

# ***COLINZ LABORATORIES LIMITED***

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# ***Colinz***

22 nd

A N N U A L

R E P O R T

2007-2008

**22nd Annual Report 2007-2008****BOARD OF DIRECTORS .....**

DR. L. S. MANI	<i>Chairman &amp; Managing Director</i>
SHRI. N. K. MENON	<i>Whole-Time Director</i>
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 22<sup>nd</sup> 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, Mumbai - 400 078, on Friday, 26<sup>th</sup> September, 2008, at 12.30 P. M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2008, 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 Mr. Michael D'Souza, who retires by rotation and being eligible offers himself 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 authorise the Board of Directors to fix their remuneration.

For Colinz Laboratories Limited.

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

DR. L. S. MANI  
Chairman & Managing Director

Date : 12-06-2008.

**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, 19<sup>th</sup> September, 2008 to 26<sup>th</sup> September, 2008. ( 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.

**22nd Annual Report 2007-2008****DIRECTORS' REPORT 2007-2008**

To

The Shareholders,

Your Directors have the pleasure in presenting their 22<sup>nd</sup> Annual Report and audited Accounts of your Company, for the year ended 31st March, 2008.

**FINANCIAL RESULTS :**

	<b>2007-2008</b> <b>(Rs. in Lacs)</b>	<b>2006-2007</b> <b>(Rs. in Lacs)</b>
Profit before Interest and Depreciation	<b>54.70</b>	42.68
<u>Less:</u> Bank Charges and Interest	<b>28.53</b>	18.82
Depreciation	<b>23.95</b>	16.64
Profit before Taxation	<b>2.22</b>	7.22
<u>Less/(Add):</u> Provision for Current Tax	<b>0.23</b>	0.59
Provision for Deferred Tax	<b>(5.85)</b>	2.16
Fringe Benefit Tax	<b>1.25</b>	1.22
Profit after Taxation	<b>6.59</b>	3.25

**OPERATIONS :**

During the year under review, the turnover of the Company was Rs.561.00 lacs compared to 623.61 lacs for the Financial Year 2006-07. However, there was no fall in the domestic sales. Top line was affected due to absence of export sales (Previous Year Rs.59.01 lacs) as the rates in dollar terms on which export orders were taken in the previous year due to appreciation of the rupee in most parts of the year. In spite of this the profit before interest and depreciation grew by 28% (Rs. 54.70 lacs in 2007-08 compared to Rs.42.68 lacs of Previous year). However, increase was not reflected in the bottom line in view of the higher provision for depreciation on account of the assets addition due to complete implementation of the revised schedule M, as per the directives of Government of India. Interest rate also hardened, reflecting in increased interest burden of almost Rs.10 Lacs.

**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 2008-09 has been paid on time.

**PUBLIC DEPOSITS :**

The Company has not invited / received any fixed deposits during the year.

**DIRECTORS :**

At the forthcoming Annual General Meeting Shri. Michael D'Souza retires by rotation and is eligible for reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of provisions of Section 217[2AA] of the Companies Act, 1956, your Directors confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed, along-with proper explanation relating to material departures, wherever applicable.
- II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at the end of the accounting year and of the profit of the company for that year;
- III. 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;
- IV. 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

**COLINZ LABORATORIES LIMITED**

(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:**

During the year under review, Foreign exchange earned Rs.Nil,( Previous Year – Rs.59,00,909/-). Foreign exchange outgo was Rs. Nil, ( Previous Year - Rs. 29,550/-).

**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 22<sup>nd</sup> Annual General Meeting and are eligible for reappointment.

**ACKNOWLEDGEMENT:**

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, 12<sup>th</sup> June, 2008.

**MANAGEMENT DISCUSSION AND ANALYSIS**

This Report includes Management Discussion and Analysis as appropriate, so that duplication and overlap between Directors Report and Management Discussion and Analysis is avoided. The entire material is thus provided in a composite and comprehensive document.

**A) THE PHARMACEUTICAL BUSINESS:**

Colinz Laboratories Ltd. is engaged in the manufacturing and marketing of pharmaceutical formulations particularly in gynaecological sector. Though a number of mergers and amalgamations are taking place these days, the Indian pharmaceutical market is highly competitive and also still fragmented with over 20,000 players comprising of foreign multinationals, Indian multinationals, mid-size and small scale companies. Your Company falls under the SME sector. However, Colinz has established reputation as a quality supplier of medicines in the domestic market, wherever the company has operation.

**B) OPPORTUNITIES, THREATS AND CONCERNS:**

The Company's products are enjoying a good Brand image, particularly among gynaecologists. The Company has a potential to grow in future considering the fact that it is yet to open up its marketing operations in many states of the country, However, paucity of working capital, the company is unable to expand its marketing activities, to unrepresented areas.

The Revised Schedule 'M' (which was made mandatory with effect from 01.07.05) posed a major threat to the Company's survival. However, the company has managed the capital expenditure and making your company a Schedule 'M' compliant unit. This should open up opportunities to your company, in future.

Your company, no doubt in focusing on those off patented products, and these products will have extended shelf life in the market, due to lesser discoveries of new molecules, considering the investment to be made and time and expenditure involved in developing such new molecules.

**C) OUT LOOK:**

Barring unforeseen deterrents and the issues outlined above, the Company does not foresee any major threats in its survival and moderate growth. However, the margins are likely to be under heavy pressure due to increase in the interest burden in view of the rate hike by banks.

**D) FINANCIAL PERFORMANCE:**

As stated aforesaid, there was financial strains on account of capital expenditure on Revised Schedule 'M' implementation. However, in spite of all these constraints the Financial performance during the year under Review has been satisfactory, in view of your Company's Management's prudent and timely decisions and actions.

**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 pharmaceutical selling. 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 is extended to the employees to motivate them. The total number of employees as on 31-03-2008 was 125. 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.

**COLINZ LABORATORIES LIMITED****CORPORATE GOVERNANCE:****1) PHILOSOPHY:**

Colinz Laboratories Ltd., has always strived to attain highest levels of transparency and accountability in all its operation and in its interactions with Shareholders, Government depts. creditors etc. Hence the Company has taken all appropriate steps to comply with the provisions of the prescribed Corporate Governance Code within the stipulated time.

**2) BOARD OF DIRECTORS:**

(a) Composition, Category of Directors and their other directorships as on 31-03-2008:

Name of the Director	Category of Directorship	No. of Directorships in the public companies
Dr. L. S. Mani	Chairman & Managing Director (Executive, Promoter)	None
Shri. N. K. Menon	Whole-Time Director(Executive)	None
Shri. Vasant K. Bhat	Non-Executive, Independent	None
Shri. Michael D'Souza	Non-Executive, Independent	None

(b) Number of Board Meetings: During the year ended 31-03-2008, 6 Board Meetings were held on 20-06-2007, 29-06-2007, 31-07-2007, 31-10-2007, 31-01-2008, 31-03-2008.

(c) Directors' attendance record:

Name of the Director	Board Meetings attended during the year.	Whether attended last AGM
Dr. L. S. Mani	6	Yes
Shri. N. K. Menon	6	Yes
Shri. Vasant K. Bhat	6	Yes
Shri. Michael D'Souza	6	Yes

**3) COMMITTEES OF THE BOARD :**

(a) Audit Committee

i) Terms of Reference :

Apart from all the matters provided in clause 49 of the listing agreement and Sec. 292-A of the Companies Act, 1956 the Audit Committee holds discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors. It also reviews major accounting policies followed by the Company.

ii) Composition.

The Composition of the Audit Committee is as follows :

Name	Designation	Category of Directorship	Committee Meetings Attended
Shri. Vasant K. Bhat	Chairman	Non-Executive, Independent	6
Shri. Michael D'Souza	Member	Non-Executive, Independent	6
Dr. L. S. Mani	Member	Executive, Promoter	6

(b) Remuneration Committee and Policy :

The non-mandatory requirement of setting up of a remuneration committee for remuneration of executive directors has not been adopted considering the nature and the size of the Company. The Board of Directors determines the remuneration payable to the Executive Directors taking into account their qualifications, experience, expertise and contribution.

The details of the remuneration paid to the Executive Directors for the year ended 31-03-2008 are as follows.

Name	Salary
Dr. L. S. Mani	Rs. 6,05,500/-
Shri. N. K. Menon	Rs. 5,15,500/-

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The Company pays sitting fees of Rs. 5,000/- per meeting to Non-Executive Directors.

(c) Investors Grievance Committee :

The Board has constituted an Investors Grievance Committee which looks into shareholders and investors grievances.

Following are the members of the Committee :

Name	Designation	Category of Directorship
Shri. Michael D'Souza	Chairman	Non-Executive, Independent
Dr. L. S. Mani	Member	Executive, Promoter

Compliance Officer : Shri. Vasant K. Bhat.

Number of complaints received from the shareholders during the year – 1 No.

Number of complaints redressed during the year – 1 No.

Number of complaints unsolved as on 31.03.2008 - Nil

#### 4. SHAREHOLDERS :

(a) Means of Communication :

The quarterly, half yearly and annual audited financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board. The results are published in accordance with the guidelines of the Stock Exchange.

(b) Share Transfers :

As per SEBI circular D & CC/FITTC/CIR-15/2002 dated 27-12-2002 the Company should have a common agency for share registry work. Accordingly, the Company has appointed M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400072, as Common Agency for share registry work.

(c) General Body Meetings :

Details of the last 3 Annual General Meetings are as under.

Financial Year	Date	Time	Venue
2006-07	28-09-2007	12.30 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.
2005-06	29-09-2006	12.30 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.
2004-05	29-09-2005	1.00 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.

(d) Postal Ballot :

For the year ended 31-03-2008, there have been no ordinary or special resolutions passed by the Company's Shareholders through postal ballot.

(e) Details of Directors seeking appointment / re-appointment in 22<sup>nd</sup> Annual General Meeting :

(In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Michael D'souza
Date of Birth	25.05.1956
Qualifications	B. Com. LLB
Date of Appointment	19-03-2003
Expertise in specific functional areas	Advocate – High Court
List of other companies in which Directorship held	None
Chairman/Member of the committees of the Board of Directors of other companies in which he/she is a Director.	None