominated Directors of DSM to the extent the holding of DSM ,none of the Directors are in anyway concerned or interested in the said resolution.

ITEM NO.10

Mr. Micheal Pettersson, who has been appointed as an Additional Director effective 14th July, 1997 pursuant to provisions of Section 260 of the Companies Act, 1956, read with article 133 of the Articles of Association and in terms of the agreement entered into with DSM, holds office of Director only upto the date of the Tenth Annual General Meeting of the Company as provided under the said Article but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956 the Company has received in

writing alongwith a deposit of Rs.500/- from a member signifying his intention to propose the candidature of Mr. Micheal Pettersson as a Director.

Except Mr. Micheal Pettersson and other nominated Directors of DSM to the extent the holding of DSM, none of the Directors are in anyway concerned or interested in the said resolution.

ITEM NO. 11

At the General Meeting of the Company held on 18th December, 1992 members of the Company had approved the appointment of Mr. V.K. Garg as Vice Chairman & Managing Director for a period of 5 years with effect from 1st October, 1992.

The Board of Directors of the Company, at its meeting held on 4th November, 1997 considering that it would be in the best interest of the company having reappointed him as the Vice Chairman & Managing Director of the Company subject to the approval of the shareholders, with effect from 1st October, 1997 to 31st December, 1998.

None of the Directors except Mr. V.K. Garg is interested or concerned in this resolution.

The notice & explanatory statement may be treated as an abstract of the terms of appointment and payment of remuneration to Mr. Garg as required to be circulated U/s 302 of the Companies Act, 1956.

ITEM NO.12

At the General Meeting of the Shareholder of the Company held on 16th May, 1994 Mr. Anil Kohli was appointed as Executive Director of the Company with effect from 01.03.1994

The Directors in their meeting held on 4th October, 1997, considering the services of Mr. Kohli has approved the revision in terms & conditions including the extension of the tenure of his appointment for a further period of 5 years as indicated in the relevant resolution.

None of the Directors except Mr. Kohli is interested or concerned in this resolution.

The notice & explanatory statement may be treated as an abstract of the terms of appointment and payment of remuneration to Mr. Kohli as required to be circulated U/s 302 of the Companies Act, 1956.

By Order of the Board
for Alpha Drug India Ltd.

Place : Chandigarh
Date : 4th November, 1997

Sd/-
(VIVEK ATRI)

COMPANY SECRETARY