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# Contents

Letter from the Chairman {2}, A Comparative Analysis {4},  
Highlights for 2000 {6}, Management Review: Domestic Market {8},  
International Market {10}, R & D {12}, The Human Side {15},  
Board of Directors {16}, Management Team {17}, Directors' Report {18},  
Auditors' Report {20}, Balance Sheet as at December 31, 2000 {22},  
Profit & Loss Account for the year ended December 31, 2000 {23},  
Notes to Financial Statements {25}, Annexure to Directors' Report {36},  
Report on Corporate Governance {40}, Subsidiaries {46}.

## NOTICE

Notice is hereby given that the Second Annual General Meeting of the members of **WOCKHARDT LIMITED** will be held at Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021, on Friday, June 8, 2001 at 11.30 a.m. to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2000, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Preference & Equity shares.
3. To appoint a Director in place of Mr. J S Khorakiwala, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification/s, the following resolution as **Ordinary Resolution**.  
"RESOLVED THAT Mr. Shekar Datta be and is hereby appointed as Director of the Company, liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modification/s, the following resolution as **Ordinary Resolution**.  
"RESOLVED THAT Dr. B L Maheshwari be and is hereby appointed as Director of the Company, liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification/s, the following resolution as **Ordinary Resolution**.  
"RESOLVED THAT Mr. Felipe Alfonso be and is hereby appointed as Director of the Company, liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification/s, the following resolution as **Ordinary Resolution**.  
"RESOLVED THAT Dr. Abid Hussain be and is hereby appointed as Director of the Company, liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification/s, the following resolution as **Ordinary Resolution**.  
"RESOLVED THAT Mr. John Harris be and is hereby appointed as Director of the Company, liable to retire by rotation."
10. To consider, and if thought fit to pass with or without modification/s, the following resolution as **Ordinary Resolution**.  
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII 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 consent of the Company be and is hereby accorded to the appointment of Mr. H F Khorakiwala as Chairman and Managing Director of the Company for a period of five years with effect from 1st March, 2000 on the terms and conditions including remuneration as set out in the explanatory statement annexed hereto with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment within the limits specified in Schedule XIII to the Companies Act, 1956 as existing or as modified or re-enacted from time to time as may be agreed to between the Board of Directors and Mr. H F Khorakiwala.

**RESOLVED FURTHER THAT** where in any financial year closing on or after 1st January, 2000 the Company has no profits or its profits are inadequate, the Company may pay Mr. H F Khorakiwala remuneration by way of salary, perquisites and other allowances, not exceeding the ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

11. To consider, and if thought fit to pass with or without modification/s, the following resolution as **Ordinary Resolution**.  
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII 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 consent of the Company be and is hereby accorded to the appointment of Mr. Juzar S Khorakiwala as Whole Time Director designated as "Executive Director" of the Company for a period of five years with effect from April 1, 2000 on the terms, conditions and remuneration as set out in the explanatory statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Mr. Juzar S Khorakiwala.

**RESOLVED FURTHER THAT** where in any financial year closing on or after 1st January, 2000 the Company has no profits or its profits are inadequate, the Company may pay Mr. J S Khorakiwala remuneration by way of salary, perquisites and other allowances, not exceeding the ceiling limit of Rs.10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."



12. To consider, and if thought fit to pass with or without modification/s, the following resolution as **Special Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval from the Central Government, authority be and is hereby accorded to the Board of Directors to appoint Mr. Huzaifa H Khorakiwala, a relative of the Chairman and Managing Director, Mr. H F Khorakiwala as General Manager Marketing to hold an office of profit under the Company, for a period of five years with effect from April 1, 2001 pursuant to the terms and conditions including remuneration as set out in the explanatory statement annexed hereto, so as not to exceed the limits specified in the explanatory statement.

**RESOLVED FURTHER THAT** in the event of any statutory amendment or modification or relaxation or re-enactment by the Central Government to Section 314 of the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including the salary, perquisites, allowances, etc. within such prescribed limit or ceiling without any further reference to the Company in general meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

13. To consider, and, if thought fit, to pass, with or without modification/s, the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the following manner :

**Following new Articles be inserted after Article 2**

**2(a) 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 shares 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 on 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, in their sole discretion, fit.
- (2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (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 Clause (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 debenture issued or loans raised by the company:
  - (a) To convert such debentures or loans into shares in the company; or
  - (b) 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 or is in conformity with Rules, if any, made by the Government in this behalf; and

(b) In the case of debentures or loans or 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."

14. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as **Special Resolution:-**

**"RESOLVED THAT** pursuant to Article 14 of the Articles of Association of the Company and the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 so long as the Company has a Managing or Whole-time Director(s) such sum by way of commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 for each of the five financial years of the Company commencing from January 1, 2000 be paid to and distributed amongst such Director(s) as may be determined by the Board; the proportion and manner of such payment and distribution to be as the Board may from time to time decide.

15. To consider and if thought fit, to pass, with or without modification/s, the following resolution as **Special Resolution:-**

**"RESOLVED THAT** in accordance with the provisions contained in the Articles of Association and applicable provisions of the Companies Act, 1956 ("the Act"), for the time being in force, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOS Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), to offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the company, whether working in India or out of India under Employee Stock Option Scheme/s ('ESOS') such number of Stock Options at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the applicable provisions of the law or guidelines as may be prevailing at that time.

**RESOLVED FURTHER THAT** the said Stock Options may be allotted directly to such employees/directors or in accordance with a ESOS framed in that behalf or through a trust which may be set up in any permissible manner and that the ESOS may also envisage for providing any financial assistance to the employees or to the trust to enable the employee/trust to acquire, purchase or subscribe to the securities of the Company.

**RESOLVED FURTHER THAT** issue of Stock Options to any non-resident employee, non-resident director shall be subject to such approvals, permissions or consents as may be necessary in this regard.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Stock Options, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the ESOS and make any modifications, changes, variations, alterations or revisions in the said ESOS from time to time or to suspend, withdraw or revive the ESOS from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby accorded to the Board of Directors of the Company to offer, issue and allot at any time to or for the benefit of such person(s), including Directors, who are in permanent employment of a subsidiary or holding company of the Company, whether working in India or out of India under the ESOS.

16. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as **Special Resolution.**

**"RESOLVED THAT** pursuant to the provisions of Section 17 of the Companies Act, 1956, the object clause of the Memorandum of Association of the Company be altered by adding the following new Sub-clause I(a) after the existing sub-clause 1 appearing in Clause III (A) thereof:

I(a) To establish, undertake, develop, maintain, or otherwise subsidise Research & Development laboratories, research centers or institutions, medical centers, experimental workshops for scientific, technical, bio-technological, chemical, Peptide, Novel Drug technologies, Novel Drug Discoveries, pharmacokinetic, pharmacological, toxicological research, development and experiments and to undertake and carry on with scientific and technical research of all kinds and clinical trials on animals and humans and scientific investigations and inventions by providing or subsidising, undertaking or supporting, endowing or assisting laboratories, workshops, research institutions, libraries, lectures, meetings and conferences, Research and Development programmes and scientists in India and worldwide and hold meetings, exhibitions, conferences and seminars in all fields of medicines and science.

By Order of the Board

**R B Gandhi**  
Company Secretary

Registered Office:  
Wockhardt Towers  
Bandra Kurla Complex  
Bandra (E)  
Mumbai 400 051  
February 21, 2001

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY**
2. If the dividend as recommended by the Board of Directors is declared at the meeting, the payment will be made to those shareholders whose names are on the Company's Register of Members as on May 30, 2001.
3. The explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of item nos.5 to 16 is annexed hereto.
4. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
5. Members are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agents.
6. Pursuant to Section 205A of the Companies Act, 1956, no unclaimed dividend is required to be transferred to General Revenue Account of Central Government/ Investors Education and Protection Fund, as the company was incorporated in July 1999 and the period of seven years since the transfer of any dividend to Unpaid dividend account has not lapsed.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary atleast seven days before the date of the meeting, so that the information required by the Members can be made available at the meeting.

## EXPLANATORY STATEMENT

Pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item Nos. 5 to 16.

**ITEM NO. 5**

Mr. Shekhar Datta was appointed as an Additional Director of the Company effective February 25, 2000 and his term of office expires at the conclusion of this Annual General Meeting. Mr. Shekhar Datta is the former Managing Director of Greaves Limited and a past President of CII and Bombay Chamber of Commerce. He is an engineering graduate from London.

His other directorships include Piaggio Greaves Vehicles Limited and Piaggio India Private Limited.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Shekhar Datta as a Director of the Company. The Board of directors considers that in view of the background and experience of Mr. Shekhar Datta, it would be in the interest of the Company to appoint him as a Director of the Company. Mr. Shekhar Datta is concerned or interested in the proposed resolution. None of the other Directors are concerned or interested in the proposed resolution.

**ITEM NO. 6**

Dr. B L Maheshwari was appointed as an Additional Director of the Company effective February 25, 2000 and his term of office expires at the conclusion of this Annual General Meeting. Dr. B L Maheshwari is the Founder Director of the Centre of Organisation Development, Hyderabad since January 1980. He is the pioneer in the field of Management by Objectives.

His other directorships include Bharat Aluminium Company Limited, New Delhi and Electronics Corporation of India Ltd, Hyderabad. He is Chairman of SUVIMA Advisory Services P Ltd. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Dr. B L Maheshwari as a Director of the Company. The Board of directors considers that in view of the background and experience of Dr. Maheshwari, it would be in the interest of the Company to appoint him as a Director of the Company. Dr. Maheshwari is concerned or interested in the proposed resolution. None of the other Directors are concerned or interested in the proposed resolution.

**ITEM NO. 7**

Mr. Felipe Alfonso was appointed as an Additional Director of the Company effective February 25, 2000 and his term of office expires at the conclusion of this Annual General Meeting. Mr. Felipe Alfonso is the former President of the Asian Institute of Management, Manila.

His other directorships include Manila Electric Company, First Metro Investment Corp, All- Asia Life Assurance Corp, All Asia Plans Corporation, Asian Institute of Management, All Asia Sedgwick Insurance Brokers Corporation, Bacnotan Consolidated Industries, Inc, Bacnotan Cement Corporation, Benpres Holdings Ltd, Chemoil Asia, Hambrecht & Quist Philippine Ventures Inc, Hombrecht & Quist Philippine Holdings Inc, Jollibee Foods Corporation, Philippine TA Securities, Berhad, Philippine, Malaysia Business Council, PHINMA INC and Management Association of the Philippines.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Felipe Alfonso as a Director of the Company. The Board of directors considers that in view of the background and experience of Mr. Alfonso, it would be in the interest of the Company to appoint him as a Director of the Company. Mr. Alfonso is

concerned or interested in the proposed resolution. None of the other Directors are concerned or interested in the proposed resolution.

#### **ITEM NO. 8**

Dr. Abid Hussain was appointed as an Additional Director of the Company effective February 25, 2000 and his term of office expires at the conclusion of this Annual General Meeting. Dr. Abid Hussain is the former Indian Ambassador to the USA.

His other directorships include HBC Flextech Ltd, The DCM Group, G V K Industries Ltd, GVK America, USA, Spartex Emerging Opportunities of India Fund, Zodiac Clothing Company Ltd, Nagarjuna Oil Corporation Ltd., GVK Taj Hotels & Resorts Ltd., Jodhpur Electric Power Company, TTL Limited, Modi Wellvest Private Limited, Modicorp, IFA International Tax Academy, Visaka Cyber Technology Ltd., Havel's India Ltd., American Studies Research Centre, Escorts Heart Institute & Research Centre, Ranbaxy Foundation and Morgan Stanley Asset Management (I) Ltd.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Dr. Abid Hussain as a Director of the Company. The Board of directors considers that in view of the background and experience of Dr. Abid Hussain, it would be in the interest of the Company to appoint him as a Director of the Company. Dr. Abid Hussain is concerned or interested in the proposed resolution. None of the other Directors are concerned or interested in the proposed resolution.

#### **ITEM NO. 9**

Mr. John Harris was appointed as an Additional Director of the Company effective October 28, 2000 and his term of office expires at the conclusion of this Annual General Meeting. Mr. John Harris, a citizen of United Kingdom is educated at the Inns of Court School of Law and the Universities of London, Coventry and De Montfort (Leicester). His early career was spent at Massey-Ferguson International PLC and in the legal division of Powergen PLC. Latterly he was Chief Executive of South Staffordshire Group PLC and Brintons Limited. Mr. Harris is also a graduate of Harvard Business School Advanced Management Programme.

His other directorships include Lillishall Group PLC, South Staffs Group PLC, Brintons Limited, Wallis Group Ltd. and Benedicta Management Limited.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. John Harris as a Director of the Company. The Board of directors considers that in view of the background and experience of Mr. John Harris, it would be in the interest of the Company to appoint him as a Director of the Company. Mr. John Harris is concerned or interested in the proposed resolution. None of the other Directors are concerned or interested in the proposed resolution.

#### **ITEM NO. 10**

Mr. H F Khorakiwala has been a Director of the Company since July 8, 1999. He has a Bachelor's degree in Pharmacy and a Master's degree in Pharmaceutical Science from Purdue University, U.S.A. and has attended the Advanced Management Programme course at the Harvard Business School in the United States. His other directorships include Wockhardt Life Sciences Ltd, Wockhardt International Ltd, Wockhardt Hospitals Limited, Wockhardt Bandra Kurla Commercial Complex Pvt. Ltd, Akbarallys Departmental Stores Pvt. Ltd, Khorakiwala Foundation, Merind Limited, Wockhardt Europe Ltd and The Wallis Group Limited.

The Board of Directors have felt that it would be in the best interest of the Company to appoint Mr. H F Khorakiwala as Chariman and Managing Director of the Company.

Consequently, the Board of Directors at its meeting held on February 25, 2000 has appointed Mr. H F Khorakiwala as Chairman & Managing Director of the Company for a period of five years with effect from March 1, 2000 on the remuneration and perquisites as stated hereunder:

#### **(A) REMUNERATION**

The total remuneration payable to Mr. H F Khorakiwala shall not exceed 5% of the net profit of the Company during the year and in case there are more than one Managing and/or Whole Time Director than 10% of the net profits of the Company during the year, for all of them taken together, as laid down in section 309 of the Companies Act, 1956.

Remuneration shall consist of any and/or all of the following:

- (a) Monthly Salary on a time scale of Rs. 2,00,000 – 1,00,000 – 6,00,000
- (b) Commission
- (c) Perquisites such as House Rent Allowance or Company owned furnished accomodation, provision/reimbursement of expenses incurred on gas, electricity, water, maintenance, Medical reimbursement for self and family, Leave Travel Concession for self and family, Club fees, premium towards personal accident insurance, Provision of car with driver, telephone at residence, etc.

#### **(B) PERQUISITES**

In addition to the above Mr. H F Khorakiwala will also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in (A) above:

- (a) Contribution to the provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.



- (b) Gratuity at a rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure

The above remuneration is subject to the limits of 5% or 10% of the net profits of the Company, as the case may be, as laid down in section 309 of the Companies Act, 1956, and the overall limit of 11% of the net profits as laid down in section 198 of the Companies Act, 1956.

Where in any financial year closing on or after 1st January, 2000 the Company has no profits or its profits are inadequate, the Company may pay Mr. H F Khorakiwala remuneration by way of salary, perquisites and other allowances, not exceeding the ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. H F Khorakiwala is deemed to be concerned or interested in the resolution which pertains to his appointment and remuneration payable to him.

None of the other Directors are concerned or interested in the said resolution.

#### ITEM NO. 11

Mr. Juzar S Khorakiwala has been a Director of the Company since July 8, 1999. He is an MBA from the Asian Institute of Management, Manila. He manages the export and commercial functions of the Company. His other directorships include Wockhardt International Ltd, Wockhardt Bandra Kurla Commercial Complex Pvt Ltd, Wockhardt Europe Limited, Khorakiwala Foundation, Accummed Pharmaceuticals Inc. and Merind Limited.

The Board of Directors have felt that it would be in the best interest of the Company to appoint Mr. Juzar S Khorakiwala as Whole Time Director designated as "Executive Director" of the Company.

Consequently, the Board of Directors at its meeting dated February 25, 2000 has appointed Mr. Juzar S Khorakiwala as Whole Time Director designated as "Executive Director" of the Company for a period of five years with effect from April 1, 2000 on the remuneration and perquisites as stated hereunder:

#### REMUNERATION

The total remuneration payable shall not exceed 5% or 10% of the net profit of the Company during the year, as the case may be as laid down in Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits as laid down in Section 198 of the Companies Act, 1956.

Remuneration shall consist of any and/or all of the following:

- (a) Monthly Salary on a time scale of Rs. 2,00,000 – 75,000 – 5,00,000
- (b) Commission
- (c) Perquisites such as House Rent Allowance or Company owned furnished accommodation, provision/reimbursement of expenses incurred on gas, electricity, water, maintenance, Medical reimbursement for self and family, Leave Travel Concession for self and family, Club fees, premium towards personal accident insurance, provision of car with driver, telephone at residence.

#### PERQUISITES

In addition to the above, Mr. J S Khorakiwala will also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in (A) above.

- (a) Contribution to the provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity at a rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

Where in any financial year closing on or after 1st January, 2000 the Company has no profits or its profits are inadequate, the Company may pay Mr. J S Khorakiwala remuneration by way of salary, perquisites and other allowances, not exceeding the ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. J S Khorakiwala is deemed to be concerned or interested in the resolution which pertains to his appointment and remuneration payable to him.

None of the other Directors are concerned or interested in the said resolution.

#### ITEM NO. 12

Mr. Huzaifa H Khorakiwala is graduate in the field of commerce and has done his post graduation from the Yale University, USA by completing his MBA in General Management.

As part of its globalisation strategy the Company is laying great thrust on entering joint ventures in India and/or abroad, acquiring pharmaceutical manufacturing and marketing companies outside India and establishing representative offices in various countries. Considering the education and background of Mr. Huzaifa H Khorakiwala, the Board of Directors of the Company feel that it will be in the best interest of the Company to appoint him as General Manager Marketing for a period of five years on a monthly



pay scale including perquisites of Rs. 1,00,000 – 50,000 – 3,00,000 and the terms and conditions as applicable to other employees of the Company which among others includes:

- (1) The Company will contribute 10% of the salary to a superannuation scheme.
- (2) Leave entitlement will be in accordance with the Company rules applicable from time to time.
- (3) During his employment with the Company, the Company will be entitled to terminate his services without assigning any reason, by giving one month's notice in writing or by payment of one month's salary in lieu of such notice. In the event of Mr. Huzaifa desiring to leave the services of the Company he shall give to the Company one month's notice in writing.
- (4) During his employment with the Company the Company may at any time at its sole discretion station him in any other location in/outside India.

The Board of Directors recommend the Resolution for the approval of the Members.

Mr. H F Khorakiwala being a relative of Mr. Huzaifa H Khorakiwala is deemed to be concerned or interested in the resolution.

None of the other Directors of the Company are concerned or interested in the said resolution.

#### ITEM NO. 13

As per the Stock Exchange Listing guidelines, the Provisions contained in item no.13 are required to be incorporated in the Articles of Association. As Table A does not contain the above articles, it is necessary to amend the Articles of Association.

The Board of directors recommend the Resolutions for the approval of the Members.

None of the Directors of the Company are concerned or interested in the said Resolutions.

#### ITEM NO. 14

With the continued expansion in the activities of the Company and the consequent increase in the Company's business, the responsibilities of the directors have also increased. It is therefore, considered appropriate that as provided in the Companies Act, 1956, a commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 may be paid for each of the five financial years of the Company commencing from January 1, 2000 and be distributed amongst such Directors of the Company (excluding Managing or Whole-time Director(s)) as may be determined by the Board in the proportion and manner as the Board may decide from time to time.

All the Directors of the Company except Mr. H F Khorakiwala, Chairman & Managing Director and Mr. J S Khorakiwala, Executive Director may be deemed to be concerned or interested in the Special Resolution.

#### ITEM NO. 15

The success of an organisation to a large extent depends on its ability to attract, retain and motivate its human resources. Offering stock options go a long way in achieving the above key objectives. With this in view and in order to enable the employees to participate in the long term growth and financial success of the Company, the Board of Directors at their meeting held on February 21, 2001 approved the overall guidelines and framework for Employee Stock Option Scheme, subject to the approval of the members, granting stock options to the eligible employees of the Company. The salient features of the Employee Stock Option Scheme are setout below:

Total Number of Options to be granted (Maximum limit)	10,00,000 Options, each Option entitling the holder thereof to be issued and allotted one Equity Share in the Company.
Classes of employees entitled to participate in the ESOS	Directors, whether working in India or out of India and Employees, whether working in India or out of India and falling in the grades M1 and above. Employees, whether working in India or out of India, of those departments/divisions who are not categorized in accordance with the above mentioned grades but whose designation is equivalent to such grades. Employees or directors of a subsidiary or holding company of the Company.
Requirements of vesting and period of vesting	The maximum number of options, which may be granted to an employee at one point of time or in the aggregate in any one financial year of the Company, shall not exceed 3,50,000 or 1% of the issued equity share capital of the Company, whichever is lower. The Options shall vest in the employee after such period, not being less than one year, as shall be determined by the ESOS Compensation Committee ('the Committee'). The vesting may occur in tranches, subject to the terms and

Pricing Formula	<p>conditions of vesting, as may be stipulated by the Committee, in its discretion, and which may include performance appraisal of the employee.</p> <p>The Committee may issue different Schemes for different purposes for different classes of employees and may, at its discretion, apply any of the specific purpose schemes to any of the classes of employees.</p> <p>The price at which the option can be exercised would be related to the market price (whether discounted or not) or such other price as the Committee may for each Scheme or series of Schemes determine.</p>
Exercise Period and the process of Exercise	<p>The exercise period will commence from the date of vesting, and will expire not later than five years from the date of grant of Options, or such other period as may be decided by the Committee, from time to time. The Options will be exercisable by the employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Committee from time to time. The Options will lapse if not exercised within the specified exercise period.</p>
Appraisal Process for determining the eligibility of employees to ESOS	<p>The Appraisal Process for determining the eligibility of the employee will be specified by the Committee and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, and/or any such other criteria that may be determined by the Committee at its sole discretion.</p>

Further, it may be noted that the Company shall follow the accounting policies prescribed by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

A copy of the Scheme as approved and adopted by the Board of Directors is open for inspection by the shareholders at the registered office of the Company between 11 am and 1 pm on any working day.

#### ITEM NO. 16

The Company has been carrying out Research and development in the fields of Pharmacology, Biotechnology, Toxicology, Novel Drug delivery systems, etc. The company also has a dedicated R&D Centre where the above activities are carried out. In order to have a focused approach on Research & Development, it is necessary that great emphasis is laid on it and hence it is proposed that Research & Development be considered as one of the main object of the Company.

The Board of Directors recommend the Resolution for the approval of the Members.

None of the Directors of the Company are concerned or interested in the said Resolution.

By Order of the Board

**R B Gandhi**

*Company Secretary*

*Registered Office:*

Wockhardt Towers

Bandra Kurla Complex

Bandra (E), Mumbai 400 051

February 21, 2001