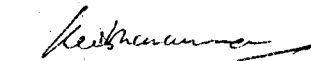


CERTIFIED TO BE
THE TRUE COPY

For Unichem Laboratories Limited.



K. Subharaman
Company Secretary

BUILDING THE FUTURE

Unichem Laboratories Limited
Annual Report 2002-2003



Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words

such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should

known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Contents

What is Unichem? **02** Vision **03** Building the future **04** Value chain **11** Power brands **13** Performance highlights **15** Five minutes with the CMD **16** Divisional analysis **18** Management discussion and analysis **26** Risk and risk management **32** Five-years' financial highlights **36** Management's responsibility statement **38** Company secretary's responsibility statement **39** Directors' report **40** Annexure to directors' report **44** Report on corporate governance **46** Auditor's report on corporate governance **53** Auditor's report **54** Annexure to the auditor's report **55** Balance sheet **58** Profit and loss account **59** Schedules **60** Consolidated accounts **73** Section 212 **83** Subsidiary accounts **84** Corporate information **94** Glossary **95** An ailments overview **97**



**UNICHEM
LABORATORIES LTD.**

Regd. Office:
Mahalaxmi Chambers, 2nd Floor,
22, Bhulabhai Desai Road,
MUMBAI - 400 026. INDIA

Phone : 91-22-4923980, 4921341

Fax : 91-22-4934968

Website : www.unichemindia.com

NOTICE TO MEMBERS

NOTICE is hereby given that the 40th Annual General Meeting of UNICHEM LABORATORIES LIMITED will be held at M.C. Ghia Hall, Bhogilal Hargovindas Bldg, 2nd Floor, 18/20, Kaikhushru Dubhash Marg, Mumbai - 400 001 on Monday, the 22nd day of September 2003, 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, 2003 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 dividend for the year ended 31st March, 2003.
3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT the vacancy caused by the retirement by rotation of Mr. S. E. Dastur, who has not sought re-appointment, be not filled in at this meeting or at any adjournment thereof."
4. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT the vacancy caused by the retirement by rotation of Mr. B. C. Modi, who has not sought re-appointment, be not filled in at this meeting or at any adjournment thereof."
5. To appoint Messrs B.D. Jokhakar & Co. as Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

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 Dr. Prakash A. Mody as Chairman & Managing Director for a further period of 5 years with effect from 1st July, 2003 on the remuneration and on such terms and conditions as recommended by the Board of Directors in their meeting held on 14th June, 2003 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, vary and modify 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 Dr. Prakash A. Mody.

RESOLVED FURTHER 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Nasser Munjee, who was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500 as required under the Act, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

8. To declare the results of Postal Ballot taken from the shareholders of the Company for passing an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, for the disposal of the Animal Healthcare Division of the Company.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. As per the Resolution passed by the Board of Directors at their meeting held on 14th June, 2003, the Register of Members and Share transfer Books of the Company will remain closed from 5th August, 2003 to 14th August, 2003 (both days inclusive), for the purpose of Annual general Meeting and for payment of Dividend, if approved by the Members.
3. Members (Beneficiaries) holding shares in dematerialised mode are requested to note that the bank details furnished

by them to their respective Depository Participants will be printed on their Dividend Warrants pursuant to SEBI directive vide Circular No. D&CC/FITTC/CIR-04/2001 dated November 13, 2001.

The above is not applicable if the Dividend is paid to the members through ECS.

4. The Company has already transferred all unclaimed dividends upto the financial year 1994-95, to the Central Government.
5. Members are requested to bring their copy of the Annual Report & the Attendance Slip with them at the Annual General Meeting.
6. Pursuant to the provisions of Sections 205A & Section 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant/s so far for the financial year ended 31st March, 1996 or any subsequent financial year/s are requested to make their claim to the Share Department, Mahalaxmi Chambers, 2nd Floor, 22, Bhulabhai Desai Road, Mumbai 400 026. Please encash your Dividend Warrant immediately on its receipt by you. It may also be noted that the dividend once transferred to Investors Education and Protection Fund cannot be claimed.
7. Shareholders holding shares in physical form and wishing to avail the facility of Nomination may write to the Company at its Registered Office or Transfer Agents to obtain the Nomination Forms.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the items under Special Business is annexed hereto.
9. The shares of the Company are listed on The Stock

Exchange, Mumbai and National Stock Exchange. The necessary annual listing fees for the year has already been paid.

10. Mr. S. E. Dastur and Mr. B.C Modi retire by rotation at this Annual General Meeting and are eligible for re-appointment. However, they have intimated to the Company that they do not seek re-appointment. The Company does not propose to fill up these vacancies at this meeting or any adjournment thereof but will do so at a later date. Hence, as required by Section 256 of the Companies Act, 1956, the Resolutions are proposed not to fill up the vacancies caused by the retirements of Mr. Dastur & Mr. Modi at this meeting or any adjournment thereof. The Resolutions if passed, will comply with Article 120 of the Articles of Association of the Company and Section 258 of the Companies Act, 1956.
11. Members are requested to notify promptly any change in their address directly to the Registrar & Transfer Agents, M/s. MCS Ltd. Sri Venkatesh Bhavan, plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai- 400 093. Members are also requested to quote their Registered Folio No. and /or DP Identity & Client Identity Number in their correspondence.
12. The Members desiring any information with regard to the Annual Accounts of the Company are required to write to the Company at an early date, so as to enable the Company to keep the information ready.

By order of the Board,

Mumbai, July 28, 2003

Registered Office:

Mahalaxmi Chambers, 2nd Floor,
22, Bhulabhai Desai Road,
Mumbai 400 026

K Subharaman

Company Secretary

EXPLANATORY STATEMENT

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

Item No. 6

The present term of Dr. Prakash A. Mody as Managing Director expired on 30th June, 2003. At the meeting of the Board of Directors held on 14th June, 2003, he was re-appointed as a Chairman and Managing Director for a further term of 5 years.

Dr. Prakash A. Mody is a doctorate (Ph.D.) in Organic Chemistry from the University of Bombay. He has done his Marketing Management from Jamnalal Bajaj Institute of Management Studies, University of Bombay.

He is also a Graduate Alumni of Harvard Business School having undergone the Owner Presidents' Management Program.

He is associated with various bodies like Indian Pharmaceutical Association, Indian Drug Manufacturers Association, Young Presidents' Organisation Inc.

Dr. Prakash A. Mody'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 Dr. Prakash A. Mody, upon his aforesaid reappointment, inter-alia, includes the following:-

6.1 Salary, Commission & Retirement Benefits

6.1.1 Salary (Payable Monthly) :

Rs. 3,00,000/- per month with an increase of
Rs. 30,000/- per annum.

6.1.2 The Managing Director shall be entitled for a commission @ 1% on the net profits of the Company computed in terms of Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956; which will be over and above the monthly salary payable as aforesaid.

6.1.3 **Contribution to Provident Fund (Payable Monthly) :** Contribution by the Company to the Provident Fund at a rate not exceeding 12% of the Salary.

6.1.4 **Contribution to Pension Fund / Superannuation Fund (Payable Monthly)**
Contribution to the Pension Fund and/or Superannuation Fund at a rate not exceeding 15% of the Salary.

6.1.5 **Gratuity :**
Gratuity payable in accordance with the Gratuity Scheme of the Company provided that it does not exceed one half month's salary for every completed year of continuous service, since the date on which Dr. Prakash A. Mody was first appointed as Joint Managing Director viz. 22nd August, 1977.

6.2 **Perquisites:** In addition to Salary, the Managing Director will be entitled to the following perquisites:

6.2.1 **Housing**

6.2.1.1 The Company shall provide a fully furnished rent free residential accommodation as provided earlier. If he is not provided accommodation by the Company, the Company shall pay on a monthly basis house rent allowance of 60% of salary.

6.2.1.2 The Company shall bear expenses which may be incurred on such a house in accordance with Dr. Prakash A. Mody's status, on insurance, security charges, maintenance and repair of the house and the furniture and fixture therein, gas, electricity and water.

6.2.2 **Medical reimbursement**

Reimbursement of actual medical expenses incurred in India and / or abroad for himself and his family members. Such reimbursement shall be subject to approval of the Board if the same exceeds 5 months average salary over a period of 5 years. In addition, the managing director and his family members shall be covered under Company's Group Mediciam and Overseas Mediciam Policy.

6.2.3 **Leave Travel Concession**

Leave Travel Concession shall be made available to Dr. Prakash A. Mody for himself and his family once in a year in accordance with the rules of the Company, the total in a year, shall not exceed one month's salary.

6.2.4 **Club fees**

Fees of Corporate / Health Clubs (not exceeding 2 clubs) shall be borne by the Company.

6.2.5 **Conveyance**

Free use of Company's cars not exceeding two in

number for the work of the Company as well as for personal use along with driver, Insurance, petrol, cost of repairs, overhauling, maintenance and garage rent.

6.2.6 **Communication Facilities**

The Company shall bear all expenses of Communication facilities installed at the residence allotted to Dr. Prakash A. Mody including but not limited to Telephones (land lines/mobiles), Faxes, Computers/Laptops, Internet connection.

6.2.7 **Personal Accident Insurance:**

Personal Accident Insurance of a reasonable insured value commensurate with the earnings of Dr. Prakash A. Mody shall be taken by the Company.

6.2.8 **Leave:**

Dr. Prakash A. Mody shall be eligible for leave as per Rules of the Company.

6.2.9 **Entertainment, Travelling and other incidental Expenses:**

The Company shall reimburse to Dr. Prakash A. Mody entertainment, travelling and other incidental expenses actually and properly incurred for the business of the Company.

6.2.10 **Other benefits:**

Dr. Prakash A. Mody shall be entitled to the other benefits, schemes, privileges and amenities such as housing loans and other loans at concessional rate of interest, credit cards, products at a discount, as may be granted from time to time to the Top Management of the Company in accordance with the relevant schemes.

6.2.11 **Valuation of perquisites:**

Perquisites mentioned in above shall be evaluated in accordance with the Income Tax Rules, 1961 wherever applicable, and in other cases at the actual cost to the Company.

6.3 **Other Terms Related to Remuneration:**

6.3.1 **Minimum Remuneration:**

If in any financial year during the tenure of Dr. Prakash A. Mody as Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to him remuneration by way of salary and perquisites as specified above as minimum remuneration subject to the limits laid down and in the manner as stipulated in Schedule XIII to the Companies Act, 1956, as in force and as amended from time to time.

6.3.2 **Maximum Remuneration:**

Except with the permission of the Central Government, remuneration to Dr. Prakash A. Mody shall not exceed the limits specified under the provisions Section 309 of the Companies Act, 1956.

6.3.3 **Disentitlements:**

Dr. Prakash A. Mody shall not be entitled:

6.3.3.1 To supplement his earnings under the Agreement with

any buying or selling commission involving the Company's transactions

6.3.3.2 To sitting fees for attending Meetings of the Board of Directors of the Company or any committee or committees thereof.

The terms and conditions of this reappointment and /or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 and amendments made hereafter in that regard.

Dr. Prakash A. Mody shall be entitled to reimbursement of expenses actually and properly incurred in the course of business of the Company.

Dr. Prakash A. Mody shall not be liable to retire by rotation. The Company or Dr. Prakash A. Mody shall be entitled at any time to terminate this appointment by giving six months written notice or any shorter notice as may be mutually agreed to between himself and the Board of Directors.

Dr. Prakash A. Mody is concerned or interested in his reappointment as Chairman and Managing Director and the remuneration payable to him. None of the other Directors are concerned or interested in the resolution.

The draft Agreement between the Company and Dr. Prakash A. Mody is available for inspection to the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

This may be treated as an abstract of the terms of reappointment of Dr. Prakash A. Mody and Memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

Item No. 7

The Board of Directors of the Company had appointed Mr. Nasser Munjee as an additional Director on the Board of Unichem. Mr. Nasser Munjee aged 50 years, a monetary economist, educated at the University of Chicago and the London School of Economics is the Managing Director and Chief Executive Officer of Infrastructure Development Finance Company Limited ('IDFC'), India. IDFC's achievements under his guidance, have been significant. Innovative project finance techniques, introduction of the concept of PFI to India, annuity financing, focus on power distribution and the

3iNetwork are amongst the ideas that he has encrusted in the realm of infrastructure. At HDFC, where he was appointed as its Executive Director in March 1993, he was responsible for resource mobilization, research, publications, policy formulation and managing the centre for housing finance. He holds Directorships in several companies. He is the Chairman of the Indian Association of Savings and Credit and the Aga Khan Rural Support Programme. His interests include rural development, housing finance and humanitarian causes (trustee of make-a-wish, Akansha and Chairman of Muniwarabad Charitable Trust). Mr. Munjee is the Chariman of CII's Surface Transport Committee and is the President of the Bombay Chamber of Commerce & Industry. He has played a key role in several consulting assignments for the World Bank, UNCDF, ADB and created the Asian Housing Finance Coalition involving Thailand, Philippines, Korea and India (UN Habitat Centre, Nairobi).

A Notice along with a deposit of Rs. 500/- has been received under Section 257 of the Companies Act, 1956 from a member of the Company proposing the appointment of Mr. Nasser Munjee as a Director of the Company.

The Board recommends his appointment as a Director.

None of the Directors of the Company, except Mr. Nasser Munjee, are concerned or interested in this Resolution.

Item No. 8

The Company proposes to dispose off its Animal Healthcare Division and hence consent of the members is required to be obtained by means of Postal Ballot. The Postal Ballot is conducted in accordance with the provisions of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 read along with the provisions of Section 192A & Section 293(1)(a) of the Companies Act, 1956. The results of the Postal Ballot will be announced by the Chairman at the meeting.

By order of the Board,

Mumbai, July 28, 2003
Registered Office:
Mahalaxmi Chambers, 2nd Floor,
22, Bhulabhai Desai Road,
Mumbai 400 026

K Subharaman
Company Secretary

**POSTAL BALLOT NOTICE PURSUANT TO SECTION 192A (2) OF THE COMPANIES
ACT, 1956**

According to Section 293(1)(a) of the Companies Act, 1956, sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking requires the approval of the shareholders by way of an Ordinary Resolution. The Company proposes to dispose off its Animal Healthcare Division and is, therefore, seeking your consent for such a proposal as contained in the draft Ordinary Resolution appended below. An explanatory statement pertaining to the said resolution setting out all the material facts and the reasons for which such resolution is proposed is also annexed.

In accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 the Members assent or dissent to the Resolution can be determined through postal ballot. Accordingly, the postal ballot form and a postage prepaid envelope is enclosed along with the Notice of the Meeting.

Draft of the Ordinary Resolution

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and subject to such other consents, sanctions, permissions or approvals being obtained from appropriate authorities to the extent applicable or necessary, consent of the Company be and is hereby given for the transfer of the Animal Healthcare Division of the Company by way of sale, de-merger, hiving-off, lease or to otherwise dispose it off as a going concern together with all its brands, trademarks and the use of all its infrastructure, contracts, licenses, permits, consents and approvals whatsoever and all rights and benefits attached thereto, situated at various locations, at such consideration, whether in cash or in kind or partly in cash or partly by shares and/or in any other manner and with effect from such date as the Board of Directors of the Company may deem fit in the best interest of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, desirable or appropriate, and execute all such deeds,

agreements, documents, applications and writing as it may consider necessary, usual, requisite or proper for the purpose of giving effect to this Resolution and the Board be and is hereby also authorized to make and accept such modifications in the foregoing as it may deem expedient in the best interest of the Company and the Shareholders."

Mumbai, July 28, 2003

Registered Office:

Mahalaxmi Chambers, 2nd Floor
22, Bhulabhai Desai Road,
Mumbai 400 026

By order of the Board,

K. Subharaman

Company Secretary

**EXPLANATORY STATEMENT FOR PROPOSING THE
ORDINARY RESOLUTION UNDER SECTION 293(1)(a) OF THE
COMPANIES ACT, 1956 FOR DISPOSAL OF THE ANIMAL
HEALTHCARE DIVISION OF THE COMPANY.**

The Animal Healthcare ('AHC') Division of the Company has been engaged in the business of manufacture and distribution of animal healthcare products. This division had a gross annual turnover of Rs. 10.1 crores for the year ended March 31, 2003. This division has 72 employees. All the products except one product which is manufactured by the Company in its plant at Ghaziabad, are being manufactured by third parties under Contract Manufacturing Agreements or Loan Licence arrangements. There are no fixed assets whether movable or immovable specifically for this division. Some of the well known brands marketed by this division are Vetaceph, Sacmin, Livoferol, Helmigard & Unimix. There are in all 36 brands pertaining to this Division.

Unichem has consciously decided to be a dominant player in selected therapeutic areas catering to Human Healthcare, both domestically and internationally. In order to achieve this, the Company is more focused on Human Healthcare formulation business and API (Active Pharmaceutical Ingredient) business. Hence the continuation of the business of Animal Health Care is not consistent with the other areas in which the Company is currently expanding and exploring opportunities. The management has in the circumstances decided to explore disposal of this business to a suitable international or local party. After a detailed research of both the local and the international suitors for the business, the transfer of business to M/s. Tetragon Chemie Ltd. ('Tetragon'), a Company incorporated in India under the Companies Act, 1956, and engaged in the business of manufacture, sale and distribution of nutritional and therapeutic products in the poultry and

animal farming sector and other health care products, was seen as the best option, both financially and otherwise. Tetragon have shown interest in purchasing the AHC Division of the Company on a slump sale basis. This Company is professionally managed and shares the values and work ethos similar to that of Unichem and the management believes that it is a suitable home for the AHC Division's employees and business. The nature of the products of Tetragon are similar to that of the AHC Division. The terms of employment offered by Tetragon to the selected employees are not less favourable than the existing terms of employment of these employees with the Company. Tetragon has agreed to enter into Contract Manufacturing Agreements and Loan Licence arrangements with the same parties as before and under similar terms and conditions. It has also agreed to enter into agreements with the same Consignment Agents and Distributors as before for the purpose of distribution of the products. In respect of one of the product 'Unimycin', Tetragon has agreed to enter into a Contract Manufacturing agreement with Unichem since it manufactures this product in its plant at Ghaziabad. All the brands of this Division will be assigned to Tetragon.

The transaction value is fixed at Rs. 7.75 crores, with an additional amount of approximately Rs. 4 crores as the Working Capital of the AHC Division. As the business being sold, is a running business, the working capital may vary and the same will be crystallized on the closing date. The exact amount towards Working Capital will be decided by the Auditors - Ernst & Young appointed by the purchasers. The working capital being transferred consists of Debtors and Inventories of Finished Goods and Raw Materials.

The Board is satisfied that it would be in the best interest of the Company, its shareholders and its concerned employees and trade associates to transfer the AHC division as referred to in the draft Ordinary Resolution to Tetragon.

The Board of Directors of the Company accordingly commend the Ordinary Resolution for approval by the members.

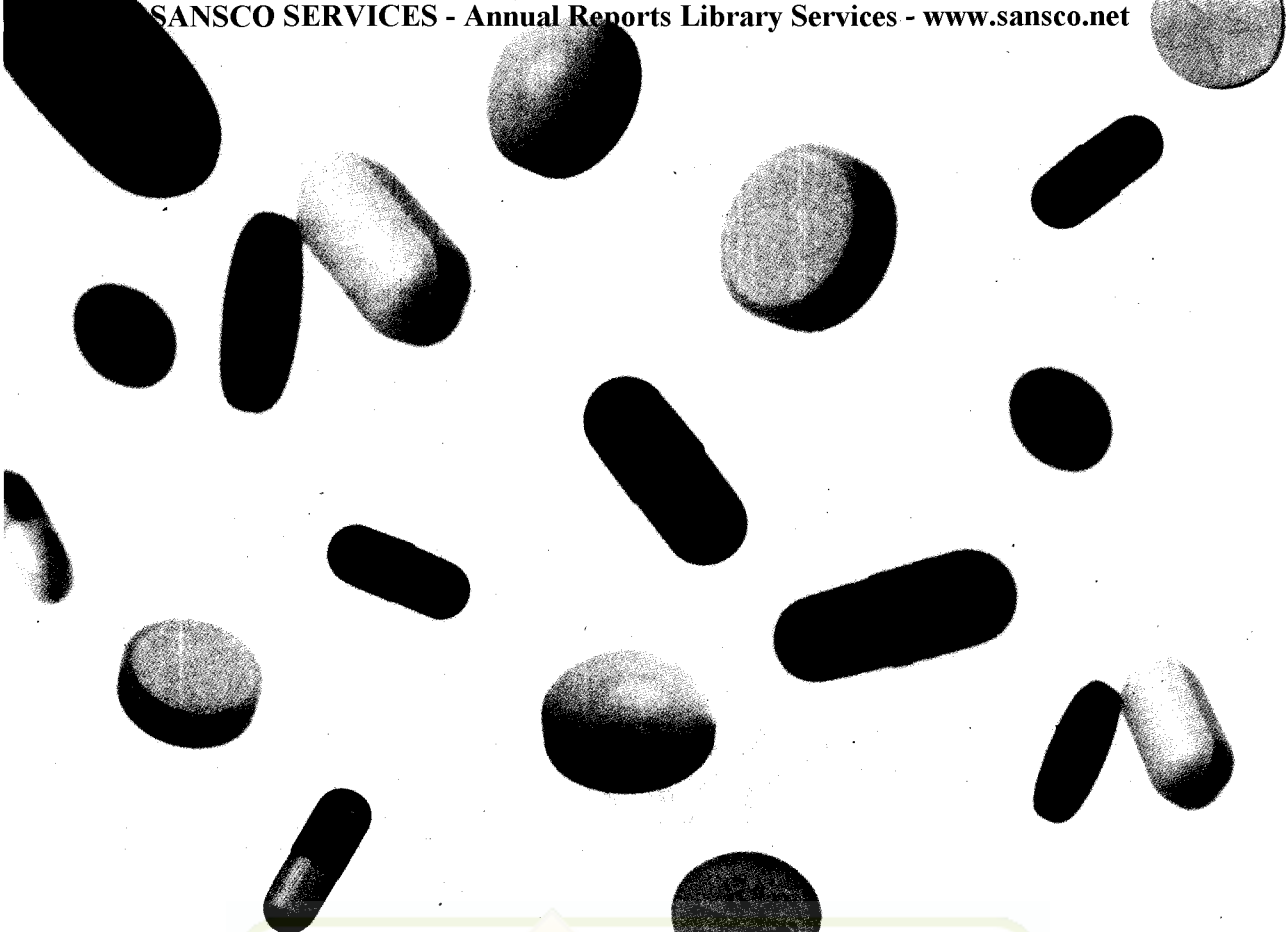
The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the notice of postal ballot pursuant to Section 192A of the Companies Act, 1956 to the extent of shares held by them in the Company.

Mumbai, July 28, 2003
Registered Office:
Mahalaxmi Chambers, 2nd Floor
22, Bhulabhai Desai Road,
Mumbai 400 026

By order of the Board,
K. Subharaman
Company Secretary

NOTES:

1. Members entitled to attend and vote at the meeting may indicate their assent or dissent to this business by voting through postal ballot in the prescribed postal ballot form enclosed and by returning the same in the postage prepaid envelope so as to reach the Scrutiniser before the date specified in the postal ballot form.
2. The postal ballot form duly completed and signed should be sent to the Scrutiniser before September 16, 2003.
3. Postal Ballot forms received after the said last date will be rejected i.e it will be treated as if no reply is received from the members.
4. Votes will be considered invalid on the following grounds:
 - a) If the member's signature does not tally.
 - b) If the member has marked both in favour and also against.
 - c) If the ballot paper received is torn or defaced or mutilated to an extent that it is difficult for Scrutiniser to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or one or more of the above grounds.
 - d) On such other grounds which in the opinion of the Scrutiniser makes the votes invalid.
5. Mr. Y. P. Dandiwalla, a leading solicitor, has been appointed as the Scrutiniser for conducting the Postal Ballot voting process and his appointment is in accordance with the Postal Ballot Rules, 2001. He will submit his report to the Chairman of the Company as soon as possible after the last date of receipt of postal ballot forms.
6. Mr. K. Subharaman, Company Secretary of your Company is the officer authorized to ensure smooth conduct of the postal ballot process. Members requiring any clarification may contact Mr. Subharaman.
7. The Chairman will announce the result of the Postal Ballot process at the 40th Annual General Meeting of the Company.
8. The item of business covered by this Postal Ballot will not be transacted at the said Annual General Meeting even though members who have not exercised their franchise through the Postal Ballot might be present in person or through proxy at this Annual General Meeting.

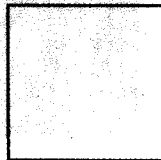
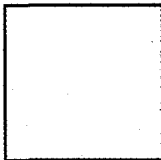


Unichem Laboratories Limited (Unichem) is a growing Company.

Thanks to a strong and focused strategy, the Company has built strengths across all its business divisions. Besides, it has enlarged its presence in the international markets.

The Company is now poised to capitalise on the emerging opportunities in the domestic and international pharmaceuticals industry.

This annual report highlights how Unichem is **'Building its Future'**.



WHAT IS UNICHEM?

Report Junction

Unichem brings to the customer a blend of modern-day research and nearly six decades of rich experience in the Indian pharmaceuticals industry. The Company was promoted by the late Mr Amrut Mody, a pioneer in the Indian pharmaceuticals business.

Even though formulations account for a significant portion of Unichem's revenues, the Company also manufactures active pharmaceutical ingredients (API or bulk actives) and animal healthcare products. The Company has prudently addressed relevant and growing therapeutic areas like gastro-intestinal, cardiovasculars, diabetes, psychiatry, neurology, anti-bacterials, anti-infectives and pain management, among others.

Unichem is headquartered in Mumbai with four manufacturing locations in Roha (Maharashtra), Goa, Ghaziabad (Uttar Pradesh) and Baddi (Himachal Pradesh). The Company's facilities enjoy credible certifications: for instance, the Goa plant has been approved by UK MHRA (earlier MCA), MCC (South Africa), WHO (Geneva) and TGA (Australia). The Baddi plant has been approved by UK MHRA and MCC (South Africa). The Company is in the process of implementing ISO 9001 across all its locations including the corporate office, and the ISO 14001 (environment certification) across its production plants.

As a future-focused initiative, Unichem has expanded its Research and Development facility in Jogeshwari (Mumbai) to spearhead research in Novel Drug Delivery Systems (NDDS) and develop non-infringing routes for the manufacture of products directed at the regulated markets. The Company has also funded a collaborative research with the Indian Institute of Sciences, Bangalore.

Unichem recorded revenues of Rs 3277.90 million and a profit after tax of Rs 270.85 million in 2002-03 (2001-02 figures were Rs 3035.40 million and Rs 309.64 million respectively).

