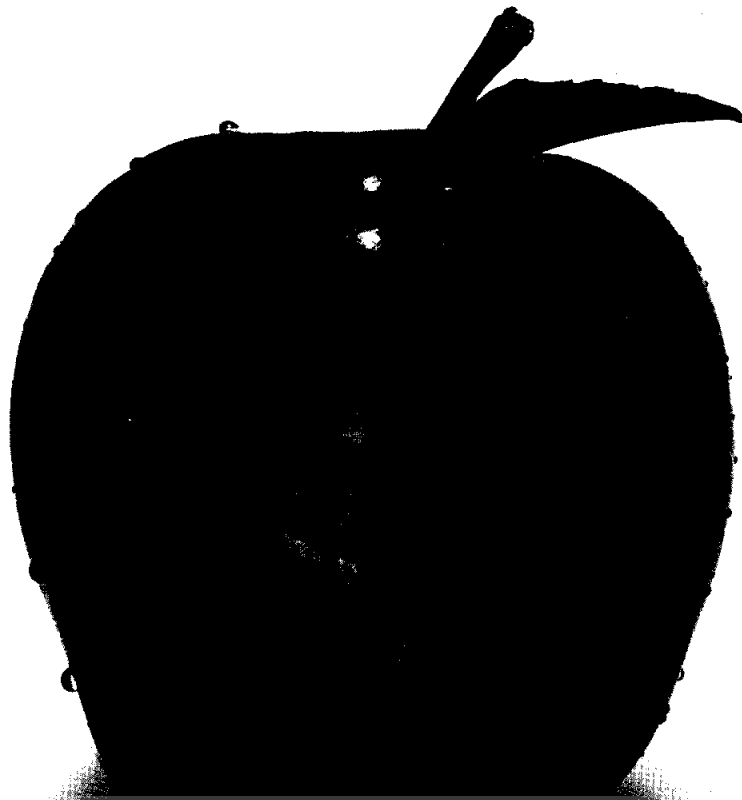


34th Annual Report
2000-2001

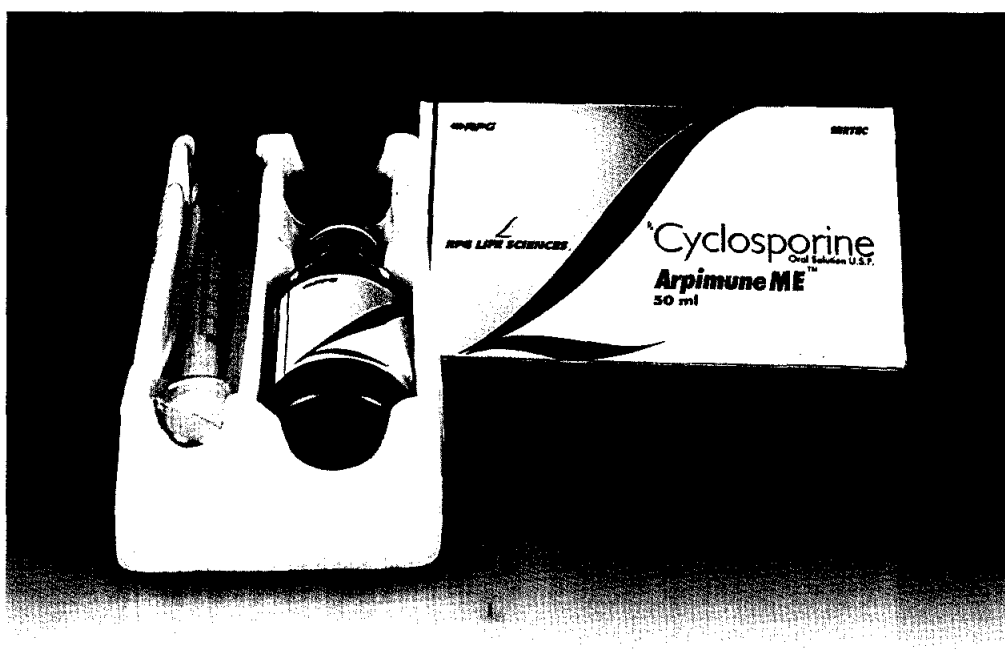


Applying Science for a healthier life



RPG LIFE SCIENCES LIMITED





Novel micro-emulsion formulations of Cyclosporine developed
by the company for kidney transplant patients

BOARD OF DIRECTORS

Mr. H. V. Goenka **Chairman**
Mr. R. A. Shah Alternate to Mr. S. Ranji
Mr. S. Ranji
Mr. C. L. Jain
Dr. Kamal K. Sharma
Mr. K. R. V. Subrahmanian
Mr. Ajit Gulabchand
Mr. Niraj Bajaj
Mr. V. P. Sadekar **Managing Director**
Dr. Lalit S. Kanodia

AUDIT COMMITTEE

Mr. C. L. Jain
 Mr. K. R. V. Subrahmanian
 Dr. Kamal K. Sharma

SHARE TRANSFER CUM INVESTORS GRIEVANCE COMMITTEE

Dr. Kamal K. Sharma
 Mr. C. L. Jain
 Mr. V. P. Sadekar

COMPANY SECRETARY

Mr. M. C. Mehta

AUDITORS

Lovelock & Lewes

SOLICITORS

Crawford Bayley & Co.
 Kanga & Co.
 M & M Legal Venture

MANAGEMENT TEAM

Mr. V. P. Sadekar
 Managing Director
 Mr. R. K. Nagpal
 Vice President - Finance
 Dr. T. V. Radhakrishnan
 Vice President - R & D
 Mrs. S. Crishna
 Vice President - Pharma Marketing
 Mr. K. J. Gupta
 Vice President - Pharma Manufacturing
 Mr. R. R. Dalvi
 Vice President - Fermentation Business & Projects
 Mr. S. A. Muthal
 Vice President - Human Resources & TQM

BANKERS

Union Bank of India
 State Bank of India
 Canara Bank
 Corporation Bank
 BNP Paribas

REGISTERED & CORPORATE OFFICE

Ceat Mahal,
 463, Dr. Annie Besant Road,
 Worli, Mumbai - 400 025.
 Tel : 4981650/51/52
 Fax : 4970127
 E-mail : info@rpglifesciences.com
 Website : www.rpglifesciences.com

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RPG LIFE SCIENCES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG LIFE SCIENCES LIMITED WILL BE HELD ON MONDAY, FEBRUARY 11, 2002 AT 3.00 P.M. AT M.C.GHIA HALL, BHOGILAL HARGOVINDAS BUILDING, 2ND FLOOR, 18/20, KAIKHUSHRU DUBASH MARG, (BEHIND PRINCE OF WALES MUSEUM) MUMBAI - 400 001 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2001, the Profit and Loss account for the period ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. S. Ranji who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. K. R. V. Subrahmanian who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Niraj Bajaj who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Dr. Lalit S. Kanodia who was appointed as an additional director by the board of directors of the company and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing, pursuant to section 257 of the Companies Act, 1956, from a member of the company, proposing his candidature for the office of director of the company, and who has consented, if appointed, to act as director of the company, be and is hereby appointed as a director of the company liable to retire by rotation".

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE

COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The explanatory Statement setting out the material facts concerning the special business mentioned under item no. 6 of the Notice as required under section 173(2) of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books of the company will remain closed from February 1, 2002 to February 11, 2002 (both days inclusive).
4. Dividend, if declared, will be paid within prescribed time to those shareholders whose names appear on the company's Register of Members and who are notified as beneficiaries by the depositories viz. National Securities Depository Ltd. and Central Depository Services (India) Limited as on February 11, 2002.
5. The company has transferred unclaimed dividend relating to the financial year ended on March 31, 1995 to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrant for the aforesaid financial year are requested to claim the same from the Registrar of Companies, Central Govt. Offices Complex, 2nd Floor, A/4 Wing, CBD Belapur, Navi Mumbai - 400 614 in the prescribed manner.

The members who have not encashed their dividend warrants for the financial year 1995-96 onwards, are requested to write to Registrars and Share Transfer agents of the Company. The members are requested to note that the dividend for the aforesaid years which remain unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund as per amended section 205A of the Companies Act, 1956, and thereafter no claim shall lie against the said Fund or the company.

6. Re-appointment of directors retiring by rotation:

Mr. S. Ranji:

Mr. S. Ranji is MBA and MS in Engineering from the University of California, Berkeley. Mr. Ranji has over 23 years of diversified international pharmaceutical experience in general management, strategic alliances, licensing and finance. As a vice-president of Latin America and Pacific Rim at G. D. Searle, USA, Mr. Ranji directed marketing, finance and manufacturing activities at ten subsidiaries. He grew G. D. Searle's Latin American business from \$ 40 million in sales to highly profitable \$ 200 million in sales through acquisition, new product launches and efficient management. Mr. Ranji has negotiated complex acquisitions and divestitures in Brazil, Argentina, France, India and other countries, as well as numerous product licenses with leading US and European companies. He also served as G. D. Searle's international finance director and European business director. Mr. Ranji does not hold directorship in any other Indian company.



RPG LIFE SCIENCES LIMITED

Mr. K. R. V. Subrahmanian:

Mr. K. R. V. Subrahmanian is B. A. (Hons.) in economics from the University of Madras and has obtained his management education from Urwick Orr and Partners, UK and the University of Columbia, USA. Mr. Subrahmanian has over 45 years of rich and varied industrial experience encompassing all facets of commercial and general management. Mr. Subrahmanian retired from the position of vice-chairman and managing director of Colour-Chem Ltd.

Mr. Subrahmanian is also a director of Sesa Industries Ltd., Medicorp Technologies India Ltd. (Chairman), Vysya Bank Ltd., DSP Merrill Lynch Investment Managers Ltd., ING Vysya Life Insurance Co. Pvt. Ltd. (Chairman), Alkyl Amines & Chemicals Ltd., Trumac Engineering Co. Ltd., Colour-Chem Ltd., Century Enka Ltd. (Alternate Director), Bayer Industries Pvt. Ltd. and Bayer ABS Ltd.

Mr. Subrahmanian is the Chairman of Audit Committee of Alkyl Amines & Chemicals Ltd., Sesa Industries Ltd. and DSP Merrill Lynch Investment Managers Ltd., and Shareholders/Investors Grievance Committee of Colour-Chem Ltd. and Century Enka Ltd. Mr. Subrahmanian is also a member of Audit Committee of Colour-Chem Ltd., Medicorp Technologies India Ltd. and Bayer ABS Ltd.

Mr. Niraj Bajaj:

Mr. Niraj Bajaj is a commerce graduate and holds a Master's degree in Business Administration from

Harvard Business School, USA. Mr. Bajaj has rich experience in the areas of commercial and financial management.

Mr. Bajaj is a Managing Director of Mukund Ltd. and is also a director of Bajaj Hindusthan Ltd., Bajaj Allianz Insurance Co. Ltd., Hind Rectifiers Ltd., Hospet Steels Ltd., Kaycee Industries Ltd., Kalyani Mukund Ltd., Mukand Engineers Ltd., Mukand Global Fin. Ltd., Mukand Vijaynagar Steel Ltd. Mukand International Ltd., U. K. , Jeewan Ltd., Econium Investments & Finance Ltd. and Bengal Port Ltd.

Mr. Bajaj is also a member of Shareholders' Grievance Committee of Mukund Engineers Ltd.,

7. Members are requested to immediately notify the change, if any, in their address and bank mandate details to the Registrars and Share Transfer Agent M/S. Intime Spectrum Registry Pvt. Ltd., 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai - 400 080.

**By Order of the Board
of Directors**

**M.C. Mehta
Company Secretary**

**Registered office :
Ceat Mahal,
463, Dr. Annie Besant Road,
Worli, Mumbai- 400 025.
Mumbai.
November 28, 2001.**

Report  Junction.com



RPG LIFE SCIENCES LIMITED**ANNEXURE TO NOTICE****Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.****Item No. 6:**

Dr. Lalit S. Kanodia was appointed as an additional director of the company on September 11, 2001. Pursuant to section 260 of the Companies Act, 1956, Dr. Lalit S. Kanodia holds office only upto the date of the ensuing Annual General Meeting.

Notice under section 257 of the Companies Act, 1956, has been received from a member of the company proposing candidature of Dr. Lalit S. Kanodia for appointment to the office of director of the company.

Dr. Lalit S. Kanodia is B. Tech (Hons.) from IIT, Mumbai. He has passed his MBA and obtained his Ph. D from MIT, U.S.A. Dr. Lalit S. Kanodia is an architect of Indian software industry and is instrumental in making India a global I. T. superpower. He is the founder chairman of Datamatics Ltd., one of the leading and largest privately held software company in India.

He is an executive chairman of Datamatics Limited, and also a director of Datamatics Information Technology Limited, Bellona Infotech Limited, Amal Products Limited, Datamatics

Technologies Limited, Datamatics Technosoft Limited, Datamatics Infosolutions Limited, Zed-Tech Software Designs (India) Limited, Sigma Infosolutions Limited, Datamatics Technologies Inc., Datamatics Infotech Inc., Saztec International Inc. and Datamatics Worldwide Services ApS, in addition to directorship of various private limited companies.

Your board believes that continued association of Dr. Lalit S. Kanodia would be immensely beneficial to the company and accordingly recommend the resolution mentioned at item no. 6 of the accompanying notice for your approval.

None of the directors, except Dr. Lalit S. Kanodia, is in any way, concerned or interested in the resolution.

**By Order of the Board
of Directors**

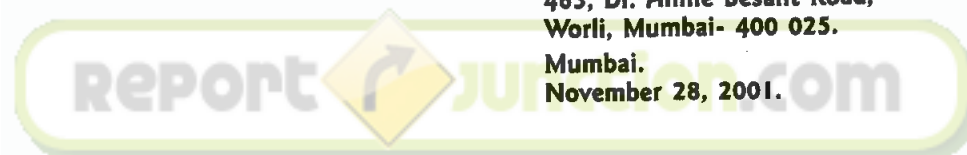
**M.C. Mehta
Company Secretary**

Registered office :

**Ceat Mahal,
463, Dr. Annie Besant Road,
Worli, Mumbai- 400 025.**

Mumbai.

November 28, 2001.



RPG LIFE SCIENCES LIMITED**DIRECTORS' REPORT**

Your directors have pleasure in presenting their Thirty-fourth Annual Report and the Audited Statement of Accounts of the company for the eighteen months ended September 30, 2001.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	2000-2001	1999-2000
Total Income	33279.32	21829.82
Profit before depreciation, interest and tax	4909.46	3789.35
Less : Interest	3243.82	1975.06
Less : Depreciation	1040.17	703.22
Profit before tax	625.47	1111.07
Less : Provision for tax for the year	65.00	218.10
Profit after tax for the year	560.47	892.97
Add : Balance brought forward	106.42	62.93
Add : Release from Debenture Redemption Reserve	588.00	—
Balance available for appropriation	1254.89	955.90
Appropriations :		
Debenture Redemption Reserve	—	440.00
Proposed Dividend	298.30	—
Tax on Proposed dividend	30.43	—
Interim Dividend	—	288.46
Tax on Dividend	—	31.73
General Reserve	56.05	89.29
Balance carried forward to Balance Sheet	870.11	106.42
	1254.89	955.90

2. DIVIDEND

Your directors recommended a dividend of Rs.2.40 per share for the period under review (Rs.2.40 share in the previous year) on the paid up equity share capital of the company as on September 30, 2001.

3. OPERATIONS**PHARMACEUTICALS**

The pharmaceutical division achieved sales of Rs.178 crores at annualised growth of 8% during the period under review. The company's strategy to achieve growth through introduction of new products at regular intervals

met with good success in the domestic market during the period.

The **Acumed** division, catering to general physicians, gastroenterologists, gynaecologists and orthopaedics performed well during the period. The new brands viz. **Zolpanz** (anti-peptic ulcerant), **Zaxial** (osteoporosis) and **Nufex-SR** (antibiotic) launched during the period have performed exceedingly well. The other promising new products launched during the period are **Rovoxx-QM** (NSAID), and **Xibid** (antibiotic), which are very well accepted in the market. The leader brands of this division including **Nufex**, **Artispar** (antibiotics) **Azoran** (nephrology) and **Tricane** (antacid) continued to perform well during the period.

The **Sertec** division, catering to cardio vascular, diabetes, renal therapy and psychiatric segments, achieved annualised growth of 37% during the period as against 34% in the previous year. Several new products introduced in the recent past including **Losatec**, **Topdip**, **Acedip** (cardiology), **Zert-OD** (psychiatry), and **Glytop-SR** (anti-diabetic) have attained the position of prominence in their respective segment and have contributed significantly to the growth of the division during the period. **Arpimune-ME**, a novel micro-emulsion formulation of Cyclosporin (immuno-suppressant), launched during the period deserves special mention. The company was successful in developing this micro-emulsion formulation and market it successfully too. The company enjoys a natural competitive edge in this product as the company is the only manufacturer of the drug Cyclosporine in India. Your directors believe that this is a major product with potential for the future of the company. In order to further strengthen its leadership in Nephrology segment, the company also plans to launch more formulations in the coming year. In addition, the company also plans to launch few more products in diabetology segment in the current year.

Two years ago, the company took a strategic decision to enter the high value bulk drugs segment. In pursuit of this, the company identified several bulk drugs such as Pantoprazole, Risperidone, Lamotrigine, Ticlopidine, Doxorubicin, Cyclosporine etc. where the company has a competitive advantage. The company's conscious emphasis to grow into this segment was reflected in the higher sales achieved during the period where the domestic bulk drug sales grew by 105% on an annualised basis.

The company has also made a significant investment in manufacturing bulk drugs based on the high-technology



RPG LIFE SCIENCES LIMITED



and capital intensive fermentation process and was successful in stabilising the manufacture of Doxorubicin, Epirubicin (anti-cancer), Cyclosporin (immuno-suppressant), Pravastatin and Simvastatin (cholesterol reducing agents) and achieved the desired yields. The company's new bulk drugs plant set up at Ankleshwar, Gujarat has been fully operational. The company has also taken the facilities from Hindustan Antibiotics Ltd., Pune, Maharashtra on a long term lease to manufacture several new bulk drugs based on the fermentation process which include Vitamin B2, which will be manufactured for the first time in the country, and Vitamin B12. In addition to this, the company will also manufacture Spironolactone, Hyaluronic acid and Salinomycin. The implementation of this project at Pune is in the final stages and commercial production is scheduled to commence by March 2002. Your directors believe that these initiatives will start yielding results from the next year.

AGROCHEMICALS

The period under review was no better than the previous year for the agrochemicals division, which continued to show lacklustre performance. Last year, the domestic turnover of the agrochemicals division had declined by 40%. This slide continued and during the period under review the domestic turnover further registered annualised decline of 3%. The period between April, 2001 to September, 2001 was particularly bad as the domestic turnover declined by 32% compared to the period of six months ended September, 2000.

There was also tremendous pressure on margins of all the products which coupled with the reduced domestic off-take resulted in loss in this division.

EXPORTS

PHARMACEUTICALS EXPORTS

The exports of the pharmaceutical division during the period under review achieved a healthy annualised growth of 40% at Rs.14 crores. The company has identified exports of both formulations and bulk drugs as potential growth area and has made strategic investments in this direction to achieve exports in the regulated markets of Europe and U.S.A. Towards this end, the company has made investments and set up a new manufacturing facility at Ankleshwar in accordance with the U.S FDA / U.K MCA standards for manufacture of certain formulations to be introduced in the European and U.S. markets. The company has entered into product specific joint ventures with leading generic pharmaceutical companies in Europe. The company has

also initiated registration of new products in U.S., Europe, South America, Latin America, Africa and other Asian countries.

AGROCHEMICALS EXPORTS

The exports of the agrochemicals division including deemed exports during the period registered annualised growth of 56% at Rs.53 crores.

4. SALE OF AGROCHEMICALS BUSINESS

With the objective of putting entire thrust on more profitable and growing pharmaceutical business, your directors decided to focus only on pharmaceutical business and divest the agrochemicals division.

On 27-07-2001, the company entered into an agreement with Italian agrochemicals major, Isagro S.p.A., ("Isagro") for the sale of its agrochemicals business as going concern along with its employees, and pursuant to the said agreement, agrochemicals division of the company stands transferred to Indian affiliate of Isagro w.e.f. 01-11-2001, along with employees of the said division.

The company at present has received interim consideration, substantial portion of which has been utilised for reducing indebtedness of your company. The final purchase consideration will be determined and paid based on accounts as of October 31, 2001, the audit whereof is in progress at present. In addition to the final purchase consideration, Indian affiliate of Isagro shall also pay royalty to the company, for a period of five years commencing from 01-04-2002, for grant of right to use certain trade marks of the company, @ 7% on sales in excess of a minimum limit agreed upon with Isagro, subject to aggregate royalty for the five years period not exceeding Rs.22 crores.

The directors thank the shareholders for overwhelmingly approving this proposal through postal ballot.

5. RESPONSIBILITY STATEMENT

The directors confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (ii) That they have selected appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of September 30, 2001 and of the profit of the company for that period;



RPG LIFE SCIENCES LIMITED

(iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) that they have prepared the annual accounts on going concern basis.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are attached and forms part of this report.

7. PARTICULARS OF EMPLOYEES

A statement of particulars of employees of the company in terms of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this report.

8. SUBSIDIARIES

Pursuant to the provisions of section 212 of the Companies Act, 1956, the Audited Accounts as of September 30, 2001, together with report of the directors and auditors of the subsidiaries namely Sarala Pharmaceuticals Limited, Instant Trading and Investment Company Limited and Rainbow Investments Limited are attached.

9. CORPORATE GOVERNANCE

The company has already initiated steps to implement Corporate Governance as prescribed by the Listing Agreement. As required by the Companies Act, 1956 and the Listing Agreement, the company has constituted Audit Committee comprising of Mr. C. L. Jain, Mr. K. R. V. Subrahmanian and Dr. Kamal K. Sharma. The company has also constituted Shareholders/Investors Grievance Committee comprising of Dr. Kamal K. Sharma, Mr. C. L. Jain and Mr. V. P. Sadekar. Both these committees have started functioning effectively.

10. FIXED DEPOSITS

Your company accepts fixed deposits from public and the shareholders and the total amount of such deposit as on date is Rs. 20.56 crores. Deposits amounting to Rs. 24.60 lacs remained unclaimed by the depositors at the end of the year. Out of this, deposits amounting to

Rs. 6.32 lacs have since been renewed /claimed by the depositors.

11. DIRECTORS

Mr. K. R. V. Subrahmanian, Mr. Niraj Bajaj and Mr. S. Ranji retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. Mr. R. A. Shah who resigned during the period was later on appointed as an alternate director to Mr. S. Ranji.

Dr. Lalit S. Kanodia was appointed as an additional director who holds office upto the date of ensuing Annual General Meeting. Notice under section 257 of the Companies Act, 1956, along with requisite deposit has been received from a member proposing candidature of Dr. Lalit S. Kanodia to the office of director.

12. AUDITORS

Lovelock & Lewes, Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting. Lovelock & Lewes, being eligible, have offered themselves for re-appointment, and have confirmed that their appointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

13. AUDITORS' REPORT

As regards the auditors comments vide para 3 of their report, your directors request you to refer to notes 3, 2 and 4 respectively of schedule 19 to the accounts, which are self-explanatory.

As regards the comments made by the auditors vide clause A (i), (ix) and (xiii) of annexure to their report, your directors request you to refer to notes 4(a), 3(ii)(a) and 21 of schedule 19 to the accounts, which are self-explanatory.

14. APPRECIATION

Your directors record their appreciation of the valuable services rendered by all employees of the company, their gratitude to the Financial Institutions and Banks for their timely assistance and to company's shareholders, customers, distributors, suppliers and technical collaborators for their continued support.

For and on behalf of the Board of Directors

Mumbai: November 28, 2001

H.V. Goenka
Chairman

