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15th ANNUAL REPORT
2001-2002

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ALPHA DRUG INDIA LTD.

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BOARD OF DIRECTORS

Acting Chairman
Dr. Nitya Anand

Managing Director
Mr. Anil Kohli

Directors
Mr. Ajay K. Mahajan
(Nominee of PSIDC)
Mr. K. L. Khurana
Mr. Kuldeep Kaul
Mr. Pardeep Gupta

Company Secretary
Inderpreet Singh

Auditors
M/s. S. Tandon & Associates
SCO - 201-203, 3rd Floor,
Sector - 34B, Chandigarh

Bankers
Punjab National Bank
Sector 19-C,
Chandigarh-160 019

Allahabad Bank
Sector 8, Madhya Marg,
Chandigarh-160 008

Centurion Bank
SCO - 52-53, Sector 8-D,
Chandigarh

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).

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NOTICE

Notice is hereby given that the 15th Annual General Meeting of shareholders of Alpha Drug India Limited (the "company") will be held on Tuesday, the 26th November, 2002 at 10 a.m. at the registered office of the company.

Ordinary Business:

1. To receive consider and adopt the Audited Balance sheet and Profit & Loss Account of the company for the year ended 31st March 2002 and consider the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Dr. Nitya Anand who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s S. Tandon & Associates Chartered Accountants as auditor of the company who shall hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

Special Business

4. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

   "RESOLVED that Mr. K.L.Khurana who was appointed as an Additional Director of the company and who ceases to hold office u/s 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the company."
5. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

   "RESOLVED that Mr. Kuldeep Kaul who was appointed as an Additional Director of the company and who ceases to hold office u/s 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 the following resolution as an ordinary resolution:

   "RESOLVED that Mr. Pardeep Gupta who was appointed as an Additional Director of the company and who ceases to hold office u/s 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 the following resolution as an ordinary resolution:

   "Resolved that pursuant to the Articles of Association of the Company and section 198,269 and 309 and other ap[illegible] if any of the Companies Act, 1956 [illegible] Schedule XIII of the Act as amended upto date, Mr. Anil Kohli, be and is hereby re-appointed as the Managing Director of the Company with effect from 1st April, 2002 for a further period of five years and for payment of remuneration and perquisites on terms mentioned below:

A. Salary not exceeding Rs 5934[illegible] per year, with an indexation of 15% per year.

B. Performance linked bonus

In the year where there is no cash loss performance bonus, as decided by the Board, be paid to Mr. Anil Kohli within the overall limits mentioned under Schedule XIII of the Companies Act, 1956.

C. Perquisites

In addition to salary, he will be entitled to perquisites like furnished accomodation,

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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. 3,19,250 per annum with an indexation of 15% per year.

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

i) Company maintained car and telephone at residence.

ii) Encashment of earned leave as per the rules of the company

Explanatory Statement

Pursuant to section 173 of the Companies Act, 1956

ITEM NO. 4

Mr K L Khurana was appointed additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, he will hold the office of Additional Director upto the date of ensuing Annual General Meeting. Company has received a notice in writing under the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature for the office of Director(s) at the ensuing Annual General Meeting.

Mr K L Khurana, aged 60 years, is a Chemical Engineer having wide experience. Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr K L Khurana is appointed as a Director of the Company.

Your Directors therefore, recommend the resolution for your approval.

None of the Directors, except Mr K L Khurana are, in any way, concerned or interested in this resolution.

ITEM NO. 5

Mr Kuldeep Kaul was appointed additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, he will hold the office of Additional Director upto the date of ensuing Annual General Meeting. Company has received a notice in writing under the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature for the office of Director(s) at the ensuing Annual General Meeting.

Mr Kuldeep Kaul, aged 49 years, is a M.B.A having wide business experience. Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr Kuldeep Kaul is appointed as a Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors, except Mr Kuldeep Kaul are, in any way, concerned or interested in this resolution.

ITEM NO. 6

Mr Pardeep Gupta was appointed additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, he will hold the office of Additional Director upto the date of ensuing Annual General Meeting. Company has received a notice in writing under the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature for the office of Director(s) at the ensuing Annual General Meeting.

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Mr Pardeep Gupta, aged 49 years, is a M.B.A. having wide business experience. Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr Pardeep Gupta is appointed as a Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors, except Mr Pardeep Gupta are, in any way, concerned or interested in this resolution.

ITEM NO. 7

At the Annual General Meeting of the company held on 13th December 1997 Mr. Anil Kohli was appointed as Executive Director of the company with effect from 01.04.1997. However he was designated as Managing Director with effect from 12.01.1999 at the Annual General Meeting held on 21.09.1999.

The Directors at their meeting held on 1st April 2002, considering the services of Mr. Anil Kohli had approved his reappointment as Managing Director for a further period of 5 years with effect from 01.04.2002 as approved by the remuneration committee.

Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr Anil Kohli is re-appointed as the Managing Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

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

By Order of the Board

Date: 5-10-2002 (Inderpreet Singh)

Place: LALRU Company Secretary

NOTES:

A) The information as required to be provided under the Listing Agreements entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed / re-appointed and the relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect to the business under item 4 to 7 set out above are annexed thereto.

B) 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.

C) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

D) Members are requested to intimate to the Company, changes, if any, in their registered address along with Pin Code Numbers.

E) The Register of Members and Share Transfer Books of the Company shall remain closed from 29th Oct, 2002 to 31st Oct 2002 (both days inclusive).

F) 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 com-

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party may not be able to give suitable response to queries not made in time.

G) 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.

INFORMATION REQUIRED TO BE PUBLISHED UNDER THE LISTING AGREEMENT

As required under the listing agreement, the particulars of Directors proposed to be appointed/re-appointed are given below:

1. Name : Dr Harya Anand
   Age : 71
   Qualification : Ph.D.
   Other Directorship:
   Chairman of Ranbaxy Sciences Foundation , an autonomous body.

2. Name : Mr Pardeep Gupta
   Age : 45 years
   Qualification : M.B.A
   Other Directorship:
   1 Compact Packers Pvt. Ltd.
   2 Vital Nutrients Ltd.

3. Name : Mr Kuldeep Kaul
   Age : 45
   Qualification : M.B.A
   Other Directorship:
   1. Metro Exporters Ltd
   2. Metro Exporters (India) Pvt. Ltd.

4. Name : Mr K.L. Khurana
   Age : 60
   Qualification : M.Tech
   Other Directorship:
   Nil

5. Name : Mr Anil Kohli
   Age : 48 years
   Qualification : FCS
   Other Directorship : Alpha Employees Holding Pvt ltd.

Corporate Governance

a) Company's philosophy-

The basic philosophy of corporate governance in the company is to achieve business excellence and enhance shareholder value, keeping in view the interest of its stakeholders.

b) Board of Directors-

The Board of Directors comprises a Managing Director and 5 Non executive Directors including a nominee of Punjab State Industrial Development Corporation. During the year 5 Board Meetings were held on 19.06.2001, 30.08.2001, 06.10.2001, 21-12-2001, and 15-01-2002

The composition of the Board of Directors and their attendance at the meetings during the year and at the last Annual General Meeting as also number of other Directorships / memberships of committees are as follows-

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Name of Director	Category of Directorship	No. of Board Meeting	Attendance at last AGM	No. of other Directorships/ Committee Chairmanships/ Memberships		
				Directorship	Committee Membership	Committee Chairmanship
Dr Nitya Anand	CHAIRMAN	4	NO	-	-	-
Mr Anil Kohli	MD	5	YES	1	-	-
Mr Ajay Mahajan	NED	4	NO	16	-	-
Mr K L Khurana(#)	NED	N.A.	N.A.		-	-
Pardeep Gupta(#)	NED	N.A.	N.A.	2	-	-
Kuldeep Kaul(#)	NED	N.A.	N.A.	3	-	-
Joan Julia (*)	NED	1	N.A.	-	-	-
Peter de Haan(*)	NED	1	N.A.	-	-	-
J.W. Jvan den Berg(*)	NED	1	N.A.	-	-	-
Luis Franquesa(*)	NED	NO	N.A.	-		-

MD —— Managing Director
NED —— Non Executive Director
(#) Appointed during the year
(*) Resigned / ceased during the year

c) Audit Committee-

The Audit Committee was formed on 1st April, 2002 and it comprises of three independent non executive directors viz Mr K L Khurana, Chairman, Mr Pardeep Gupta and Mr Kuldeep Kaul are members of the committee. The role and the terms of reference of this committee are wide enough covering matters specified under Clause 49 of the Listing Agreement.

d) Remuneration of Directors-

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled, individual performance etc. The objective of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organisation and reward merit.

Details of the Director's remuneration paid for the year ended 31.03.02

Executive Wholetime Director

Name of Person	Basic Pay	Perquisites	Retirement Benefits	Total
Mr Anil Kohli, Managing Director	923,448	65,924	249,330	1238,702

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e) Investor's Grievance Committee

The Company has formed an Investor's Grievance committee on 1st April, 2002 comprising one Non - Executive Director and the Managing Director

f) General Body Meetings:

The last three Annual General Meetings were held as under:-

Financial Year	Date	Time	Location
2000-01	17th December, 2001	10.00 a.m	Alpha Drug India Ltd., Villages Kolmajra & Samshan, P.O Lalru, Dist. Patiala
1999-00	19th December, 2000	11.30 a.m	Alpha Drug India Ltd., Villages Kolmajra & Samshan, P.O Lalru, Dist. Patiala
1998-99	21st September, 1999	10.00 a.m	Alpha Drug India Ltd., Villages Kolmajra & Samshan, P.O Lalru, Dist. Patiala

g) Disclosures

1. There was no transaction of material nature with the Directors or the management or their subsidiaries or relatives during the year.
2. There was no instance of non compliance on any matter related to the capital markets during the last three years except that the half yearly results as on 30.09.01 had not been carried out.

h) General Shareholders Information:

1. Annual General Meeting is proposed to be held on Tuesday, the 26th November, 2002
2. Date of Book Closure is 29th to 31st October, 2002
3. Listing of Equity Shares on Stock Exchanges at: Bombay(BSE),Ludhiana(LSE) Delhi(DSE), Ahmedabad(ASE), and Calcutta(CSE)

   Stock Code of Mumbai Stock Exchange is 506026
4. Stock Market price data for the year for the year 2001-2002-

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Month	BSE High	Low
May, 2001	2.90	2.00
August, 2001	2.30	2.30
September, 2001	3.30	2.75
October, 2001	3.10	2.50
November, 2001	4.95	2.00
December, 2001	5.15	2.25
January, 2002	3.10	2.10
February, 2002	3.40	2.30
March 2002	3.15	2.20

5. Share Transfer System:

Application for transfer of shares held in physical form are received at the Registered office of the Company. The Board Committee attends to share transfer formalities at atleast once in a month.

6. Dematerialisation:

Shares held in the dematerialised form are electronically traded in the depository and the Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications etc.

7. Distribution of shareholding as on 31st March, 2002.

	CATEGORY	NO OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
A	Promoters Holding		
1	Promoters		
	-Indian Promoters	NIL	
2.	Foreign Collaborator	16856058	49.72%
3	Persons acting in concert	NIL	
	Sub Total	16856058	49.72%
B.	Non Promoters Holding		
4	Institutional Investors	NIL	
A	Mutual Funds and UTI	41167	0.11%
B	Banks, Financial Institutions, Insurance Companies (Central/State Govt.Institutions/ Non Govt. Institutions)	3296560	9.80%
C	FIIs	NIL	
5	Others		
A	Private Corporate bodies	269814	0.78%
B	Indian Public	15333394	40.04%
C	NRIs/OCB's	105465	0.28%
D	Any Other (Please Specify)	-	-
	GRAND TOTAL	37902448	100.00%

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8. Plant Location:

The Company's Plant is located at : Villages Kolmajra and Samalheri, P. O. Lalru, Dist. Patiala.

9. Address for Investor's Correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to:

Alpha Drug India Limited
Villages Kolmajra & Samalheri,
P. O. Lalru, 140 501
Distt. Patiala., PUNJAB.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The company is engaged in the business of manufacture and sale of bulk drugs and speciality fine chemicals. The company has been accepted as a quality conscious producer. For its main product Trimethoprim the company holds a significant market share globally. While it already has an authorisation for sales of Trimethoprim in Europe it is in the process of obtaining approvals for the sales of the same in the remunerative US market. The company also seriously focuses on the cost optimisation of its existing products and has achieved satisfying results therein.

For the domestic market, the company is considered as one of the major sources of Trimethoprim. The very severe competition arising from dumped prices from China is now protected by a Anti Dumping Duty.

The company is considered and recognised as the principal Gallic Acid derivative manufacturer having developed a number of items for the international markets. Some of the items have already been commercialised and some others are in the pipe lines. The company also has undertaken projects for development of some products for some international companies with their support. Such projects are in the various stages of evolution.

Given a land locked and away from port location, the company has inherent logistics handicaps which it continuously endeavours to overcome and minimise.

The company suffers from resource constraint to implement all its plans and even operate its facilities optimally. The Board are endeavouring to make arrangements for such needs.

The discussion on financial performance of the company is covered in the Directors' Report.

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