



**GLENMARK PHARMACEUTICALS LIMITED**  
22ND ANNUAL REPORT 1999-2000

## Notice to Members

Notice is hereby given that the Twenty-Second Annual General Meeting of the Company will be held at Sunville Banquet and Conference Hall on 3<sup>rd</sup> Floor, 9, Dr. Annie Besant Road, Worli, Mumbai-400 018., on Friday, the 22<sup>nd</sup> September, 2000 at 11.30 a.m. to transact the following business:-

## Ordinary Business

1. To receive, consider, approve and adopt the Audited Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2000 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To note payment of dividend on equity shares.
3. To appoint a Director in place of Dr. Robin Pinto, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B.S. Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.

## Special Business

5. To consider, and if thought fit, to pass with or without modification(s) the following as a Special Resolution.  
RESOLVED that M/s. Arthur Andersen & Associates, Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of M/s. V. K. Bahri & Co., Chartered Accountants, consequent to the sad demise of its proprietor, Mr. V.K Bahri, to hold Office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting on a remuneration to be determined by the Board of Directors plus reimbursement of out-of-pocket expenses incurred by them for the purpose of audit of the Company's accounts.
6. To appoint a Director in place of Mr. Julio F. Ribeiro who was appointed as an Additional Director and who by virtue of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting, but being eligible offers himself for re-appointment and in respect of whom the company has received Notices in writing under Section 257 of the Companies Act, 1956, from certain members, proposing his candidature for the office of Director.
7. To appoint a Director in place of Mrs. Cheryl Pinto who was appointed as an Additional Director and who by virtue of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting, but being eligible, offers herself for re-appointment and in respect of whom the company has received Notices in writing under Section 257 of the Companies Act, 1956, from certain members proposing her candidature for the Office of Director.
8. To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as Special Resolutions.
  - a) RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of the earlier Resolution passed at the 21<sup>st</sup> Annual General Meeting of the Company, held on 27<sup>th</sup> July, 1999, relating to the holding of an office or place of profit as a Director in the Wholtime employment of the Company and payment of remuneration to Mr. Glenn Saldanha, the Executive Director, the consent of the Company be and is hereby accorded to the modifications in the payment of his remuneration, for a period of five years, with effect from 1<sup>st</sup> August, 2000, as set-out in the draft contract of service placed before this Meeting and initialled by the Chairman for the purpose of identification.
  - b) RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of the earlier Resolution passed at the 21<sup>st</sup> Annual General Meeting of the Company, held on 27<sup>th</sup> July, 1999, relating to the holding of an office or place of profit as a Director in the Wholtime employment of the Company and payment of remuneration to Mr. Mark Saldanha, Director-Operations, the consent of the Company be and is hereby accorded to the modifications in the payment of his remuneration, for a period of five years, with effect from 1<sup>st</sup> August, 2000, as set-out in the draft contract of service placed before this Meeting and initialled by the Chairman for the purpose of identification.
  - c) RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby

accorded to Mrs. Cheryl Pinto holding and continuing to hold an Office or place of profit as a Director in the Wholtime employment of the Company and designated as Director-Corporate Affairs for a period of five years with effect from 1<sup>st</sup> August, 2000, upon and subject to the terms and conditions including the remuneration to be paid and provided to her as contained in the draft contract of service proposed to be entered into between the Company and her, a draft whereof is placed before the meeting, and initialled by the Chairman for the purpose of identification.

- d) AND RESOLVED THAT the remuneration payable to the Executive Director, Director-Operations and Director-Corporate Affairs and the other Wholtime Directors including the Managing Director i.e. the remuneration to all of them together, shall not exceed 10% of the Net Profit calculated as per Sections 198(4), 309(3) and 349 and other applicable provisions of the Companies Act, 1956. In case the remuneration paid to all of them is in excess of the above limit, such remuneration received over the above limit shall be refunded by each of them in proportion to the Salary drawn by them. In case of no Profit or Profits being inadequate, the minimum remuneration payable to each of them will be subject to a cut of 10% of the Salary only.
- e) AND RESOLVED THAT in the event of any re-enactment or modification(s) to the Companies Act, 1956, or the Income Tax Act, 1961, or amendments thereto, the above mentioned Special Resolutions shall continue to remain in full force and the reference to various provisions of the Companies Act, 1956, or the Income-Tax Act, 1961, shall be deemed to be substituted by the corresponding provisions of the new Act(s) or the amendments thereto or the Rules or Notifications issued thereunder AND the Board of Directors is hereby authorised to increase, augment, enhance and/or vary the terms and conditions in the contracts of service as the Board of Directors may consider necessary and as may be agreed to by Mr. Glenn Saldanha, Mr. Mark Saldanha and Mrs. Cheryl Pinto respectively.
- f) AND RESOLVED THAT at the discretion of the Board, per Special Resolutions as set-out under item 8 above, the payments may be made on a pro-rata basis, every month or on an annual basis or partly on monthly and partly on an annual basis, as may be decided by the Board.
- g) AND RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to these resolutions.
9. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution.  
RESOLVED THAT the Board of Directors be and is hereby authorised to pay for a period of five years with effect from 1<sup>st</sup> August, 2000, to Mr. Glenn Saldanha, Mr. Mark Saldanha and Mrs. Cheryl Pinto, an incremental commission not exceeding 1.5% of the profit for the year, in the event there is an increase of 15% in the profit for the year as calculated under the provisions of the Companies Act, 1956, over that of the immediately preceding year in the ratio of their remuneration.
10. 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 of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, consents, permissions and sanctions, as may be necessary from Appropriate Authorities, the Articles of Association of the Company be altered in the following manner:
  1. The following definitions with marginal notes be added in Article 2
 

**Depositories Act, 1996**  
'Depositories Act, 1996' shall include any statutory modification or re-enactment thereof.

**Beneficial Owner**  
'Beneficial Owner' shall mean beneficial owner as defined in the Depositories Act, 1996.

**Depository**  
'Depository' shall mean a Depository as defined in the Depositories Act, 1996.

**Member**  
'Member' means the duly registered holder from time to time of Shares in the Company and includes the subscribers to the Memorandum of the Company and the beneficial owner(s) as defined in the Depositories Act, 1996.

## II. Delete Article 11 and insert the following as Article 11

### Article 11- Shares to be numbered progressively

The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

## III. The following Article be inserted after Article 11 and numbered as 11A

### Article 11A- Dematerialisation of shares

The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996, and the rules framed thereunder, if any.

## IV. Delete Article 12 and insert the following as Article 12

### Article 12- Further issue of shares

1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
  - a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity of the company, in proportion, as near as circumstances admit, to the capital paid-up on those shares at the date.
  - b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
  - c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - d. After expiry of the time specified in the aforesaid notice or non- receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think fit in their sole discretion.
2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:
  - a. If a special resolution to that effect is passed by the Company in General Meeting, or
  - b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
  - a. To extend the time within which the offer should be accepted;  
or
  - b. To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures

issued or loans raised by the Company:

- i. To convert such debentures or loans into shares in the company; or
- ii. To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans is in conformity with Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

## V. Delete Article 13 and insert the following as Article 13

### Article 13- Shares at the disposal of directors

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such persons, in such proportion and in such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or person the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part for any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid-up shares. Provided that option or right to call of shares shall not be given to any person or person without the sanction of the company in the General Meeting.

## VI. Delete Article 18 and insert the following as Article 18

### Article 18- Limitation of time for issue of certificates

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provided, or within one month of the receipt of application for registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be issued under the seal of the company and shall specify the number and distinctive numbers of shares of which it is issued and the amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

## VII. Delete Article 19 and insert the following as Article 19

### Article 19- Issue of new certificate in place of one defaced, lost or destroyed

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed, then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company may deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the Article shall be issued without payment of fees if the directors so decide, or on payment of such fees (not

exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above, the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. The provisions of this Article shall mutatis mutandis apply to the debentures of the company.

#### VIII. Delete Article 21 and insert the following as Article 21

##### Article 21- Company not bound to recognise any interest in share other than that of member

Except as ordered by a Court of competent jurisdiction or as by law required, no person shall be recognised by the Company as holding any share upon trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of share, or (except only as in by these Articles or by law otherwise expressly provided) any other rights in respect of any share except an absolute right to the entirety thereof in the member.

#### IX. Delete Article 36 and insert the following as Article 36

##### Article 36- Payment in anticipation may carry interest

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance or call shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but, for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

#### X. Delete Article 38 and insert the following as Article 38

##### Article 38- Company's lien on shares/debentures

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien, if any, on such shares/debentures. The Directors may, at any time, declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

#### XI. Delete Article 53 and insert the following as Article 53

##### Article 53- Instrument of transfer

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification(s) thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

#### XII. The following Article be inserted after Article 53 and numbered as 53A

##### Article 53A- No fee on transfer or transmission

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or marriage, Power of Attorney or similar other documents.

#### XIII. The following Article be inserted after Article 53A and numbered as 53B

##### Article 53B- Nomination for shares / debentures

Every holder of shares in, or holder of debentures of, the company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the company shall vest in the event of his death.

Where the shares in, or debentures of, the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of, the company, where, as nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the company, the nominee shall, on the death of the shareholder or holder of debentures of, the company or, as the case may be, on the death of the joint holders, become entitled to all the rights, in the shares or debentures of the company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the company, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the company, in the event of his death, during the minority.

#### XIV. The following Article be inserted after Article 53B and numbered as 53C

##### Article 53C- Transmission of shares

Any person who becomes a nominee by virtue of the provisions of Article 53B, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (a) to be registered himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

All the limitations, restrictions and provisions of the Companies Act relating to the right to transfer and the registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

## XV.Delete Article 56 and insert the following as Article 56:

### Article-56 Directors may refuse to register transfer

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

## XVI. Delete Article 72 and insert the following as Article 72

### Article 72- Terms of issue of debentures

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special resolution.

## XVII.Delete Article 167 and insert the following as Article 167

### Article 167- Unpaid or unclaimed dividend

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall, within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of Glenmark Pharmaceuticals Limited" and transfer to said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government.

A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

By Order of the Board  
V.M. Correa  
Company Secretary

Registered Office:  
B/2, Mahalaxmi Chambers,  
22, Bhulabhai Desai Road,  
Mumbai - 400 026.

Mumbai, 1<sup>st</sup> August, 2000

## Notes

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Resolutions set out in items No.5,6,7,8,9 and 10 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE MEETING.

3. Members are requested to notify change in their address, if any, quoting their Folio number to the Registrars of the Company.
4. The following documents will be available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m., and 1.00 p.m., on any working day of the Company upto and including the date of the Meeting.
  - a) Draft of contract of service to be entered into between the Company and Mr. Glenn Saldanha
  - b) Draft of contract of service to be entered into between the Company and Mr.Mark Saldanha
  - c) Draft of contract of service to be entered into between the Company and Mrs. Cheryl Pinto
  - d) Memorandum & Articles of Association together with the proposed amendments.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 12<sup>th</sup> September, 2000 to 22<sup>nd</sup> September, 2000, both days inclusive, for the purpose of the Annual General Meeting of the Company.
6. Members are requested to bring their copy of the Annual Report for the meeting.
7. Members seeking any information with regard to accounts are requested to write to the Company atleast ten days in advance so as to enable the company to keep it ready.
8. Members are requested to send to the Registrars his/her Bank Account details as per the attached format to ensure safe and prompt receipt of dividend warrants. This is in view of fraudulent encashment of such warrants.
9. Members are requested to note that all correspondence relating to Share Transfer should be addressed to its Registrar and Transfer Agents, viz., M/s.Karvy Consultants Limited, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.
10. Members are requested to advise the Registrars for consolidation of their Shares into a single Folio where multiple Folios have been allotted to them.
11. Members are requested to avail of the nomination facility as provided by the Companies Act,1956, by duly completing the attached nomination form and returning it to the Registrars.

## Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

### Item No. 5

The Directors regret to inform that Mr. V.K. Bahri, proprietor of M/s. V.K. Bahri & Co., Chartered Accountants, who was the Statutory Auditor of the Company since its incorporation, expired on 18<sup>th</sup> May, 2000.

It is proposed to appoint M/s. Arthur Andersen & Associates, Chartered Accountants, as the new Auditors of the Company. They have given their consent to act as Auditors of the Company.

The Directors recommend the passing of the Special Resolution contained in Item No. 5 of the accompanying Notice.

None of the Directors are to be considered as concerned or interested in this Resolution.

### Item No.6

At the meeting of the Board of Directors held on 26<sup>th</sup> August, 1999, the Board of Directors appointed Mr. Julio F. Ribeiro as an Additional Director under Section 260 of Companies Act, 1956. As an additional director, he vacates his office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. Notices in writing under Section 257 of the Act have been received from certain members proposing the appointment of Mr. Julio F. Ribeiro as a Director of the Company.

The Directors recommend the passing of the Ordinary Resolution contained in Item No.6 of the accompanying Notice.

Except for Mr. Julio F. Ribeiro and Dr. Robin Pinto, none of the other Directors may be considered to be concerned or interested in this Resolution.

### Item No.7

At the meeting of the Board of Directors held on 6<sup>th</sup> October, 1999, the Board of Directors appointed Mrs. Cheryl Pinto as an Additional Director under Section 260 of the Companies Act,1956. As an additional director,

she vacates her office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. Notices in writing under section 257 of the Act have been received from certain members proposing the appointment of Mrs. Cheryl Pinto as a Director of the Company.

The Directors recommend the passing of the Ordinary Resolution contained in Item No. 7 of the accompanying Notice.

Except Mr. B.S. Mehta and Mr. Julio F. Ribiero, all the other Directors may be considered to be concerned or interested in this Resolution.

## Item No.8 and 9

In the present competitive market conditions, performance is the key measure and the Whole-time Directors have to achieve the targeted goals for the Company. Taking this into consideration, the Board thought it fit to revise /offer adequate remuneration to them commensurate with the prevailing business practices.

**Mr. Glenn Saldanha-Executive Director.**

Revision in the Terms of his remuneration w.e.f. 1<sup>st</sup> August, 2000, for a period of five years.

The particulars of the terms and conditions as laid down under Schedule XIII of the Companies Act, 1956, are as under:

## Remuneration

### Salary

At the rate of Rs.1,00,000/- per month, subject to such annual increments as the Board may determine.

### Commission

Commission of 33% of Salary based on the net profits of the Company, subject to ceiling prescribed in that behalf under the Companies Act, 1956, plus additional commission, if permissible.

### Perquisites

Reimbursement of house maintenance expenses together with utilities thereof such as gas, electricity, water, furnishing and repairs, servants allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursement, leave travel allowance for himself and his family, club fees and Medical Insurance Policy and Personal Accident Policy in accordance with the rules of the Company or as agreed by the Board of Directors. The total value of such perquisites to be restricted to an amount equivalent to the annual salary.

### Membership of club

Admission fees and monthly subscriptions for not more than one club.

### Retirement benefits

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-Tax, 1961. Gratuity payable in accordance with the rules of the Company and the value of such benefits shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

### Use of car and telephones

Provision of the Company's car and driver for use on Company's business and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

If during the terms of office of Mr. Glenn Saldanha, the Company has made no profit or its profits are inadequate in any financial year, he will be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration.

Mr. Glenn Saldanha will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof.

Mr. Glenn Saldanha shall give an undertaking to the Company that he shall not so long as he functions as Whole-Time Director of the Company, become interested or otherwise connected directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Company and the Central Government.

The Board of Directors are authorised to increase, augment and/or enhance or vary the remuneration to be paid and provided from time to time to Mr. Glenn Saldanha in accordance with the provisions of the Companies Act, 1956, and/or any statutory modification or re-enactment thereof and/or the Guidelines for Managerial Remuneration issued by the Government of India or other appropriate authority in that behalf as in force and as amended from

time to time.

Mr. Glenn Saldanha shall devote the whole of his time and attention to the business of the Company.

Mr. Glenn Saldanha shall perform such duties and exercise such powers as may from time to time be assigned to him by the Chairman of the Company.

The Company shall be entitled to terminate the contract of service and employment by giving not less than six months prior notice in writing in that behalf to Mr. Glenn Saldanha.

At the discretion of the Board per Special Resolutions to be passed at the Annual General Meeting to be held on 22<sup>nd</sup> September, 2000, the aforesaid payment may be made on pro-rata basis every month and/or annually as may be decided by the Board.

During the tenure of this Agreement the Whole-Time Director shall keep all information regarding the affairs of the Company a complete secret.

The Directors recommend the passing of the Special Resolutions contained in Item No. 8 and 9 of the accompanying Notice.

Except Mr. B.S. Mehta and Mr. Julio F. Ribiero, all the other Directors may be considered to be concerned or interested in this Resolution.

**Mr. Mark Saldanha - Director-Operations.**

Revision in the Terms of his remuneration w.e.f. 1<sup>st</sup> August, 2000, for a period of five years.

The particulars of the terms and conditions as laid down under Schedule XIII of the Companies Act, 1956, are as under:

## Remuneration

### Salary

At the rate of Rs.76,000/- per month, subject to such annual increments as the Board may determine.

### Commission

Commission of 33% of Salary based on the net profits of the Company, subject to ceiling prescribed in that behalf under the Companies Act, 1956, plus additional commission, if permissible.

### Perquisites

Reimbursement of house maintenance expenses together with utilities thereof such as gas, electricity, water, furnishing and repairs, servants allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursement, leave travel allowance for himself and his family, club fees and Medical Insurance Policy and Personal Accident Policy in accordance with the rules of the Company or as agreed by the Board of Directors. The total value of such perquisites to be restricted to an amount equivalent to the annual salary.

### Membership of club

Admission fees and monthly subscriptions for not more than one club.

### Retirement benefits

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-Tax, 1961. Gratuity payable in accordance with the rules of the Company and the value of such benefits shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

### Use of car and telephones

Provision of the Company's car and driver for use on Company's business and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

If during the terms of office of Mr. Mark Saldanha, the Company has made no profit or its profits are inadequate in any financial year, he will be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration.

Mr. Mark Saldanha will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof.

Mr. Mark Saldanha shall give an undertaking to the Company that he shall not so long as he functions as Whole-Time Director of the Company, become interested or otherwise connected directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Company and the Central Government.

The Board of Directors are authorised to increase, augment and/or enhance or vary the remuneration to be paid and provided from time to time to

Mr. Mark Saldanha in accordance with the provisions of the Companies Act, 1956, and/or any statutory modification or re-enactment thereof and/or the Guidelines for Managerial Remuneration issued by the Government of India or other appropriate authority in that behalf as in force and as amended from time to time.

Mr. Mark Saldanha shall devote the whole of his time and attention to the business of the Company.

Mr. Mark Saldanha shall perform such duties and exercise such powers as may from time to time be assigned to him by the Chairman of the Company.

The Company shall be entitled to terminate the Contract of Service and employment by giving not less than six months prior notice in writing in that behalf to Mr. Mark Saldanha.

At the discretion of the Board per Special Resolutions to be passed at the Annual General Meeting to be held on 22<sup>nd</sup> September, 2000, the aforesaid payment may be made on pro-rata basis every month and/or annually as may be decided by the Board.

During the tenure of this Agreement the Whole-Time Director shall keep all information regarding the affairs of the Company a complete secret.

The Directors recommend the passing of the Special Resolutions contained in Item No. 8 and 9 of the accompanying Notice.

Except Mr. B.S. Mehta and Mr. Julio F. Ribiero, all the other Directors may be considered to be concerned or interested in this Resolution.

#### **Mrs. Cheryl Pinto, Director - Corporate Affairs.**

Appointed as a Director in the whole-time employment of the Company for a period of five years with effect from 1<sup>st</sup> August, 2000, at the meeting of the Board of Directors held on 1<sup>st</sup> August, 2000, on the terms and conditions as set-out in the draft contract of service to be entered into between the Company and

Mrs. Cheryl Pinto.

Mrs. Cheryl Pinto is a Graduate in Pharmacy from the University of Mumbai. She has requisite experience in Pharma business.

The particulars of the terms and conditions as laid down under Schedule XIII of the Companies Act, 1956, are as under:

## **Remuneration**

### **Salary**

At the rate of Rs.62,000/- per month, subject to such annual increments as the Board may determine.

### **Commission**

Commission of 33% of Salary based on the net profits of the Company, subject to ceiling prescribed in that behalf under the Companies Act, 1956, plus additional commission, if permissible.

### **Perquisites**

Reimbursement of house maintenance expenses together with utilities thereof such as gas, electricity, water, furnishing and repairs, servants allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursement, leave travel allowance for herself and her family, club fees and Medical Insurance Policy and Personal Accident Policy in accordance with the rules of the Company or as agreed by the Board of Directors. The total value of such perquisites to be restricted to an amount equivalent to the annual salary.

### **Membership of club**

Admission fees and monthly subscriptions for not more than one club.

### **Retirement benefits**

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-Tax, 1961. Gratuity payable in accordance with the rules of the Company and the value of such benefits shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

### **Use of car and telephones**

Provision of the Company's car and driver for use on Company's business and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

If during the terms of office of Mrs. Cheryl Pinto, the Company has made no profit or its profits are inadequate in any financial year, she will be entitled to remuneration by way of salary and perquisites not exceeding the

limits specified above as minimum remuneration.

Mrs. Cheryl Pinto will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof.

Mrs. Cheryl Pinto shall give an undertaking to the Company that she shall not so long as she functions as Whole-Time Director of the Company, become interested or otherwise connected directly or through her spouse and/or minor children in any selling agency of the Company without the prior approval of the Company and the Central Government.

The Board of Directors are authorised to increase, augment and/or enhance or vary the remuneration to be paid and provided from time to time to Mrs. Cheryl Pinto in accordance with the provisions of the Companies Act, 1956, and/or any statutory modification or re-enactment thereof and/or the Guidelines for Managerial Remuneration issued by the Government of India or other appropriate authority in that behalf as in force and as amended from time to time.

Mrs. Cheryl Pinto shall devote the whole of her time and attention to the business of the Company.

Mrs. Cheryl Pinto shall perform such duties and exercise such powers as may from time to time be assigned to her by the Chairman of the Company.

The Company shall be entitled to terminate the Contract of Service and employment by giving not less than six months prior notice in writing in that behalf to Mrs. Cheryl Pinto.

At the discretion of the Board per Special Resolutions to be passed at the Annual General Meeting to be held on 22<sup>nd</sup> September, 2000, the aforesaid payment may be made on pro-rata basis every month and/or annually as may be decided by the Board.

During the tenure of this Agreement the Whole-Time Director shall keep all information regarding the affairs of the Company a complete secret.

The Directors recommend the passing of the Special Resolutions contained in Item No. 8 and 9 of the accompanying Notice.

Except Mr. B.S. Mehta and Mr. Julio F. Ribiero, all the other Directors may be considered to be concerned or interested in this Resolution.

## **Item No. 10**

The Company is now listed on The Stock Exchange, Mumbai and The National Stock Exchange of India Limited, Mumbai. These Exchanges have suggested certain amendments to the Articles of Association of the Company and the Company also considered certain amendments in the interest of members. The same are set-out in Item No.10 of the Notice.

The Directors recommend the passing of the Special Resolution contained in Item No. 10 of the accompanying notice for the above purpose.

None of the Directors are to be considered as concerned or interested in this Resolution, except as shareholders of the Company.

### **ABSTRACTS OF THE TERMS AND CONDITIONS OF APPOINTMENT AND MEMORANDA OF INTEREST**

of Mr. Glenn Saldanha, Mr. Mark Saldanha and Mrs. Cheryl Pinto under Section 302 of the Companies Act, 1956.

The material facts and information relating to the appointments of Mr. Glenn Saldanha, Mr. Mark Saldanha and Mrs. Cheryl Pinto as contained in the Explanatory Statement may be considered to be the Abstracts of the Terms and Conditions of Appointment and Memoranda of Interest under Section 302 of the Companies Act, 1956.

Except for Mr. B.S. Mehta and Mr. Julio F. Ribiero, all other Directors may be considered to be concerned or interested in the appointment of the above persons as Directors in the Whole-time employment of the Company.

By Order of the Board

V.M. Correa

Company Secretary

Registered Office:  
B/2, Mahalaxmi Chambers,  
22, Bhulabhai Desai Road,  
Mumbai - 400 026.

Mumbai, 1<sup>st</sup> August, 2000

## Annexure to Directors' Report

Statement of particulars under Section 217 (2A) of the Companies Act, 1956, and Rules framed thereunder in respect of Employees who were in receipt of remuneration in excess of Rs.50,000/- per month during the accounting year under review.

### A. For the entire accounting year

Sr. No.	Name and Age	Designation	Remuneration Received (Rs)	Qualification and Experience	Date of Commencement	Last Employment
1	Mr. Gracias Saldanha, 62yrs	Chairman & Managing Director	58,48,294	M.Sc., 38yrs	1.12.1977	Aristo Pharmaceuticals (P) Limited
2	Mrs. B.E. Saldanha, 59yrs	Director	44,88,236	B.Sc.,B.Ed., 30yrs	1.1.1982	Walsingham House School
3	Mr. Mark Saldanha, 27yrs	Director (Operations)	10,44,551	B.Sc., 4yrs	1.6.1996	First Employment
4	Mr. Glenn Saldanha, 30yrs	Executive Director	14,99,392	B.Pharm., M.B.A.(U.S.A), 8yrs	1.8.1998	Price Waterhouse Coopers, U.S.A

### B. Employed for part of the year

Sr. No.	Name and Age	Designation	Remuneration Received (Rs)	Qualification and Experience	Date of Commencement	Last Employment
1	Dr. B. Gopalan, 52yrs	V. P. (Chemical Research)	2,24,611	Ph.D in Org. Chem. & Sr.Res. Fellowship, U.G.C., 24yrs	1.12.1999	Merk Dev. Centre(I)Ltd.
2	Dr. A.D. Lakadawala, 51yrs	V.P. (Biological)	1,80,063	Ph.D in Pharma., 26yrs	17.1.2000	Zydus Cadila Healthcare Ltd.

Note : Remuneration includes Salary, Allowances, Bonus, Employer's Contribution to Provident Fund, Medical Benefits and LTA.

Mumbai, 26th July, 2000

For and on behalf of the Board  
G. SALDANHA  
Chairman & Managing Director

# Annexure To Directors' Report

## Form A

Form for disclosure of particulars with respect to conservation of energy

### A. Power and fuel consumption

	Current Year	Previous Year
1. Electricity		
(a) Purchased Units (in '000 Kwhrs)	946.44	854.38
Total Amount (Rs.in '000s)	3777.62	3465.32
Rate/Unit (Rs.)	3.99	4.06
(b) Own Generation		
(i) Through Diesel Generator		
Units (in '000 Kwhrs)	7.344	1.340
Units per Ltr. of Diesel Oil	47.634	9.180
Cost/Unit (Rs.)	6.49	6.85
(ii) Through Steam Turbine/Generator	Nil	Nil
2. Coal	Nil	Nil
Qty.		
Total Cost		
Avg. Rate		
3. Furnace Oil	Nil	Nil
Qty. (K.Ltr.)		
Total Amount (Rs.in '000s)		
Avg. Rate (Rs./K.Ltrs.)		
4. Other/Internal generation		
Light Diesel Oil		
Qty.(In Ltrs.)	37114.000	25955.000
Total Cost (Rs.in '000s)	495.18	302.38
Rate/Unit (Rs.)	13.34	11.65

### B. Consumption

The Company manufactures several Drug Formulations in different pack sizes. In view of this, it is impracticable to apportion the consumption and cost of utilities to each Product/Formulation.

act synergistically to provide a firm platform on which a flourishing/expanding Pharmaceutical Industry can be built. Mission of R&D is to help launch the new products and processes. The mission may also include doing what is needed to establish and defend the Company's intellectual property. Major objectives of Research in the Pharmaceutical Industry are to produce safe chemical entities and validated quality dosage forms which prevent, cure or ameliorate diseases by adopting the latest technology.

## Form B

Form for disclosure of particulars with respect to technology absorption

### Research & Development (R&D)

Research and Development activity is to generate new knowledge and to apply or explore existing knowledge. Both these

#### 1. Specific areas in which R & D is carried out by the Company

Research and Development area includes:

Development of various Pharmaceutical dosage forms, Literature, survey, Preformulation studies, Formulation and stand-

# Annexure To Directors' Report

ardisation of dosage forms for selected drug molecules on laboratory scale, Development of new analytical test processes and their evaluation for dosage forms, validation and standardisation of processes on pilot scale, Monitoring of first three to five commercial batches etc.,

Accelerated and time lapse stability studies of Research and Development formulations as well as commercial batches under various climatic conditions;

Development of packaging forms and their improvements for new as well as existing products;

Reformulation of existing products, Resolution of Technology - Production - QC/QA - Marketing queries, Cost optimisation of products with respect to formulation and processes;

Registration of various products abroad, Scientific publications;

Improvement in synthesis by various routes, solvent and reactants recovery for recycling and improvement in yields and

Standardisation and validation of synthetic processes to optimise cost by maintaining quality parameters and minimum pollution load.

## 2. Benefits derived as a result of the above R & D

New formulations having fixed dose combinations like Mupirocin Plus Betamethasone Dipropionate Ointment as Supirocin B Ointment and Ketoconazole combined with ZPTO in shampoo base as Scalpe Shampoo are developed and launched. These formulations are launched first time in India. Topical antibacterial Mupirocin is launched as Supirocin Ointment.

To enter into Haematinic and nutritional segment, R&D division has developed and launched Iron Polymaltose chewable Tablets as Mumfer Chewable Tablets and Mumfer Syrup. Similarly Calcium Citrate combined with Vitamin D<sub>3</sub> is developed and launched as Milical Tablets.

A macrolide antibiotic Clarithromycin is launched as 250 mg and 500 mg Tablets under trade name MACLAR.

Some of the products in ready to launch state includes

- a potent Corticosteroid in Ointment, Cream, and Lotion form
- a macrolide antibiotic in dispersible tablet form
- a Haematinic paediatric dosage form as oral drops
- extension to existing dosage form under Beta lactum category and combinations
- antiviral drugs as tablets & capsules
- wide range of products for Exports as per the requirements of the Company under generic or brand name

## 3. Future plan of action

The Company's product range will be enlarged by developing New Drug Delivery System like Sustained Release/Controlled release dosage forms.

Dosage form containing new molecules as Antibiotics, Analgesic and Anti inflammatory agents are under active consideration.

Cost optimisation and improvement of existing products.

To develop advanced techniques and processes for powder coating and Pelltization.

To develop Product and process for soft gelatin capsules containing various drug molecules.

## 4. Expenditure on R & D

	Current Year (Rs.)	Previous Year (Rs.)
a) Capital Expenditure	2,09,65,478.54	3,06,38,364.73
b) Revenue Expenditure	1,05,30,340.34	56,25,594.02
c) Total	3,14,95,818.88	3,62,63,958.75
d) R & D Expenditure as a percentage of total turnover	2.28%	3.66%

## Technology Absorption, Adoption and Innovation

1. Efforts in brief towards technology absorption, adoption and innovation:-

Most of our efforts in the area of technology absorption, adoption and innovation are based on our own efforts in R&D. They include improvement in yield and quality, improvement of processes and development of new processes with validation studies.

2. Benefits derived:-

Benefits derived are enhanced production of our products, improvement in the yield and quality of products and introduction of new products, cost reduction of products and processes without affecting the quality of the products and process efficacy.

Our R&D Centre is recognised by D.S.I.R., Ministry of Science and Technology, Government of India.

3. Information regarding technology imported during the last five years - Nil