

8th Annual Report 2001 - 2002

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BOARD OF DIRECTORS

Shri Parmeshwar B. Bang	:	Whole-time Director (Technical)
Shri Purnandu Jain	:	Director
Shri Deepak Mehta	:	Director

REGISTERED OFFICE

: C-306, Crystal Plaza,
Andheri Link Road,
Andheri (West),
Mumbai - 400 053.

FACTORY

: Plot No. 3 & 4, Survey No.168,
Dabhel Industrial Co-operative Society Limited
Village Dabhel,
Nani Daman (U.T.) 396 210.

AUDITORS

: M. G. Vashi & Co.
Chartered Accountants
Mumbai.

BANKERS

: Punjab National Bank

**REGISTRAR & SHARE TRANSFER
AGENTS**

: Choksh Infotech Limited
102/103, MHADA Commercial Complex,
Next to Oshiwara Police Station,
Adarash Nagar,
Andheri (West), Mumbai- 400 104.

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ANKUR DRUGS & PHARMA LIMITED**NOTICE**

NOTICE is hereby given that the **Eighth Annual General Meeting** of the Members of **ANKUR DRUGS AND PHARMA LIMITED** will be held on **Saturday, 25th May, 2002** at the Registered Office of the Company at C- 306, Crystal Plaza, Andheri Link Road, Andheri (West), Mumbai- 400 053, at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account of the company for the year ended 31st March, 2002, and Balance Sheet as at that date along with the reports of the directors and auditors thereon.
2. To appoint a director in place of Mr. Purnandu Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. M/s. M. G. Vashi & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that, pursuant to the provisions of section 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the company hereby revises and approves the consolidated remuneration of Rs.4,00,000/- per annum, payable to Mr. Parmeshwar B. Bang, Whole-time Director (Technical) of the company with effect from 1st April, 2002 for the remaining term of his office, with the liberty to the Board of Directors to alter and vary terms and conditions of the aforesaid remuneration payable to the said Whole-time Director (Technical), from time to time."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

- i. **"RESOLVED** that the Authorized share capital of the company be and is hereby increased from Rs.11,00,00,000/- (Rupees Eleven Crores) divided into 1,10,00,000/- Equity Shares of Rs.10/- (Rupees Ten) each to Rs.15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 Equity Shares of Rs.10/- (Rupees Ten) each by creation of 40,00,000 Equity Shares of Rs.10/- (Rupees Ten) each ranking pari passu with the existing Equity Shares of the company in all respects"

- ii. **"RESOLVED THAT** Clause V of the Memorandum of Association of the company be substituted by the following:

The Authorized share capital of the company is Rs.15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 Equity Shares of Rs.10/- (Rupees Ten) each with power to increase the capital from time to time"

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6. To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolution:

"RESOLVED that Article 3A of the Articles of Association of the company be substituted by the following:

The Authorized share capital of the company is Rs.15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 Equity Shares of Rs.10/- (Rupees Ten) each with power to increase the capital from time to time"

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT, pursuant to the provisions of section 81(1-A) and all other applicable provisions if any, of the Companies Act, 1956 (including any amendment thereto or modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the company as amended and Listing Agreements entered into by the company with the Stock Exchanges, where the shares of the company are listed and subject to the guidelines/rules/regulations made by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned and relevant authorities and Departments in this regard and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting any such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the consent of the company be and is hereby accorded to the Board to offer/issue/allot not exceeding 55,00,000 Equity Shares of Rs.10 each, at such price as the Board may decide for cash, determined in accordance with the SEBI Guidelines and as the Board may at its sole discretion decide to all or any of the following categories viz.: the public, the members, the promoters, non-resident Indians, overseas corporate bodies, domestic companies and/or to such other persons, whether through public issue, private placement or preferential allotment or by any one or more combinations of the above modes/methods or otherwise and at such time or times and in one tranche or more and on such terms and conditions as the Board may at its absolute discretion think fit and decide."

"RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank pari-passu, in all respect with the Existing Equity Shares of the company, except that they shall be entitled to dividend with effect from the date of allotment, on pro-rata basis, for the financial year in which they are allotted and on the capital for the time being paid up thereon."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, 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, proper or desirable or as may be incidental or ancillary and to settle all questions, difficulties or doubts that may arise in regard to such issue or allotment as it may in its absolute discretion deem fit in order to give effect to this resolution without being required to obtain any further consent or approval of the members or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution"

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8. To consider and if thought fit to pass, with or without modification(s), the following resolution as a special resolution :

"RESOLVED THAT the Board of Directors of the company be and are hereby authorized to re-issue 10,85,000 forfeited equity shares of Rs. 10/- each at such price as may be decided by the Board of Directors, but not less than Rs.6/- per share and to execute deeds of transfer and to issue new share certificates in respect thereof by affixing the common seal of the company thereon or in electronic form to any person or persons, company, whether they are members of the company or not, against full consideration in cash."

For and on behalf of the Board

Place: Mumbai
Dated: 30th April, 2002

Purnandu Jain
Director

Registered Office:
C- 306, Crystal Plaza
Andheri Link Road
Andheri (West)
Mumbai- 400 053

NOTES:

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy in order to be effective must be deposited at the registered office of the company not less than 48 hours before the time of the meeting.
- (ii) Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.
- (iii) The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 18th May, 2002 to Saturday, 25th May, 2002. (Both days inclusive)
- (iv) Shareholders are requested to forward their queries on the accounts for the financial year March 31, 2002 at the registered office of the company at least 10 days in advance to enable us to keep the information ready at the meeting.
- (v) The Annual Reports and Attendance Slips will not be distributed at the Annual General Meeting. Shareholders are requested to bring the same along with them.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

ITEM NO. 4

Mr. Parmeshwar B. Bang was appointed as Whole-time Director (Technical) of the company for a period of 5 years with effect from 1st September, 2000.

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He has been associated with the company for a long time. Taking into consideration the nature of duties and the responsibilities cast upon him, the Board of Directors considered it necessary to increase the remuneration payable to Mr. Parmeshwar B. Bang and recommend this resolution for your approval.

Except Mr. Parmeshwar B. Bang, none of the Directors is in any way, concerned or interested in this resolution.

ITEM NO. 5 & 6

The Authorized Share Capital of the company is at present Rs.11,00,00,000/- (Rupees Eleven Crores) divided into 1,10,00,000 Equity Shares of Rs.10 each.

It is proposed to increase the Authorized Share Capital of the company from Rs.11 Crores to Rs.15 Crores divided into 1,50,00,000 Equity Shares of Rs.10 each by creation of 40,00,000 new Equity Shares of Rs.10 each. The enhanced Authorized Share Capital will take care of the proposed issue of securities as set out in item no.7 of the Notice. The Alteration proposed in Clause V of the Memorandum of Association of the company is intended to reflect the proposed changes in the Authorized Share Capital of the company.

The Resolution in item No. 6 proposes to alter the Articles of Association of the company in order to incorporate the change in the Authorized Share Capital as proposed in item 5 of the Notice.

The Board recommends acceptance of the resolutions.

None of the Directors of the company are concerned or interested in the resolutions.

ITEM NO. 7

In view of the negotiated settlement with Industrial Development Bank of India (IDBI), the company is required to repay term loan in 36 monthly installments and also to part finance the working capital requirement of the company, it is proposed to raise the funds through issue of equity shares.

The Directors of the company may deem to be concerned or interested in the said resolution to the extent of shares issued and allotted, if any, to the promoters, their friends, relatives and associates.

ITEM NO. 8

The Board of Directors of the company in their meeting held on March 28, 2002 have forfeited 10,85,000 equity shares of the company due to non-receipt of allotment money of Rs.5/- per share after giving requisite notices to the respective shareholders at their registered address. The Board of Directors in their meeting held on April 13, 2002 approved the re-issue of these forfeited shares at a price not less than Rs.6/- per share. The company is in need of finance for its day-to-day working and therefore, it is necessary to re-issue these forfeited equity shares against consideration in cash.

The Board recommends the members' confirmation/approval for the re-issue of 10,85,000 forfeited equity shares of Rs.10/- each at a price not less than Rs.6/- per share.

None of the Directors of the company are concerned or interested in the resolution.

For and on behalf of the Board

Place: Mumbai
Dated: 30th April, 2002

Purnandu Jain
Director

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DIRECTORS' REPORT**To the Members**

The Directors are pleased to present 8th Annual Report on the business operations of the company alongwith the Statement of Audited Accounts for the year ended 31st March,2002.

FINANCIAL RESULTS

	Year Ended 31/03/2002	(Amount lakh) Year Ended 31/03/2001
Operational Other Income	386.32	403.64
Gross Profit /(loss) before interest & depreciation	105.96	48.26
Less : Interest	14.88	222.32
Depreciation	68.85	61.58
Profit/(loss) before tax	22.23	(235.64)
Less: Income tax for earlier years.	0.62	-
Profit/(loss) after tax	21.61	(235.64)
Less : Prior Period adjustments	221.53	-
	243.14	(235.64)
Add: Balance brought forward	(240.30)	(4.66)
Balance carried to Balance Sheet	2.84	(240.30)

REVIEW OF OPERATIONS

The year under review has been a watershed year in the history of the company. The management of the company has taken several steps to restore the health of the company and has succeeded in laying a foundation for sustained and robust growth. So far as operations are concerned, the company has recorded a gross income of Rs.386.32 lakh as against Rs.403.64 lakh. The decline in gross income is, on account of change in the composition of income in favour of more job work revenue, which contributes directly to the bottom line. Thus the operating profit before interest, depreciation and miscellaneous expenditure stands at Rs.105.96 lakh as against 48.26 lakh. This is also on account of the fact that the company has reduced costs across the board and there are better margins in the job work business.

Your company has taken several positive steps for widening the product and the client base which includes leading names like Ranbaxy, Cipla, Lyka Hetero Healthcare Ltd., Makers Laboratories Ltd(An IPCA Group Company),etc. The company is also in dialogue with several other companies of repute. The existing and the new client base has generated large orders and there would be further continuous flow of remunerative orders. The fairly under utilized capacity of the company will therefore be tapped in the current year.

For the first time your company recorded a net profit of Rs.22.23 lakh as against a loss of Rs.235.64 lakh. The interest liability of the company during the year has come down to Rs.14.87 lakh against Rs.222.32 lakh. The company has arrived at a negotiated settlement with Industrial Development Bank of India (I.D.B.I.), the terms of which, are narrated separately in this report.

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BUSINESS OUTLOOK :

The company has started the current year on a very positive note. It has large orders on hand which are negotiated at higher margins. In the current year your company expects to record a manifold growth in turnover and profits. On the present reckoning, the shareholders can look forward to a rewarding future. The pharmaceutical sector is recording an all round growth and the outlook is fairly bright. The company also plans to promote its own brands. Plans are under way to enhance the manufacturing capacity so as to substantially scale up the operations.

DEBT RESTRUCTURING WITH I.D.B.I

The company raised loans of Rs.7.15 crore from I.D.B.I for an initial project of manufacture of Empty Hard Gelatin Capsules and formulations. Unfortunately, the Empty Hard Gelatine Capsule project had to be abandoned, leading to considerable loss of time and resources. As on 1st January, 2002, your company had accumulated interest and damages of Rs.6.66 crores. This was casting a heavy interest burden thereby affecting the very viability of the company. The company succeeded in arriving at a negotiated settlement with I.D.B.I. where under it has secured waiver of the accumulated interest and damages of Rs.6.66 crores and has agreed to repay the outstanding principal amount in a phased manner. It has agreed to repay Rs.115 lakhs by 5th June, 2002 (Rs.25 lakhs stands already repaid). The balance Rs.6 crore will carry 12.5% p.a. This amount it agreed to be paid in 36 equated monthly installments. The above settlement has deeply impacted the financials of the company. The company has written back a sum of Rs.205.19 lakhs which was charged off to revenue in earlier years and this has helped in wiping out all the past losses. The gross and the net block stands at realistic level due to write back of capitalized interest. The future interest burden would also be low at the renegotiated rate of interest and due to reduction of the outstanding debt. Most importantly, the company now stands on a sound footing and would be in a position to honor all its obligations.

FORFEITURE

During the year your Directors have forfeited 10,85,000 partly paid equity shares of the company due to non-receipt of call money after giving requisite notices to the respective shareholders. Your Directors intend to re-issue these forfeited shares in near future.

DIVIDEND:

Due to financial commitments to IDBI, the directors are unable to recommend any dividend for the year.

FIXED DEPOSITS:

The company has not accepted or renewed any deposit from public during the year under review.

CORPORATE GOVERNANCE:

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance. The Code is required to be implemented on or before 31st March, 2003. Your company has been following the principles and practices of good corporate governance since its inception. A substantial portion of the code for the corporate governance is being complied with by your company at present and it will be the endeavour of your directors to ensure its full compliance by 31st March, 2003.

ANKUR DRUGS & PHARMA LIMITED**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

1. In the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and for the profit or loss of the Company for the period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on going concern basis.

AUDIT COMMITTEE

The Audit Committee of the Board was formed in March, 2001 to review reports of the Corporate Audit Services Department, meet Statutory Auditors periodically and discuss their findings, suggestions and other related matters and review the major accounting policies followed by the Company.

The Audit committee of the Board comprises of 2 non-executive Directors and 1 executive Directors as under:

Name of Member	Status
Mr. Purnandu Jain	Chairman
Mr. Laxmanraj Bhandari xx	Member
Mr. Parmeshwar B. Bang	Member
xx Resigned on 13th April, 2002 and replaced by Mr. Deepak Mehta	
x The quorum for the committee meeting is two directors	

MEETINGS AND ATTENDANCE

The committee met four (4) times during the year under review. The said meetings were held 30th June, 2001 (prior to the finalisation of accounts for the year ended 31st March, 2001) 31st July, 2001 and 31st January, 2002 and there was no time gap of six months between two meetings :

Sr. No.	Name of Director	Category	No. of Meeting attended
1	Mr. Purnandu Jain	Chairman	4
2	Mr. Laxmanraj Bhandari xx	Member	4
3	Mr. Parmeshwar Bang	Member	4

xx Resigned w.e.f. 13th April, 2002 and Mr. Deepak Mehta was appointed as a member to fill up the casual vacancy

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year.

DIRECTORS

During the year under review, Mr. Laxmanraj Bhandari has resigned from the Board of Directors of the Company and his resignation has been accepted by the Board of Directors at the Board Meeting held on 13th April, 2002 with effect from 13th April, 2002.