

COLINZ LABORATORIES LIMITED

Colinz

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17th
A N N U A L
R E P O R T
2002-2003

17th Annual Report 2002-2003**BOARD OF DIRECTORS**

DR. L. S. MANI	<i>Chairman & Managing Director</i>
SHRI. N. K. MENON	<i>Whole-Time Director</i>
SMT. VIJAYA MANI	Director
SHRI. VASANT K. BHAT	Director
SHRI. MICHAEL D'SOUZA	Director

AUDITORS

S. V. BHAT & CO.
Chartered Accountants

BANKERS

BANK OF BARODA

REGISTERED OFFICE

A-101, PRATIK IND. ESTATE,
MULUND-GOREGAON LINK ROAD
NEXT TO WOCKHARDT HOSPITAL
MUMBAI - 400 078.

WORKS

PLOT NO. 60, 'STICE', MUSALGAON
SINNAR-SHIRDI ROAD, SINNAR
NASIK - 422 103.

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COLINZ LABORATORIES LIMITED**NOTICE**

Notice is hereby given that the 17th Annual General Meeting of the Company will be held at the Registered Office of the Company, i.e. A-101, Pratik, Ind. Estate, Mulund-Goregaon Link Road, Next to Wockhardt Hospital, Mumbai - 400 078, on Monday, 29th September, 2003, 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 March, 2003, the Profit and Loss Account for the year ended on that date together with Director's Report and also the Auditor's Report thereon.
2. To appoint a Director in place of Smt. Vijaya Mani, who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution :
"RESOLVED THAT Shri. Vasant K. Bhat be and is hereby appointed as a Director of the Company."
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution :
"RESOLVED THAT Shri. Michael D'Souza be and is hereby appointed as a Director of the Company."

Regd. Office:
A-101, Pratik Ind. Estate
Mulund-Goregaon Link Road
Next to Wockhardt Hospital.
Mumbai - 400 078.

For Colinz Laboratories Limited.

DR. L. S. MANI
Chairman & Managing Director.

Date : 31-07-2003.

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. AN INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- (b) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 15th September, 2003 to Monday, 29th September, 2003. (both days inclusive)
- (c) Members are requested to notify immediately any change in their address to the Registrar and Transfer Agent of the Company, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400072.
- (d) Members intending to require any information about accounts to be explained in the meeting are requested to inform the Company in writing at least Ten days in advance of the date of Annual General Meeting.

17th Annual Report 2002-2003**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 4**

The Board of Directors of the Company at its meeting held on 19-03-2003 appointed Shri. Vasant K. Bhat as Additional Director of the Company w.e.f. 19-03-2003, pursuant to Article No. 112 of the Articles of Association of the Company. Shri. Vasant K. Bhat will hold office as Director up to the date of the next Annual General Meeting and is eligible for re-appointment. The Company has received from a member a Notice in writing in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri. Vasant K. Bhat as a Director of the Company at the forthcoming Annual General Meeting and has deposited a sum of Rs. 500/- as security deposit in this regard. Shri. Vasant K. Bhat is a practicing Chartered Accountant with over 5 years of professional experience. His appointment as a Director is expected to contribute to the Company's endeavors and growth. The Directors of the Company are of the opinion that it is desirable to appoint him as Director of the Company and recommend his appointment.

The Board recommends acceptance of the Resolution set out in Item No. 4 of the convening Notice.

None of the Directors other than Shri. Vasant K. Bhat is concerned or interested in the Resolution.

Item No. 5

The Board of Directors of the Company at its meeting held on 19-03-2003 appointed Shri. Michael D'Souza as Additional Director of the Company w.e.f. 19-03-2003, pursuant to Article No. 112 of the Articles of Association of the Company. Shri. Michael D'Souza will hold office as Director up to the date of the next Annual General Meeting and is eligible for re-appointment. The Company has received from a member a Notice in writing in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri. Michael D'Souza as a Director of the Company at the forthcoming Annual General Meeting and has deposited a sum of Rs. 500/- as security deposit in this regard. Shri. Michael D'Souza is an Advocate of Mumbai High Court with over 15 years of professional experience. His appointment as a Director is expected to contribute to the Company's endeavors and growth. The Directors of the Company are of the opinion that it is desirable to appoint him as Director of the Company and recommend his appointment.

The Board recommends acceptance of the Resolution set out in Item No. 5 of the convening Notice.

None of the Directors other than Shri. Michael D'Souza is concerned or interested in the Resolution.

For Colinz Laboratories Ltd.,

Dr. L. S. Mani
Chairman & Managing Director.

Mumbai, dated 31-07-2003.

COLINZ LABORATORIES LIMITED**DIRECTORS' REPORT 2002-2003**

To

The Shareholders,

Your Directors have the pleasure in presenting their 17th Annual Report and audited Accounts of your Company, for the year ended 31st March, 2003.

FINANCIAL RESULTS :

	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
Profit before Interest and Depreciation	34.18	27.52
Less : Bank Charges and Interest	8.35	6.93
Depreciation	14.12	13.06
Profit before Taxation	11.71	7.53
Less : Provision for Current Tax	0.92	0.58
Provision for Deferred Tax	4.44	-
Profit after Taxation	6.35	6.95

OPERATIONS :

The year under review was a sluggish year for the Indian industry as a whole. The domestic pharmaceutical industry was no exception to this. Add to this, the confusion regarding the introduction of VAT compounded the already difficult conditions in the domestic market, fearing additional tax burden, the stockists of the Company reduced substantially the purchases in the fourth quarter of the financial year. In spite of all these difficult conditions, your Company managed to achieve a double digit growth. Furthermore, even after making provisions for the deferred tax, your Company was able to maintain the profit after tax, compared to the previous year.

DIVIDEND :

Your Directors are unable to recommend any dividend during the year under review, considering the small surplus available and with a view to conserve funds towards margin monies.

LISTING OF SHARES:

The shares of your Company are listed in Stock Exchange, Mumbai. Annual Listing Fees for the year 2003-04 has been paid on time.

PUBLIC DEPOSITS :

There is no unclaimed deposit which is due for repayment as on 31-3-2003.

DIRECTORS :

At the forthcoming Annual General Meeting Smt. Vijaya Mani retires by rotation and is eligible for reappointment. Shri. Vasant K. Bhat and Shri. Michael D'Souza, who were appointed as additional Directors w.e.f. 19-03-2003, and hold office till the ensuing Annual General Meeting. The Company has received Notices in writing from shareholder proposing their candidature to the office of Director pursuant to the Provisions of Section 257 of the Company's Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm:

- I. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- II. That the Directors have 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 ended 31st March, 2003 and of the profit of the company for that year;
- III. That 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;

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IV. That the Directors have prepared the annual accounts on a going concern basis.

PERSONNEL :

During the year under review, relations between the Employees and the Management remained cordial. Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time are not applicable to your Company as there were no employees whose remuneration is in excess of limits prescribed.

CONSERVATION OF ENERGY :

Except for the consumption of Power (Electricity) the Company does not consume any other source of energy. Pharmaceutical company is not power intensive. Since it also involves multiple products, disclosure of consumption of power per unit of product is not meaningful.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

No imported technology is adapted by the Company. Continuous developmental efforts are made by our qualified and approved staff to formulate new products and innovation of existing products. Such efforts have benefited in improving the stability of our products and simplification of manufacturing procedures.

FOREIGN EXCHANGE :

Since there was no exports during the year under review, no foreign exchange was earned by the Company (Previous Year Rs. Nil). Foreign exchange outgo was Rs. Nil

RESEARCH AND DEVELOPMENT :

Your Company has not incurred any expenditure on research and development other than the routine developmental work.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the following form part of this Annual Report :

- i) Management Discussion and Analysis.
- ii) Report on Corporate Governance
- iii) Auditor's Certificate regarding compliance of conditions of Corporate Governance.

OTHER MATTERS :

Your Company is not a polluting industry and the requirements of Pollution Control Board, if any, are met with.

AUDITORS :

M/s. S. V. Bhat & Co. , Chartered Accountants, retire as auditors of the Company at the conclusion of the 17th Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGMENT :

Your Directors would like to acknowledge the co-operation they received during the year under review from Bankers, Distributors as well as from various Government Departments and also the investing public. We would also like to place on record our profound admiration and sincere appreciation of the hard work put in by the members of the staff and workmen. We are grateful to you, for the confidence and faith you have reposed in us.

For and on behalf of the Board.

Dr. L. S. Mani
Chairman & Managing Director

Mumbai, 30th June, 2003.

COLINZ LABORATORIES LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS****A) THE PHARMACEUTICAL BUSINESS :**

Colinz Laboratories Ltd. is engaged in the manufacture and marketing of pharmaceutical formulations. The Indian pharmaceutical market is highly competitive and also fragmented with over 20,000 players comprising of foreign multinationals, Indian multinationals, mid-size and small scale companies. Your Company falls under the SSI sector. In line with the general industrial scenario, the growth of the Indian pharmaceutical market has slowed down to a level of less than 5% during the year 2002-03, one of the lowest in the last three years. Further the introduction of "GENERICS" by big players in the industry, which is driven by volume, has changed the dynamics of the market, in terms of pricing and promotion. However, your Company has registered a sales growth of 16% during the year, even though your Company is operating only in nine states, with approximately about 100 field sales staff.

B) OPPORTUNITIES, THREATS AND CONCERNS:

The Company's products are enjoying a good Brand image, particularly among gynecologists. The Company has a tremendous potential to grow in future considering the fact that it is yet to open up its marketing operations in the remaining states of the country, based on the availability of working capital and distribution net-work.

The main threat to the Company is the booming "GENERICS" market. Today even the multinational pharma companies have also entered the generic market, resulting in un-healthy competition and retarded growth for the branded products, particularly in respect of small companies.

C) OUT LOOK :

Barring the aforesaid deterrants, the Company does not foresee any major threats in its growth. In India, at least a single digit growth of 7% to 9% is expected for the next few years in pharmaceutical formulation market.

D) FINANCIAL PERFORMANCE :

The financial performance during the year under review has been satisfactory, considering the fact that even after making provision for Deferred Tax, the Company maintained the profit after tax, compared to previous year. The Company's bottom line has been under strain due to increase in field staff cost which is necessary to retain the skillful sales personnel, which is the backbone in pharma selling.

E) INTERNAL CONTROLS :

The Company has proper and adequate internal control system, in respect of efficiency of operations, financial reporting and compliance with applicable laws and regulations etc. There are adequate controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposal and that all transactions are authorized, recorded and reported correctly.

F) HUMAN RESOURCES :

Human resources are highly valued asset for any industry particularly in pharmaceuticals. Therefore the Company seeks to attract and retain technical and marketing staff. The Company also recognizes the importance of human assets and ensures that proper encouragement both moral and financial is extended to the employees to motivate them. The total number of employees as on 31-03-2003 was 130. The Company enjoyed excellent relationship with its employees during the year under review.

G) CAUTIONARY STATEMENT:

The above Management Discussion and Analysis section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of the future performance and outlook.