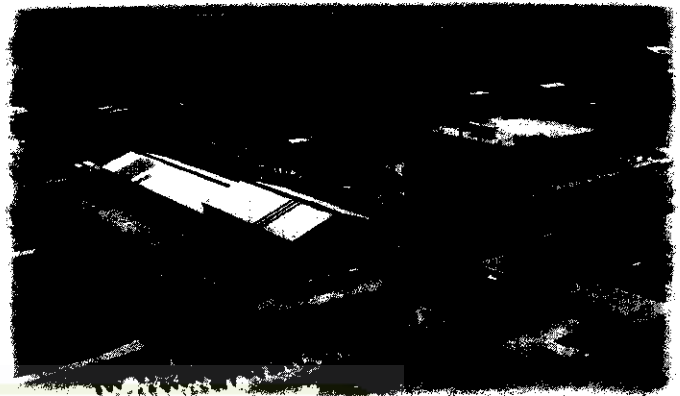


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Commitment to "Leadership Through Excellence"

Aerial view of the manufacturing facilities at Tarapur



One of the two Generating sets for the new Captive Power Plant - assurance of uninterrupted & desired quality of power supply

Oil Storage facilities for the new Captive Power Plant.



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BOARD OF DIRECTORS

Mr. D. B. Gupta	<i>Chairman</i>
Mrs. M. D. Gupta	
Mr. P. K. Kaul	
Mr. D. K. Contractor	
Dr. D. P. Sinha	
Mr. S. Choudhury	<i>Nominee of IDBI</i>
Mr. M. Parameswaran	<i>Nominee of UTI</i>
Mr. S. K. Velankar	<i>Wholetime Executive Director</i>

COMPANY SECRETARY

Mr. R.V. Satam

AUDITORS

Arora & Arora
Chartered Accountants
Mumbai

BANKERS

Bank of Baroda
Dena Bank
Punjab National Bank

SOLICITORS

Gagrat & Co.
Crawford Bayley & Co.

REGISTERED OFFICE

Plot T-142, MIDC Industrial Estate,
Tarapur, Dist : Thane,
Maharashtra.

HEAD OFFICE & INVESTORS' SERVICES DEPARTMENT

159, C.S.T. Road, Kalina,
Santacruz (East),
Mumbai 400 098.



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of Lupin Chemicals Limited will be held at the Conference Hall of Tarapur Industrial Manufacturers Association (TIMA), P-14, Recreation Centre, Tarapur Industrial Area, Tarapur, Dist. Thane, Maharashtra on Friday, the 26th day of November, 1999 at 2.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st July, 1999 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors.
2. To declare dividend for the year ended 31st July, 1999.
3. To appoint a Director in place of Mr. P. K. Kaul, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors to hold office from the conclusion of the Seventeenth Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below :

- A. 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.

- B. Article 14 of the Articles of Association and marginal note thereto be substituted by the following :

14.
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.

- C. The following Article with marginal note be inserted after the existing Article 14 and be numbered as Article 14A.:

14A.
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.

- D. In Article 24, the ending words "registered holder" be deleted and the word "Member" be substituted therefor."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND THE 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 pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 5 is annexed.
3. The Register of Members and the Share Transfer

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Register of the Company will be closed from Thursday, the 11th November, 1999 to Friday, the 26th November, 1999 (both days inclusive).

4. Dividend, if declared at the meeting, will be paid within the prescribed time limit to those members whose names appear in the Register of Members of the Company on Friday, the 26th November, 1999.

Shareholders holding shares in physical form are requested to furnish details of their bank accounts, which will be printed on the dividend warrant, so as to avoid fraudulent encashment thereof.

5. Consequent to the amendment to Section 205 A and introduction of Section 205 C in the Companies Act, 1956, the amounts of unpaid/matured dividend, share application/allotment money, deposits, debentures and interest remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrants for the year ended 31st July, 1998 are requested to lodge their claims with the Company.

Members who have not encashed the dividend warrants for the year ended 31st July 1994 are requested to claim the amount from the Registrar of Companies, Maharashtra, C.G.O. Complex, A-Wing, 2nd Floor, C.B.D., Belapur, Navi Mumbai 400 614.

6. The members are requested to :
- Intimate to the Company changes, if any, in their registered address at an early date.
 - Quote ledger folio numbers in all their correspondence.

- Approach the Company for consolidation of various ledger folios into one.
 - To avoid inconvenience, get the shares transferred in joint names, if they are held in single name and appoint a nominee.
 - Bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their communications to the Sr. Vice President-Finance, so as to reach at least seven days before the date of the meeting, so that the information required may be made available at the meeting, to the extent possible.
7. Members, who hold shares in dematerialised form are requested to bring their depository account number at the meeting for easier identification.

By Order of the Board of Directors

Place : Mumbai
Date : 27th August, 1999

R. V. SATAM
Company Secretary

Registered Office :
Plot T-142, MIDC Industrial Estate,
Tarapur, Dist. Thane,
Maharashtra.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Certain provisions of the Companies Act, 1956 have been amended consequent to the passing of the Depositories Act, 1996 and introduction of the concepts of depository system and holding of securities in dematerialised electronic form. In view of this, it is necessary to alter certain Articles in the Articles of Association of your Company, so as to bring them in conformity with the said amendments.

The Directors recommend the Resolution for approval of the members.

None of the Directors of the Company is interested in or concerned with the above Resolution.

By Order of the Board of Directors

Place : Mumbai
Date : 27th August, 1999

R. V. SATAM
Company Secretary

Registered Office :
Plot T-142, MIDC Industrial Estate,
Tarapur, Dist. Thane,
Maharashtra.



DIRECTORS' REPORT

To the Members,

Your Directors present their Seventeenth Annual Report and Audited Accounts of the Company for the year ended 31st July, 1999.

1. FINANCIAL RESULTS

	For the year ended	
	31.07.99	31.07.98
	(Rs. in lacs)	
Sales/Income from operations	11038.10	10921.05
Profit before interest, depreciation and tax	3321.29	2975.56
Less : Interest	1535.54	1435.13
Less : Depreciation	472.53	447.20
Profit before tax	1313.22	1093.23
Less : Provision for taxation	64.00	—
Profit after tax	1249.22	1093.23
Add : Debenture Redemption Reserve no longer required	85.00	—
Add : Balance brought forward from previous year	888.66	534.49
Amount available for appropriation	<u>2222.88</u>	<u>1627.72</u>
Appropriations :		
Transferred to Debenture Redemption Reserve	285.00	370.00
Proposed dividend	335.51	335.51
Tax on dividend	36.91	33.55
Balance carried to Balance Sheet	<u>1565.46</u>	<u>888.66</u>
	<u>2222.88</u>	<u>1627.72</u>

2. PERFORMANCE

The Company's turnover/operational income increased to Rs. 11038.10 lacs as against Rs.10921.05 lacs in the previous year. The production of Rifampicin has grown to 207 MT from 186 MT. Operating profit improved by 11.62% from Rs. 2975.56 lacs to Rs.3321.29 lacs. The Company achieved a net profit of Rs. 1249.22 lacs, up from Rs.1093.23 lacs, thus registering a growth of 14.27% despite the reduction in the notified price of Rifampicin from Rs.5220 per kg. to the current level of Rs.4885 per kg. and a one month shut down at the plant for scheduled maintenance.

3. OPERATIONS

The continuous efforts taken by the Company with regard to technology improvement resulted in

increased productivity, higher production and higher profits. During the year under review, the Company set up a Captive Power Plant which has been made fully operational by the end of August 1999. The said plant will help the Company in reducing energy cost which is a major cost component in the fermentation industry. Additionally, it will also ensure uninterrupted supply of quality power thereby augmenting production. Against Company's representation to the government in the matter of reduction in the selling price of Rifampicin notified in the previous year, government marginally increased the selling price during the year. The Company is actively evaluating proposals for manufacturing new products based on fermentation technology. The Company is constantly upgrading its skills to maintain its leadership and excellence in fermentation technology.

4. DIVIDEND

Your Directors are pleased to recommend dividend at the rate of 10%, absorbing a sum of Rs.335.51 lacs.

5. DEMATERIALISATION OF SHARES

Consequent upon Securities and Exchange Board of India (SEBI) making dematerialisation of your Company's shares compulsory for Institutional investors with effect from 15th February, 1999, your Company has executed an agreement with National Securities Depository Limited (NSDL) paving way for holding and trading shares in the demat mode. Your Company has also signed an agreement with Central Depository Services Limited (CDSL) the second Depository, which has recently commenced its operation. Any member of the company desirous of dematerialising the shares held in the Company may do so by complying with the necessary formalities and for the said purpose such member may open an account with any Depository participant registered with SEBI. The Investors' Services Department of the Company shall be pleased to provide any assistance or information and be of your service, upon hearing from you.

6. DIRECTORS

Mr. P. K. Kaul retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

The nomination of Mr. D. S. R. Murthy was withdrawn by UTI and Mr. M. Parameswaran was nominated in his place. The Board places on record its sincere appreciation of the valuable support extended by

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Mr. Murthy during his tenure as a Director of the Company.

7. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of the above rules, your Directors give the prescribed particulars in an annexure forming part of this Report.

8. FIXED DEPOSITS

The Fixed Deposit Schemes of the Company have been a runaway success. Within a short span of less than two years the fixed depositors' family has grown to over 14000 satisfied depositors.

The total amount of fixed deposits as on 31st July, 1999 was Rs.1872.17 lacs. There were 87 deposits aggregating Rs.26.10 lacs, lying unclaimed with the Company as on 31st July, 1999 of which, 43 deposits aggregating Rs.20.97 lacs have since been renewed/repaid.

The Company has sent reminders to the deposit holders concerned to claim their deposits.

9. Y2K COMPLIANCE

Your Company has achieved significant progress in its efforts to make all its systems Y2K compliant and expects the same to be completed by September, 1999. The cost involved is estimated to be Rs.20 lacs.

10. INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year under review.

11. AUDITORS

M/s. Arora & Arora, Chartered Accountants, retire at

the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

12. AUDITORS' REPORT

The remark as contained in item 2 (e) of the Auditors' Report, read with note No.5 of Schedule 17 forming part of the Accounts is self-explanatory and as such, does not require further explanation.

13. PARTICULARS OF EMPLOYEES

Information as prescribed by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendment) Rules, 1999 is given as an annexure to this Report. However, pursuant to the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all the shareholders excluding the aforesaid information. Shareholders who are interested in obtaining the information may write to the Company Secretary at the Company's head office.

14. APPRECIATION

Your Directors place on record their appreciation of the valuable services rendered by all the employees of the Company, their gratitude to the Financial Institutions and Banks for their timely assistance and customers of the Company, distributors, suppliers, shareholders and depositors for their continued support.

For and on behalf of the Board of Directors

Place : Mumbai

Dated : 27th August, 1999

D.B. GUPTA

Chairman

ANNEXURE TO THE DIRECTORS' REPORT

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

- i) Optimisation of power consumption of main cooling tower.
- ii) Optimisation of running of all utility equipments such as boiler, chilled brine, VAPHs.

- iii) Regular energy audits and implementation of corrective measures.

b) Additional investments and proposals :

Investment is planned for improvement of main fermentors.

c) Impact of measures in (a) & (b) :

Substantial savings in power consumption will be achieved as a result of the above.

d) Total energy consumption and energy consumption per unit of production :