

GUJARAT TERCE LABORATORIES LIMITED

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EIGHTEENTH ANNUAL REPORT 2002-2003

BOARD OF DIRECTORS

Shri Natwarbhai P. Prajapati	Chairman & Managing Director
Shri Ramsinhbhai N. Chaudhari	Whole Time Director
Shri Devang G. Chaudhari	Director
Shri Dineshbhai V. Chaudhari	Director
Shri Paresh M. Chaudhari	Director
Shri Ashok L. Prajapati	Director

REGISTERED OFFICE/FACTORY :

122/2, Ravi Estate,
Bileshwarpura, Chhatral,
Dist. : Gandhinagar (N. G.)

COMPLIANCE OFFICE :

209, "SAMIR",
Opp. Navrangpura Municipal Market,
Navrangpura, Ahmedabad - 380 009.

AUDITORS

M/S. SHREYANSH R. SHAH & CO.
CHARTERED ACCOUNTANTS,
A-11, Kailash Apartments,
Opp. Kiran Park, Nava Wadaj,
Ahmedabad-380 013.

BANKERS :

BANK OF BARODA
Ellisbridge Branch,
Ahmedabad.

NOTICE

Notice is hereby given that the **Eighteenth Annual General Meeting** of the Members of **Gujarat Terce Laboratories Limited** will be held on **Tuesday, 30th September, 2003 at 10.00 a.m.** at 122/2 Ravi Estate, Bileshwarpura, Chhatral, Dist: Gandhinagar to transact the following business:

ORDINARY BUSINESS

1. To receive consider & adopt the Balance Sheet as at 31st March 2003, the Profit & Loss Account for the year ended on that date and the reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Shri Paresh M. Chaudhari, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s Shreyansh R. Shah & Co., Chartered Accountants, Ahmedabad as Auditors of the Company to hold office from conclusion of this Annual General Meeting till conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company.

SPECIAL BUSINESS

4. To consider & if thought fit to pass with or without modification the following resolution as Ordinary Resolution
RESOLVED THAT Shri Ashokbhai Prajapati who was appointed as Director by the Board of Directors and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from Members proposing his candidature for the office of Director alongwith deposit of Rs. 500/- be & is hereby appointed as Director of the Company.

30th June, 2003

Registered office:
122/2 Ravi Estate, Bileshwarpura,
Chhatral, Dist: Gandhinagar.

For and on behalf of the Board of Directors

Shri N.P. Prajapati
CHAIRMAN & MANAGING DIRECTOR

NOTES:

1. The relevant explanatory statement pursuant to section 173 of the companies act, 1956 in respect of item no 4 set above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Shareholders/proxies are requested to produce the attendance slip at the entrance of the Meeting Hall.
4. The Register of Members and Transfer Book of the Company will be closed from Monday, 22/09/2003 to Tuesday, 30/09/2003 both days inclusive.
5. Shareholders desiring any information as regards the Accounts are requested to write to the Company at least five days in advance of the annual general meeting to enable the Management to keep the information ready at the meeting.

For and on behalf of the Board of Directors

Shri N.P. Prajapati
CHAIRMAN & MANAGING DIRECTOR

30th June, 2003

Registered office:
122/2 Ravi Estate, Bileshwarpura,
Chhatral, Dist: Gandhinagar.

Gujarat Terce Laboratories Limited

EXPLANATORY STATEMENT

The following explanatory statement pursuant to section 173 of the Companies Act, 1956 set out all material facts relating to the special business mentioned in accompanying notice dated June 30, 2003.

Item No 4: Shri Ashokbhai Prajapati who was appointed as Additional Director of the Company by the Board of Directors on 31/12/2002 pursuant to Section 260 of the Companies Act 1956 and who holds office only upto the date of the forthcoming Annual General Meeting of the Company is eligible for reappointment. The Company has received notice in writing from some members proposing candidature for the office of Director under the provisions of Section 257 of the Act. His individual profile is attached.

The Directors recommended the appointment of Shri Ashokbhai Prajapati to the Board of the Company No other Director other than Shri Ashokbhai Prajapati is interested in this resolution.

For and on behalf of the Board of Directors

30th June, 2003

Registered office:

122/2 Ravi Estate, Bileshwarpura,
Chhatral, Dist: Gandhinagar.

Shri N.P. Prajapati

CHAIRMAN & MANAGING DIRECTOR

ANNEXURE FORMING PART OF AGM NOTICE:

DETAILS OF DIRECTORS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:

Profile of the Directors seeking appointment/reappointment.

Name	:	Shri Paresh M. Chaudhari
Address	:	Golwad, Visnagar, Dist. Mehsana.
Date of birth	:	6 th May, 1971
Nationality	:	Indian
Occupation	:	Business
Qualification	:	B. A.
Experience	:	Marketing
Date of appointment	:	7th August, 1995

Shri Paresh M. Chaudhari, retiring director has offered himself for re-appointment as a director under section 256 of the Companies Act, 1956.

Name	:	Shri Ashok. L. Prajapati
Address	:	954, Naranpura Junagam, Ahmedabad-13.
Date of birth	:	9th September, 1968
Nationality	:	Indian
Occupation	:	Business
Qualification	:	B. Com
Experience	:	Marketing
Date of appointment	:	31/12/2002

DIRECTORS' REPORT

To
The Members

Your Directors present their Eighteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2003.

FINANCIAL RESULTS:

	2002-2003 (Rs. in Lac)	2001-2002 (Rs. in Lac)
Gross Income	455.38	437.94
Profit before Depreciation & Tax	17.87	15.50
Depreciation	14.77	13.35
Profit after Depreciation	3.10	2.15
Tax – Current	0.39	0.16
Deferred	1.34	1.86
Prior period adjustments (Net)	0.71	0.00
Profit after Tax	0.66	0.13
Profit brought forward from previous year.	20.54	50.41
Transfer to General Reserve	0.00	30.00
Balance Carried to Balance Sheet	21.20	20.54

OPERATIONS:

During the year under review turnover has increased from Rs 423.21 Lacs to Rs 438.92 lacs and profit remained stagnant. In view of the marginal profits, the Directors do not recommend any dividend.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public.

MANAGEMENT DISCUSSION & ANALYSIS REPORT**(i) Industrial Structures & Developments:**

The Indian pharmaceutical industry grew by 5.7% during 2002-03. Industry growth was severally impacted during January-March'03 when growth registered was only 0.67%.

The Government has announced pharmaceutical policy 2002, inter alia, to replace the drug policy which is expected to further reduce the products under price control & provide growth impetus to the pharmaceutical industry. However, implementation of the policy is awaited.

(ii) Company's Performance:

The performance of the company remained static. The company's business remained stagnant in 2002-03. Your company has a presence in North Gujarat, Rajasthan and Western U.P.

Outlook:

Your Directors are also aware of the fact that Indian pharmaceutical industry is highly competitive and fragmented. The management is conscious about this and is taking necessary steps.

(iii) Opportunities & Threats:

Your company operates in an area where a large market exists and offers ample opportunities for growth. Your company's products are well received in the market.

Gujarat Terce Laboratories Limited

(iv) Risk & Concerns :

The external Factors such as slow down in the market, uncertain monsoon and competition are common risk to all the industrial sectors. It is therefore necessary to address urgently to the effects of these risks on the business of the Company Risks which are internal on which the Directors and Management would have control, are being taken care of.

(v) Internal Control Systems & their Adequacy:

The internal control systems are continuously being fine-tuned in line with the changing requirements in the industry.

With regular review of the systems by the audit committee of the Board the internal control within the organisation would be further strengthened.

(vi) Human Resources:

The focus of the management is on the organisational development and to imbibe new organisation values- entrepreneurship, team work achievement and commitment.

The relations between the management and workmen have remained cordial.

(vii) Cautionary Statement:

The Management Discussion & Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, political and economic development.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

- Part A and B pertaining to conservation and technology absorption is not applicable to the Company. The operations of the Company are not energy intensive. However the Company endeavored to conserve energy consumption wherever feasible. The details of power and fuel consumption are given below.

(a) Power and Fuel consumption: Units and Amount.

	UNITS		AMOUNT (RS)		AVERAGE COST (RS)	
	Current Year	Previous year	Current year	Previous year	Current year	Previous year
Electricity Purchased.	74320	72650	417609	451720	5.62	6.22
Consumption Per Unit of Production.						
Electricity In units.			0.0021			0.0022

There are no specific standards since the product range consists of various products with different consumption.

- The Company has earned total foreign exchange of RS 32.44 Lac by way of exports in the year 2002-2003 and spent RS 7.90 Lac by way of import of rawmaterial, travelling expenses and other matters.

DIRECTORS:

Shri Paresh M. Chaudhari Director retires by rotation and being eligible, offer himself for reappointment.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance along with Auditors' Certificate of its compliance is included as part of the Directors Report.

AUDITORS AND AUDITORS REPORT:

The Auditors M/s Shreyansh R. Snhah & Co., Chartered Accountants, Ahmedabad hold office until the conclusion of the ensuing Annual General Meeting and is recommended for reappointment. The Company has received certificate from the Auditors to the effect that the reappointment if made, would be within prescribed limit under Section 224 (1-B) of the Companies Act, 1956.

The notes at schedule R are self-explanatory and do not require further clarifications.

DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- (i) in preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 as at 31st March'2003 and of the profit of the company for year ended on that date;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis.

INVESTOR SERVICE CENTRE:

Your Company strives to provide prompt investor service through its in-house service center. The securities of your Company are listed at Ahmedabad and Mumbai Stock Exchanges. The company has paid the annual listing fees to these Stock Exchanges for the year 2002-2003.

PARTICULARS OF EMPLOYEES:

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time is nil.

ACKNOWLEDGMENTS:

The Board expresses their appreciation for continued co-operation and support extended to the Company by Bank of Baroda and customers. The Board also records its deep appreciation of the creditable services rendered by the Company's employees at all levels.

Place: Chhatral
30/6/2003.

For and on behalf of the Board of Directors

Chairman & Managing Director

Registered office:
122/2 Ravi Estate, Bileshwarpura,
Chhatral, Dist: Gandhinagar

Gujarat Terce Laboratories Limited

CORPORATE GOVERNANCE-GUJARAT TERCE LABORATORIES LIMITED

(As required by clause 49 of the Listing Agreement with the stock exchange).

MANDATORY REQUIREMENTS

1. Company's Philosophy & Code of Governance

The Company is required to comply with the Clause 49 of the Listing Agreement within Financial Year 2002-03 but not later than March 31, 2003 and accordingly the Company has complied with all the provisions of the clause 49 by 31st March 2003. The Company feels that the fundamental object of Corporate Governance is to enhance Shareholders' value.

2. Board of Directors

Composition of Board:

The Board of Directors consists of 6 [six] Directors of which four are non-executive Directors. They function either as full Board or through Committees. Board and Committee meet at regular intervals.

Directors	Category	Attendance Particulars		Other Committee Membership		
		No. of Board Meeting	Last AGM	Other Directorships	Member	chairman
Shri Natwarbhai P. Prajapati	CM & MD	6	YES	NIL	NIL	NIL
Shri Ramsinhbhai N. Chaudhari	WTD	3	YES	NIL	NIL	NIL
Shri Devang G Chaudhari	DIR	NIL	YES	NIL	NIL	NIL
Shri Ashokbhai Prajapati	DIR*	2	NO	NIL	NIL	NIL
Shri Dineshbhai V Chaudhari	DIR	6	YES	NIL	NIL	NIL
Shri Paresh M Chaudhari	DIR	6	YES	NIL	NIL	NIL

CM- Chairman DIR- Director MD- Managing Director WTD- Wholetime Director

DIR*Appointed during the financial year 2002-2003

Details of Board Meetings held during the year 2002-03

Date of Meeting	No. of Directors Present
30/06/2002	4
31/07/2002	4
28/08/2002	4
31/10/2002	3
31/12/2002	4
31/01/2003	4

3. REMUNERATION OF DIRECTORS

The company has not set up a remuneration committee. The remuneration of Managing Director & Wholetime Director was fixed by the Board & approved by the shareholders at the annual general meeting held on 30/9/2002 for a period of five years w.e.f. 11/01/2002. The details of remuneration Paid to Managing Director (M.D.) & Wholetime Director (W.T.D.) are as under :

	M. D. (Shri Natwarbhai P. Prajapati)	W.T.D. (Shri Ramsinhbhai N. Chaudhari)	Other Directors (Pareshbhai M. Chaudhari)
Salaries	162000/-	162000/-	—
Perquisites	1559/-	1559/-	—
Sitting fees	—	—	3250/-

4. The brief particulars of retiring Directors proposed for reappointment are as under:

a	Name of the Director Paresh M. Chaudhari	Brief Particulars Age : 33 years. Qualification : B. A. Experience : Marketing	Other Directorship Nil	Details of Membership of Committees Member of Audit Committee of Company
b	Name of the Director Shri Ashokbhai Prajapati	Brief Particulars Age : 35 years. Qualification : B. Com Experience : Marketing	Other Directorship Nil	Details of Membership of Committees Member of Audit & shareholders' grievance Committees of the Company

5. AUDIT COMMITTEE

The company has constituted its audit committee on 31/12/2002. The Audit Committee comprises of 3 Non Executive Directors & all of them are Independent. The members of audit committee have adequate financial/accounting knowledge. The committee met 1 (one) time during the year. The Audit Committee whose terms of reference have been specified as per clause 49 of Listing Agreement consists of:

Name	Designation	Attendance
Shri Devang G. Chaudhari	Nonexecutive Independent	NIL
Shri Paresh M. Chaudhari	Nonexecutive Independent	1
Shri Ashok Prajapati	Nonexecutive Independent	1

Since 2002-03 was the First year in which the Audit Committee was constituted pursuant to the schedule of implementation under Clause 49 of the Listing Agreement, the Audit Committee met only once on 31st January 2003. The Audit Committee at its meeting held on 31st January 2003 reviewed the unaudited financial results for the quarter ended on December 31, 2002.

6. SHAREHOLDERS/INVESTOR'S GRIEVANCES COMMITTEE

The Company has constituted a Shareholders/Investor's Grievances Committee. The committee consists of two Directors. Shri Ashok Prajapati is the non-executive Director heading the committee. This committee looks into the redressal of Shareholders/Investor's Grievances, if any like Transfer/ Transmission/ Demat of Shares; Loss of Share Certificates; Non receipt of Annual Report; Dividend Warrants; repayment of principal and/or interest on Fixed Deposits/ Debentures etc. During the year, 40 [forty] complaints were received from the shareholders, all of which have been resolved to date. The Company has no transfers or investor grievance pending at the close of the financial year.

7. DISCLOSURE

- i The Company has no materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., that may have potential conflicts with the interest of the Company at large.
For details about related parties' transactions, see Note No. 17 of Notes on Accounts.
- ii There were no instances of non-compliance by the Company or penalties imposed on the Company by the stock exchange/(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.