

UNICHEM
ANNUAL REPORT 1998-99



Shri Amrut Vithaldas Mody

(22.5.1914 - 29.1.1999)

Chairman and Founder of Unichem Laboratories Ltd.

कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।
मा कर्मफलहेतुर्भूर्मा ते संगोऽस्त्वकर्मणि ॥

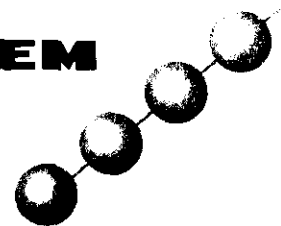
Thy right is to work only, but never to its fruits;
let not the fruit - of - action be thy motive,
nor let thy attachment be to inaction.

Bhagavad Gita, Ch. II/47

Padma Bhushan Amrutbhai Mody was the founder Chairman of Unichem Laboratories. He was a visionary entrepreneur who pioneered the Indian Pharmaceutical Industry against great odds. His success in industry was founded on his deeply engrained professionalism. Till his last days he devoted himself to a search for better and cheaper drugs. Sensing the need and the potential of Indian professionals in the Pharma Industry, he supported several educational and research institutions in the country. A liberal humanist, he not only built these values in the Unichem organisation but extended the same to other philanthropic initiatives.

Unichem was his lifelong mission. The values that he strived for are reflected in the Unichem brand name. That is his great legacy.

May God give us strength to build on that legacy ! May his soul rest in peace !

UNICHEM**UNICHEM LABORATORIES LIMITED****BOARD OF DIRECTORS**

Dr. Prakash A Mody, Chairman & Managing Director
B K Sharma, Executive Director
Balkrishna C Modi
Harsh Mariwala
Prafull Anubhai
Ramdas M Gandhi
Sohrab E Dastur

COMPANY SECRETARY

K Subharaman

BANKERS

Bank of India
The Sakura Bank Limited
Bank of Baroda

AUDITORS

B D Jokhakar & Co.

SOLICITORS

Manilal Kher Ambalal & Co.

REGISTERED OFFICE

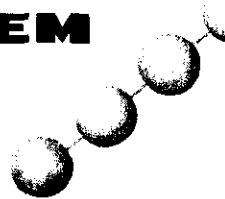
Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai - 400 026.

CORPORATE OFFICE

Unichem Bhavan, Off S V Road, Jogeshwari (W), Mumbai - 400 102.

**MANUFACTURING
LOCATIONS**

- 99, MIDC Area, Roha, Dist. Raigad 402 116.
- Plot No. 17 & 18, Pilerne Industrial Estate, Pilerne Bardez, Goa - 403 515.
- C-31-32, Industrial Area, Meerut Road, Ghaziabad - 201 003.
- Bhatauli Kalan, Dist. Solan, Baddi, Himachal Pradesh - 173 205.

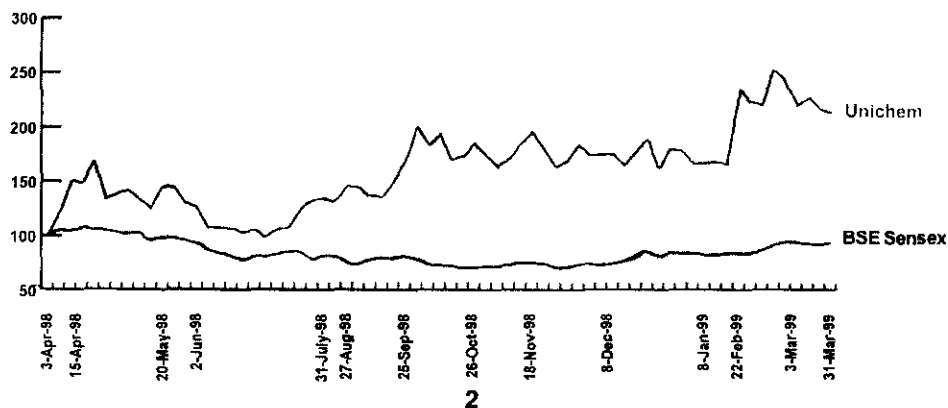
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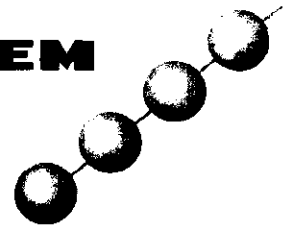
SHAREHOLDERS' INFORMATION

1. Dates of Book Closure : 9th September, 1999 to 29th September, 1999 (Both days inclusive)
2. Date and Venue of the Annual General Meeting : 29th September, 1999, Wednesday
at 3.00 p.m. at Birla Krida Kendra, Dr. N. A. Purandare Marg,
Chowpatty, Mumbai - 400 007.
3. Dividend payment : On or after 15th October, 1999 but within statutory time limit.
4. Share Transfers and all communication (other than for dividend) may be addressed to : M/s. Mondkar Computers Pvt. Ltd.
Registrars and Share Transfer Agents
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.
Phone : 822 1966 • Telefax : 821 1996, 836 6620
5. Shareholding Pattern

Category	No. of Shares held	Voting Strength (%)
Promoters/Relatives	19,30,697	45.27
Promoter Companies		
Financial Institutions	3,62,436	8.50
NRI's	8,138	0.19
FII's/OCB's/MF's	1,67,150	3.92
Others	17,96,579	42.12
Total	42,65,000	100.00

6. Registered Office : Mahalaxmi Chambers, 2nd Floor, 22, Bhulabhai Desai Road, Mumbai - 400 026.
7. Dematerialisation of Shares : Your Company has joined hands with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS) to facilitate investors to hold equity shares of the Company in electronic form and trade in these securities. The scrips have been activated for dematerialisation on NSDL & CDS under the ISIN No. INE351A01019.
8. Exchange of new share certificates with safety features against old shares certificates : In order to protect the interest of the shareholders, the Company had issued new share certificates containing safety features in lieu of the old share certificates. The Company had sent circulars to all the members requesting them to exchange their old share certificates against new share certificates in the year 1997. However, it is found that some members have still not exchanged their old share certificates for the new share certificates. The Company intends to inform the concerned stock exchange at the appropriate time to stop trading in old certificates. Therefore, once again it is hereby requested that the members who have not exchanged their old share certificates may get the same exchanged at the Registered office of the Company on any working day during 10.00 a.m. to 12.00 noon & 2.00 p.m. to 4.00 p.m.
9. UNICHEM V/s. BSE Sensex



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NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of UNICHEM LABORATORIES LIMITED will be held at Birla Krida Kendra, Dr. N. A. Purandare Marg, Chowpatty, Mumbai 400 007 on Wednesday, the 29th day of September, 1999 at 3:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March, 1999.
3. To appoint a Director in place of Mr. Harsh Mariwala who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Prafull Anubhai, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration for the year ending 31st March, 2000.

SPECIAL BUSINESS

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. B. K. Sharma as Executive Director for a further period of 5 years with effect from 16th August, 1999 on the remuneration and on such terms and conditions as recommended by the Board of Directors in their meeting held on 10th June, 1999 and set out in the draft agreement to be entered into by the Company with him, and submitted to this Meeting and initialled for the purposes of identification by the Chairman, with liberty

and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement from time to time within the scope of Schedule XIII of the Companies Act, 1956, or any amendments thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Mr. B. K. Sharma.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that, pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and subject to all such laws/agreements as may be relevant, the Articles of Association of the Company be and are hereby amended as follows:

- A. To insert the following Article after the existing Article 1.

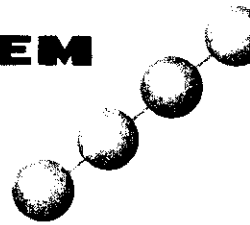
DEPOSITORIES ACT

1A. Notwithstanding anything contained in these Articles or the Act, the provisions of Depositories Act, 1996, relating to dematerialisation of securities (including any modification or re-enactment thereof and Rules/regulations made thereunder) shall prevail and apply accordingly.

- B. Amend the definition of "Member" appearing in Article 2 as follows and substitute the same for the existing definition :

'Member means every person holding shares of the Company and whose name is entered as Beneficial Owner in the records of the Depository in terms of clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996 and includes subscribers to the Memorandum of Association of the Company and those who are registered holders from time to time.'

- C. To insert the following definitions in the Article 2.



'Beneficial Owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

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

'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- D. To insert the following Article after the existing Article 10.

Allotment in respect of securities held in a Depository

10A. Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a dematerialised form with a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

- E. To renumber the existing Article 15 as Article 15A and to add the words "Subject to the provisions of Articles 15B and 15C" at the beginning of such re-numbered Article 15A.

- F. To insert the following Article after the existing Article 15 as amended hereof :

15B. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as holder of any share or whose name appears as the Beneficial Owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

15C. All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187C of The Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial Owners.

- G. To amend the existing Article 16 as follows :

16. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and Depositories Act, 1996 with details of shares held in material and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a Branch Register of Members resident in that State or Country.

- H. To insert the following Article after existing Article 16 as amended hereof.

DEMATERIALIASATION OF SECURITIES

16A. Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities, and offer securities in a dematerialised form, pursuant to the provisions of the Depositories Act, 1996.

- I. To insert the following proviso at the end of the existing Article 17.

"Provided, however, that the provision relating to numbering shall not apply to the shares of the Company which have been dematerialised"

- J. To amend the existing Article 23 by adding the following at the end thereof.

However, no share certificate(s) shall be issued for shares held in a Depository.

- K. To replace the words 'Article 15 hereof is' appearing in Article 44 with the words ' Articles 15A, 15B and 15C hereof are' .

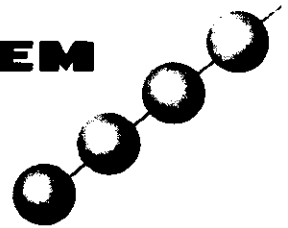
- L. To insert the following Article after the existing Article 48.

48A. Notwithstanding anything to the contrary contained in The Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting the transfer of ownership of security on behalf of the beneficial owner.

- M. To insert the following Article after the existing Article 50

Transfer of Securities held in a Depository

50A. In the case of transfer of shares or other

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marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form the provisions of the Depositories Act, 1996 shall apply.

- N. To insert the following Article after the existing Article 69.

Rights and Liabilities in respect of Securities held in a Depository

69A. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

- O. To insert the following Article after the existing Article 110.

Vote in respect of Securities held in a Depository

110A. Save as otherwise provided in Article 48A, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

RESOLVED FURTHER that the Directors of the Company and the Company Secretary be and are hereby severally authorised to take all such decisions, actions and steps (including filing of the amendments approved hereat with the Registrar of Companies), as may be considered proper, expedient or necessary for giving effect to the foregoing."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from

9th September, 1999 to 29th September, 1999 (both days inclusive), for the purpose of Annual General meeting and for payment of Dividend, if approved by the Members.

3. The dividend, if declared, will be made payable to those members whose names appear on the Register of Members of the Company on 29th September, 1999; through Bank of India, Mumbai 400 036 on or after 15th October, 1999.
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the dividend for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Mumbai.
5. Members are requested to notify promptly any change in their address directly to the Registrar & Transfer Agents, M/s. Mondkar Computers Pvt. Ltd, 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
6. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
7. All the documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on any working day of the Company upto and including the day of the 36th Annual General Meeting.

By order of the Board,

K SUBHARAMAN
Company Secretary

Registered office:

Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai-400 026

Dated: 10th June, 1999



EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

The present term of Mr. B. K. Sharma as Executive Director expires on 15th August, 1999.

Mr. B. K. Sharma has been the Executive Director of the Company since 1994 and the Company has progressed well under his leadership during the last 5 years. The Board is of the view that Mr. B. K. Sharma should continue as Executive Director and steer the Company into the next millennium under his able leadership.

Mr. B. K. Sharma's appointment, terms and conditions and remuneration are within the scope of Schedule XIII of the Companies Act, 1956 and requires the approval of the members in the General Meeting and hence this resolution for your approval.

The terms and conditions contained in the agreement proposed to be made between the Company and Mr. B. K. Sharma, upon his aforesaid reappointment, inter-alia, includes the following:-

1. **Period of Agreement** : Five Years from 16th August, 1999 to 15th August, 2004.

2. **Salary** : Rs.1,10,000 per month; in the scale of (1,10,000 - 15,000 - 1,85,000)

3. **Perquisites and Allowances** :

- i) In addition to the salary payable, the Executive Director shall also be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with utilities therefor such as gas, electricity, society charges and property tax; medical reimbursement including hospitalisation for self and spouse, medical/accident insurance, leave travel concession for himself and his family; club fees etc.; in accordance with the Rules of the Company or as may be agreed to by the Board and Mr. B. K. Sharma, such perquisites other than medical reimbursement for self and family to be restricted to 50% of the annual salary.

- ii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid, subject to Schedule XIII of the Companies Act, 1956.

- iii) Provision for use of Company's car for official duties 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.

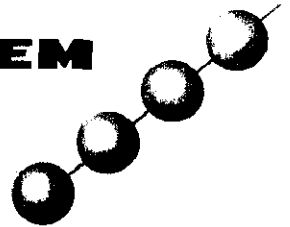
4. Minimum Remuneration

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary and perquisites as specified above subject to the restrictions set out in Schedule XIII of the Companies Act, 1956 or any law or enactment for the time being or from time to time in force.

The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time in such manner as may be agreed to between the Directors and Mr. B. K. Sharma, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 and any amendments made hereafter in that regard.

The Company or Executive Director shall be entitled at any time to terminate this appointment by giving six months written notice or by any shorter notice as may be mutually agreed to between the Executive Director and the Board of Directors.

The draft of the Agreement to be made between the Company and Mr. B. K. Sharma is available for inspection by the members of the Company at its

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Registered Office between 10.00 a.m. to 12.00 noon and 2.00 p.m. to 4.00 p.m. on any working day of the Company upto and including the day of the 36th Annual General Meeting.

This may be treated as an abstract of the terms of reappointment of Mr. B. K. Sharma and memorandum of interest pursuant to section 302 of the Companies Act, 1956.

No director of the Company other than Mr. B. K. Sharma is concerned or interested in the resolution.

Item No.7

On introduction of the Depositories Act, 1996, and Depository system, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of the company. Hence to take necessary actions in the matter, it is necessary to amend the Articles of Association. Article No. 16A is being inserted to have enabling provisions in

the Articles of Association for dematerialisation of securities of the Company. Therefore, the Board of Directors recommends the resolution for your approval.

A copy of Articles of Association of the Company showing proposed alterations will be available for inspection at the Registered Office of the Company between 2.00 p.m. to 4.00 p.m. on any working day of the Company upto and including the day of the 36th Annual General Meeting.

None of the Directors of the Company is concerned or interested in the resolution.

By order of the Board,

K SUBHARAMAN

Company Secretary

Registered office:

Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai-400 026

Dated:10th June, 1999

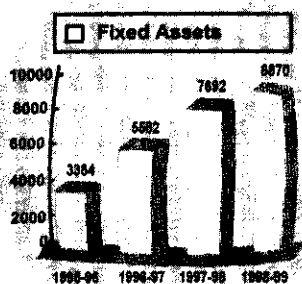
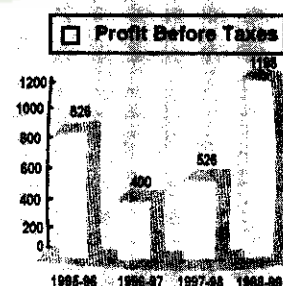
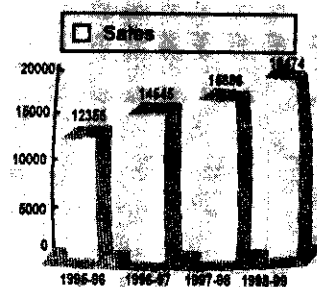
UNICHEM**DIRECTORS' REPORT**

To the Shareholders

- The Directors have pleasure in presenting their Thirty-sixth Annual Report with Audited Accounts for the year ended 31st March, 1999.
- FINANCIAL PERFORMANCE**

(Rs. in lakhs)

	Current Year	Previous Year
Operating Profit	2366.99	2154.36
Add : Non-operating Income	253.95	504.88
Profit before Interest and Depreciation	2620.94	2659.24
Less : Interest	726.65	598.55
Gross Profit	1894.29	2060.69
Less : Depreciation	447.98	415.34
Less : Extraordinary Item (Compensation paid to employees who have opted for retirement)	242.00	1112.96
Less : Prior period expenses	3.60	6.38
Tax Provision	190.00	125.00
PROFIT AFTER TAX	1010.71	401.01
Balance brought forward	473.00	431.57
Less : Excess /(Short) provision for taxation pertaining to earlier years	2.21	—
Amount available for Appropriation	<u>1481.50</u>	<u>832.58</u>
APPROPRIATIONS		
Proposed Dividend	255.90	213.25
Tax on Proposed Dividend	28.15	21.33
General Reserve	200.00	125.00
Surplus carried to Balance Sheet	<u>997.45</u>	<u>473.00</u>
	<u>1481.50</u>	<u>832.58</u>

**3. OPERATIONS**

The Company's sales for the year are Rs.185 crores as compared to Rs.159 crores for the previous year registering a growth of 16%. Operating profit for the year is Rs.24 crores as compared to Rs.22 crores for the previous year registering a growth of 9%. Profit after tax for the year is Rs.10 crores as compared to Rs.4 crores for the previous year registering a growth of 150%. EPS of the Company for the year is Rs.23.65 as compared to Rs.9.40 for the previous year.