

9th Annual Report 1999-2000

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Granules India Limited



Report



**Granules India Limited*****BOARD OF DIRECTORS******DR. C. NAGESWARA RAO****Chairman****SHRI. L.S. SARMA****Director****Dr. P. NARASIMHA RAO****Director****SHRI. N.R. GANTI****Director****SHRI. C.KRISHNA PRASAD****Managing Director****AUDITORS******M/s. V. Amarnath & Associates****Chartered Accountants**204, Santhoshima Complex**R.T.C. 'X' Roads, Musheerabad**Hyderabad - 500 020.****BANKERS******Andhra Bank****Somajiguda Branch**Hyderabad****REGISTERED OFFICE****8-3-1066, Plot No.11,**Srinagar Colony,**Hyderabad - 500 073.****WORKS****Plot No. 15A/1, Phase III**I.D.A. Jeedimetla**Hyderabad - 500 055.*



Granules India Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF GRANULES INDIA LIMITED WILL BE HELD ON MONDAY THE 25TH SEPTEMBER, 2000 AT 3.00 P.M. AT HOTEL GOLCONDA, MASAB TANK, HYDERABAD - 500 028

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the period ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend for the year.
3. To appoint a Director in place of Shri N R Ganti, who retires by rotation, and being eligible, offers himself for re-appointment.
4. Appointment of Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if though fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri L S Sarma who was appointed as Additional Director of the Company with effect from 30th January, 2000 under Article 36(d) of the Articles of Association of the Company who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr P Narasimha Rao who was appointed as Additional Director of the Company with effect from 30th January, 2000 under Article 36 (d) of the Article of Association of the Company who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

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

After Article 12, insert the following Heading & Articles as article 12 A

- (I) for the purpose of this Article

"Beneficial Owner" means a person or persons whose name is recorded as such with a depository;

"Depository" means a company formed and registered under the Companies Act, 1956



and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992;

"SEBI" means Securities and Exchange Board of India;

"Security" means such security as may be specified by SEBI from time to time.;

(II) *Dematerialisation of Securities:*

Notwithstanding any thing contained in the Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

(III) *Options for investors:*

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold security with a depository, the Company shall intimate such depository the details of allotment of security, and on receipt of the information, the depository should enter in its record the name of the allottee as the beneficial owner of the security.

(IV) *Securities in Depositories to be in fungible form:*

All Securities held by a depository shall be dematerialised and be fungible form. Nothing contained in Sections 153, 153A, 153B, 187C, 372A of the Act shall apply to a depository in respect of the Securities held by it on behalf of the beneficial owner.

(V) *Right of Depositories and Beneficial Owners:*

- a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose effecting transfer of ownership of security on behalf of the beneficial owner.
- b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.
- c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(VI) *Service of Documents:*

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.



Granules India Limited

(VII) Transfer of Securities:

Nothing contained in Section 108 of the Act, or these Articles shall apply to a transfer of securities effected by a transferror & transferee both of whom are entered as beneficial owners in the records of the company.

(VIII) Allotment of Securities dealt with by a Depository:

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof immediately on allotment of such securities.

(IX) Distinctive Numbers of Securities held in a Depository:

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.

(X) Register and Index of beneficial owners:

The Register and Index of Beneficial Owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

BY ORDER OF THE BOARD
For **GRANULES INDIA LIMITED**

C. Krishna Prasad
Managing Director

24th July, 2000

Registered Office:
8-3-1066, SRINAGAR COLONY
HYDERABAD - 500 073.

NOTES:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business set out 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 the proxy need not be a member.
3. The instrument of proxy for use at the meeting must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2000 to 25th September, 2000 (both days inclusive)
5. Members/Proxies should bring their attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to notify any change in their registered address/residential status immediately to the Registered Office of the Company.
7. SHAREHOLDERS ARE REQUESTED TO KINDLY BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING PLEASE NOTE THAT COPIES OF THE REPORT WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.



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ANNEXURE TO NOTICE

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

Item No: 5 & 6

Shri L S Sarma and Dr P Narasimha Rao were appointed as Additional Directors by the Board of Directors with effect from 30th January, 2000. In accordance with the Article 36 (d) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, these Directors will hold office upto the date of the forthcoming Annual General Meeting of the Company. Notices, along with a deposit of Rs.500/- in respect of each of the aforesaid Directors are required by the Companies Act, 1956 has been received by the Company from some of the members proposing Shri L S Sarma and Dr P Narasimha Rao for the appointment of Directors of the Company.

Except the above Directors to the extent of their respective appointments no other Director is concerned or interested in these resolutions. Your Directors commend the appointment of Shri L S Sarma and Dr P Narasimha Rao as Directors of the Company.

Item No: 7

With the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the Securities of a Company. The Securities Exchange Board of India (SEBI) has directed that the equity shares of our company have been brought under compulsory dematerialisation (demat) with effect from 26th March, 2001. It is therefore, proposed that our Company's Article of Association be suitably altered, as set out in the Resolution to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such system.

None of the Directors is concerned or interested in the said resolution.

The Board of Directors commend the resolution for adoption

BY ORDER OF THE BOARD
For **GRANULES INDIA LIMITED**

C. Krishna Prasad
Managing Director

24th July, 2000

Registered Office:
8-3-1066, SRINAGAR COLONY
HYDERABAD - 500 073.



Granules India Limited

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the NINTH ANNUAL REPORT of the Company together with the audited accounts and the report of the Auditors for the year ending 31st March, 2000.

FINANCIAL HIGHLIGHTS

	31.03.2000 (Rs. in lakhs)	31.03.1999 (Rs. in lakhs)
Gross Turnover	3413.87	2328.36
Other Income	21.04	7.48
Total Expenditure	2938.13	2064.17
Profit before depr. & Interest	496.78	271.67
Interest & Finance charges	219.15	161.05
Depreciation	56.71	48.15
Provision for Taxation	6.60	1.00
Profit after Tax	214.32	61.47
Prior period adjustments	6.17	4.49
Profit after prior period adjustments	208.15	56.98
Add: Balance brought forward from the previous year	192.51	135.53
Net Profit available for appropriation	400.66	192.51
APPROPRIATIONS		
Less: Provision for dividend	55.53	-
Less: Provision for dividend tax	8.15	-
Less: Transferred to general reserve	10.72	-
Balance carried forward	326.26	192.51
	400.66	192.51

REVIEW OF OPERATIONS

During the year 1999-2000, the Company's operations were satisfactory. The Company has achieved a turnover of Rs. 3413.87 lakhs (previous year Rs. 2328.36 lakhs) an increase of Rs. 1085.51 lakhs i.e., 46.62% over the previous year. The Company's profit for the year is Rs. 214.32 lakhs (previous year Rs. 61.47 lakhs) an increase of Rs. 152.85 lakhs i.e., 248.66% over the previous year.

Your Company has become one of the largest manufacturers of Guaifenesin in the world during the current year. Your Company has achieved a break through in US market and gained acceptance



with number of clients for Guaifenesin DC. Continuous growth for this product is expected which would give your Company a stable and steady income in the coming years.

During the year, a new grade of Paracetamol DC rugged and suitable for all applications has been developed and seeded in to US market. It started gaining acceptance in the US market and we expect it to be major engine of the growth in the coming years.

Your Company's market presence was mostly in US, Western Europe and Australia. This year we have achieved a growing penetration in a number of new markets in the Asia region. We plan to consolidate the growth in the coming years and also focus on South America and Africa which are totally untapped. Considering that the Brazil market is the second largest market in the world after the US, we expect this drive to give your Company rich returns in future.

Apart from the above diversification in the market place, your Company has increased the depth of the product line by adding Methocarbamol and Chlor Pheneramine Meleate to augment existing product line in cough/ cold /fever relievers. Your Company has also added Pyrazinamide a fast moving anti TB product which has good potential in both domestic and export markets.

Your Company has been focussing on achieving the market penetration worldwide for increasing the depth of product range to give consistent and sustained growth over the years.

DIVIDEND

Your Directors have announced 10% interim dividend during October 1999, which has already been paid on the fully paid up shares. The Directors are pleased to recommend 15% final dividend (including interim dividend of 10%) for the year 1999-2000.

RESEARCH AND DEVELOPMENT

During the year, the company incurred Rs. 7.89 lakhs (previous year Rs. 6.37 lakhs) on Research and Development for developing new product like Pyrazinamide. It is also in the process of developing new bulk drugs for the export market.

DIRECTORS

Pursuant to Article 51 of the Articles of Association of the Company, Sri. N.R. Ganti, Director retires by rotation during the forthcoming Annual General Meeting and being eligible offers himself for the re-appointment as Director.

Sri. L.S. Sarma and Dr. P. Narasimha Rao, have been appointed as additional directors by the board of directors who will hold office till ensuing AGM. The board has received notices from the shareholders proposing Sri. L.S. Sarma and Dr. P. Narasimha Rao, as Directors in the next AGM.

AUDITORS

M/s. V.Amarnath & Associates, Chartered Accountants, Hyderabad, who are the Statutory Auditors of the company will retire at the Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate stating that their appointment if made will be within the limits of Section 224(1-B) of the Companies Act, 1956. At ensuing Annual General Meeting, the members will be requested to appoint the Auditors for the current year and fix their remuneration.

**Granules India Limited****AUDITORS' REPORT**

As regards observation of auditors in para 17 of Annexure to auditors report, it is hereby clarified that the Company is implementing an integrated software system extending the computerisation to the plant where the required cost records are being developed.

PARTICULARS OF EMPLOYEES

The particulars of employees required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) rules, 1988 is annexed hereto and the same forms an integral part of this report.

INDUSTRIAL RELATIONS

Industrial Relations continued to be cordial.

PUBLIC DEPOSITS

During the year under review the Company has neither invited nor received any deposits from the public.

INSURANCE

Your Company's assets have been adequately insured against all expected perils.

LISTING OF SHARES

The Company's Equity Shares have been listed on The Hyderabad Stock Exchange Limited, # 3-6-275, Himayatnagar, Hyderabad and The Madras Stock Exchange Limited, No.11, Second Line Beach, Chennai.

The company has paid the Annual Listing Fees for the year 2000-01 to each of the above Exchanges.

OTHER INFORMATION

The particulars as required under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in ANNEXURE attached hereto which forms a part of this Report.

ACKNOWLEDGMENTS

Your Directors take this opportunity to express their appreciation for the continued support from Industrial Development Bank of India, Andhra Bank and various departments of Central and State Government.

Your Directors place on record the appreciation of all the employees for their sincere efforts put in by them for the progress of the Company.

For and on behalf of the Board of Directors

Date : 24 July 2000

Place : Hyderabad

DR. C. NAGESWARA RAO
CHAIRMAN