



13th ANNUAL REPORT
1999-2000



ALPHA DRUG INDIA LTD.

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

Mr. Joan Julia

Managing Director

Mr. Anil Kohli

Directors

Mr. Ajay K. Mahajan

(Nominee of PSIDC)

Mr. Pieter de Haan

Mr. J. W.J. van den Berg

Mr. Lluís Franquesa

(Nominees of DSM Fine Chemicals)

Dr. Nityanand

Compliance Officer

Mr. Manoj Ahuja

Auditors

M/s S. R. Batliboi & Co.

20, Community Centre,

Pushp Vihar,

New Delhi 110 062

Bankers

Punjab National Bank

Sector 19-C,

Chandigarh-160 019

Allahabad Bank

Sector 8, Madhya Marg,

Chandigarh-160 008

Deutsche Bank

Sector 9-D, Madhya Marg,

Chandigarh - 160 017

Registered Office & Works

Villages Kolimajra & Samalheri,

(Chandigarh-Ambala Highway)

P.O. Lalru-140 501

Distt. Patiala (Punjab).

Address for Share Transfer & Demat**Alpha Drug India Ltd.**

Secretarial Deptt.,

Villages Kolimajra & Samalheri,

(Chandigarh-Ambala Highway)

P.O. Lalru-140 501

Distt. Patiala (Punjab).

Contents

	Page No.
Notice	2
Directors' Report	3
Auditors' Report	5
Balance Sheet	7
Cash Flow Statement	21
Proxy Form & Attendance Slips	



NOTICE

Notice is hereby given that the **13th Annual General Meeting** of shareholders of Alpha Drug India Limited (the "Company") will be held on Tuesday, the 19th December, 2000 at 11.30 A.M at the registered office of the Company i.e Villages Kolimajra & Samalheri, P.O. Lalru - 140 501, Distt. Patiala (Pb) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Lluís Franquesa who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Nityanand who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. S.R. Batliboi & Co, Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Date: 09/11/2000
Place: Lalru

(Manoj Ahuja)
Sr. Manager(F&A)

NOTES

1. A MEMBER ENTITLED TO ATTEND, 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.
2. The shares of the Company have been put into compulsorily dematerialisation w.e.f 28th August, 2000. Members are requested to submit their shares for the dematerialisation at the earliest.
3. Members are requested to intimate to the Company changes, if any, in their registered address along with Pin Code Numbers.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 28.11.2000 to 30.11.2000 (both days inclusive).
5. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the meeting, so as to enable the Company to keep the information ready. The Company may not however be able to suitably respond to queries not made in time.
6. Members/proxies should bring the attendance slips filled in for attending the meeting. No copies of the Annual Report shall be distributed in the meeting.

ALPHA DRUG INDIA LTD.**DIRECTORS' REPORT**

Dear Members,

The Directors of your Company present the 13th Annual Report together with the audited accounts for the year ended 31st March 2000.

OPERATIONS:

The working results for the year 1999-2000 were as below:

	(Rs. in Lacs)	
	1999-00	1998-99
Sales	5125.11	4776.10
Profit/(Loss) before depreciation & tax	(53.02)	(271.19)
Depreciation	292.96	297.77
Net profit/(loss)	(345.98)	(568.96)

During the year, the margins continued to be under pressure due to declining prices, arising out of intense competition in domestic markets as well as in international markets. Further, dumping resorted to by some international vendors adversely affected sales realisations and contributions. The Company had to discontinue manufacture of one of the mature products owing to shrinking margins.

FIXED DEPOSITS

The Company has not accepted any deposits under section 58-A of the Companies Act, 1956 during the year under review.

AUDITORS

M/s S. R. Batliboi & Co., Chartered Accountants, the auditors of your Company hold office till the conclusion of the ensuing Annual General meeting and being eligible offer themselves for reappointment.

The notes on accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

DIRECTORS

Mr. Lluís Franquesa and Dr. Nityanand, Directors, retire by rotation at the forthcoming AGM and being eligible offer themselves for reappointment. Your directors recommend their appointment.

FUTURE PROSPECTS

During the year, the Company faced intense competition in domestic as well as international markets. Sale of Trimethoprim, one of the products dealt with by the Company, affected adversely owing to dumping of that products in domestic market by suppliers from overseas countries. Upon the request of the Company, the Government of India, Ministry of Commerce has

recommended an antidumping duty of US\$ 3.26/kg on imports of Trimethoprim from China in September 2000. Imposition of anti-dumping duty on Trimethoprim is expected to improve sales realisation of that product in the current year. The Company obtained a Certificate of Suitability(COS) from EU authorities which will enable the Company to sell its Trimethoprim to higher end European markets.

In view of the consolidation of the SSP markets, the Company will discontinue the side chain business and focus on the Trimethoprim business in the current year and coming years. Efforts are being made to identify other products, which could be taken up in the Company based upon its experience in the available capacities. The various measures introduced by the Company to reduce cost and optimise resource utilisation have yielded encouraging results.

PERSONNEL

The particulars of the employees, required to be given under the provisions of Section 217(2A) of the Companies Act, 1956 are annexed herewith and form a part of the report. However as per the provisions Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees under section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company.

YEAR 2000 COMPLIANCE (Y2K)

The Company has had a smooth transition for Y2K and all systems/equipments are functioning normally. Looking ahead, the Directors see no material/financial impacts arising from Y2K issues.

OTHER INFORMATION AND DISCLOSURES

Information in accordance with section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) rules, 1988 is furnished in the annexure to this report and forms a part of this report.

ACKNOWLEDGEMENT

The Directors of your company acknowledge with thanks the support received from the Central and State Governments, PSIDC and Banks.

For & on behalf of the
Board of Directors of the Company

Place: Milan

Dated:09/11/2000

(Joan Julia)

Chairman



ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR 1999-2000

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' report.

A. CONSERVATION OF ENERGY:

Energy Conservation is continuously being followed and efforts made for optimum utilisation of utilities costs. Some areas were identified for improvement for which detailed action plan was made. A part of the same has been implemented

(A) POWER AND FUEL CONSUMPTION

		1999-00	1998-99
I	A Electricity purchased from PSEB:		
	a. Total Units purchased /consumed	KWH 4620550	4397405
	b. Total amount of Electricity Bill	Rs. 13856457	12152667
	c. Rate per Unit	Rs. 3.00	2.76
	B. Own Generation through Diesel Generator:		
	a. Total units generated	KWH 1192780	1332060
	b. Cost of 364385 Ltrs. (P.Y 411250Ltrs.) of Diesel consumed	Rs. 4430984	3668350
	c. Rate per unit (Average)	3.71	2.75
	d. Units Generated per Ltr. of Diesel Oil (Average)	3.27	3.24
II.	Coal	N.A	N.A
III.	Steam Generation		
	a. Steam Generated (Estimated)	M.T 21350	15500
	b. Consumption of Fuel Oil		
	i. L S H S 1635.92 KL (P.Y 1192.25 KL)	Rs. 13983138	7153506
	ii H S D 28.297 KL (P.Y. 26.980 KL)	Rs. 344092	240662
	c. Cost per Unit (Kg.) of Steam generated (Avg.)	0.67	0.48
	d. Kg. Of Steam per Ltr. of Furnace Oil/LSHS (Avg.)	13.05	13.00

(B) CONSUMPTION PER UNIT OF PRODUCTION:

It is not feasible to maintain product category wise energy consumption data as various products have different energy requirements

B. TECHNOLOGY ABSORPTION:

1. Research & Development (R&D):

The Company's R&D facilities are recognised by DSIR. The R&D activities are currently focussed on stabilizing the production process of various products identified and developed exclusively for the Export market. Some of these have already been supplied on trial basis and have been accepted by the ultimate consumers.

The Company has also taken up development of some of its vital raw materials that will eventually help in reduction of costs, dependence on outside suppliers and easy handling of complex compounds.

2. Technology Absorption, Adoption & Innovation:

The Company is laying greater emphasis on the absorption of technology of new products developed with in house R&D. The company has a team of qualified professionals suitable for the job. The Company has taken following steps to further stabilise/improve the production of Trimethoprim:

- Validation of plant.
- Approval of Drug Master File
- Approval for Certificate of Suitability.

This will enable the company to effectively and directly launch its product in the quality conscious markets.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange Earning	:	Rs. 733.75
Foreign Exchange Expenses	:	Rs. 1318.35

ALPHA DRUG INDIA LTD.**AUDITORS' REPORT****TO THE SHAREHOLDERS OF
ALPHA DRUG INDIA LTD.**

We have audited the attached Balance Sheet of Alpha Drug India Limited as at 31st March, 2000 and the Profit & Loss Account of the Company for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
2. Further to our comments in the annexure referred to above, we report that :
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the attached Balance Sheet and the Profit & Loss Account comply with the accounting standards as referred to under Section 211(3C) of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said statements of account, read together with the notes appearing in Schedule N, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view : -
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2000, and;
 - ii) In the case of Profit and Loss Account, of the loss of the Company for the year ended on that date.

S.R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
Per

Place : New Delhi
Dated : 03.07.2000

(RAJ K. AGRAWAL)
PARTNER

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 1 of our report to the members of Alpha Drug India Ltd. on the accounts as at and for the year ended 31st March, 2000)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The Company has adopted a policy of physically verifying the fixed assets in a phased manner over a period of three years. Accordingly, part of the fixed assets have been physically verified during the year. Reconciliation of the same with Fixed Assets Register is under progress. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of the assets.
2. None of the fixed assets of the Company have been revalued during the year.
3. The physical verification of stocks has been conducted by the management during the year at reasonable intervals in respect of the Finished Goods, Stores & Spare Parts, Packing Materials and Raw Materials.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of stocks of Finished Goods, Stores and Spare Parts, Packing Materials, Raw Materials and Goods in Process is fair and proper and in accordance with normally accepted accounting principles and subject to Note No.8 of Schedule 'N', is on the same basis as followed in the preceding years.
7. The Company has not taken any loan from any of the parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In terms of Sub Section (6) of Section 370 of the Companies Act, 1956, provisions of Section 370(1B) are not applicable to the Company on and after 31st October, 1998.
8. The Company has not granted any loans to any of the parties listed in the Register maintained under section 301 of the Companies Act, 1956. In terms of Sub Section (6) of Section 370 of the Companies Act, 1956, provisions of Section 370(1B) are not