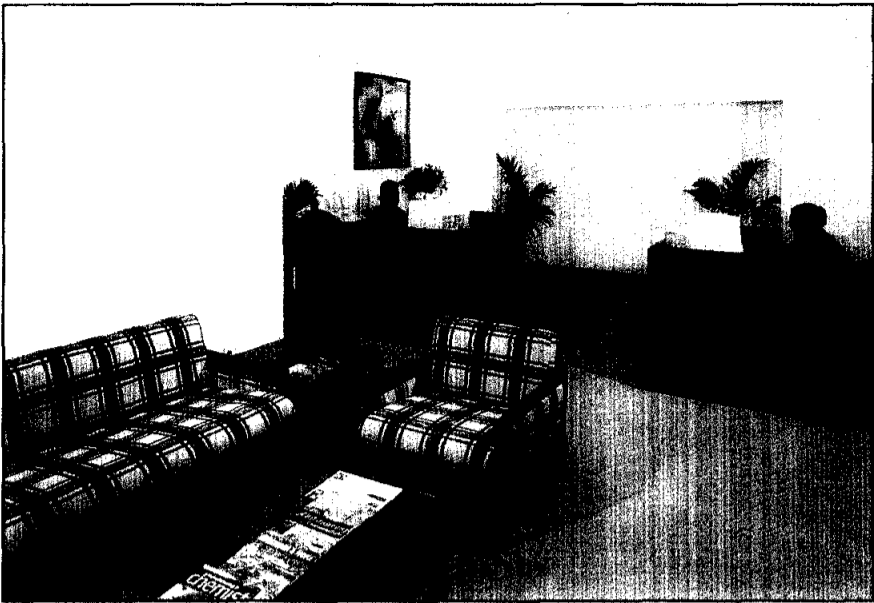


# Annual Report 2000-2001



**Granules India Limited**



CORPORATE OFFICE



Quality Control and Quality Assurance



QUALITY CONTROL



**BOARD OF DIRECTORS**

**Dr.C.NAGESWARA RAO**  
Chairman

**SHRI.L.S.SARMA**  
Director

**Dr.P.NARSIMHA 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

**COMPANY SECRETARY**  
**SHRI B. GOPINATH**

**BANKERS**

**Andhra Bank**  
Somajiguda Branch, Hyderabad.

**Bank of Maharashtra**  
Khairtabad Branch, Hyderabad.

**REGISTERED OFFICE**

8-2-293/A/A/2, Road No.2, Banjara Hills,  
Hyderabad – 500 034.

**WORKS**

\* Plot No.15A/1, Phase III, I.D.A. Jeedimetla,  
Hyderabad – 500 055.

\* Bonthapally, P.O. Jinnaram (M),  
Medak – 502313.

**NOTICE**

*Notice is hereby given that the tenth annual general meeting of the members of Granules India Limited will be held on Saturday the 29th September 2001 at 1.00 pm at Crystal Palace-A, Hotel Ramada, Airport Exit Road, Begumpet, Hyderabad-500 016.*

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2001 and the Profit and Loss Account for the period ended on the date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. P. Narasimha Rao who retires by rotation, and being eligible, offers himself for re-appointment.
3. Appointment of Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the company of all the movable and immovable properties of the Company wheresoever situated, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the company in certain events, to or in favour of Industrial Development Bank of India (IDBI) to secure its additional rupee term loan of Rs.750 Lakhs sanctioned under Project Finance Scheme together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the company to IDBI



**BOARD OF DIRECTORS**

**Dr.C.NAGESWARA RAO**  
Chairman

**SHRI.L.S.SARMA**  
Director

**Dr.P.NARSIMHA 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.

**COMPANY SECRETARY**  
**SHRI B. GOPINATH**

**BANKERS**

**Andhra Bank**  
Somajiguda Branch, Hyderabad.

**Bank of Maharashtra**  
Khairtabad Branch, Hyderabad.

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8-2-293/A/A/2, Road No.2, Banjara Hills,  
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**WORKS**

\* Plot No.15A/1, Phase III, I.D.A. Jeedimetla,  
Hyderabad – 500 055.

\* Bonthapally, P.O. Jinnaram (M),  
Medak – 502313.



## NOTICE

*Notice is hereby given that the tenth annual general meeting of the members of Granules India Limited will be held on Saturday the 29th September 2001 at 3.00 p.m. at Crystal Palace-A, Hotel Ramada, Airport Exit Road, Begumpet, Hyderabad-500 016.*

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### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2001 and the Profit and Loss Account for the period ended on the date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. P. Narasimha Rao who retires by rotation, and being eligible, offers himself for re-appointment.
3. Appointment of Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and / or charging by the Board of Directors of the company of all the movable and immovable properties of the Company wheresoever situated, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the company in certain events, to or in favour of Industrial Development Bank of India (IDBI) to secure its additional rupee term loan of Rs.750 Lakhs sanctioned under Project Finance Scheme together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the company to IDBI



under its Loan Agreement entered into / to be entered into by the company in respect of the said term loan".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, the Documents for creating aforesaid mortgage and /or charge and to do all such acts and things as may be necessary for giving effect to the above resolution".

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

20th August, 2001

**Registered Office :**

8-2-293/A/A/2, Road No.2,  
Banjara Hills, Hyderabad-500 034

**C. Krishna Prasad**  
Managing Director

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### **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 26<sup>th</sup> September, 2001 to 29<sup>th</sup> September, 2001 (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. SHARE HOLDERS 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.



## **ANNEXURE TO NOTICE**

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

#### **Item No. 4**

The shareholders are aware that the Industrial Development Bank of India (IDBI), had sanctioned Rs. 370 Lakhs Rupee Term Loan, Rs.70 Lakhs Additional Rupee Term Loan and Additional rupee term loan of Rs.415 Lakhs which was secured by a first mortgage of all the immovable and movable properties of the company, both present and future by way of consent by the Shareholders resolutions passed during the Fourth Annual General Meeting of the company which was held on 31<sup>st</sup> May, 1995, Sixth Annual General Meeting of the company which was held on 27<sup>th</sup> September, 1997 and Seventh Annual General Meeting of the Company which was held on 26<sup>th</sup> September, 1998.

The IDBI has now sanctioned Rs.750 Lakhs as Additional Term Loan which is also required to be secured by way of mortgage of all the immovable and movable properties of the Company, present and future.

Section 293(1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such Public Company in General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Hence, the Resolution set out in Item No.4 seeks the consent and approval of the Members as required under Section 293(1) (a) of the Companies Act, 1956, for the creation of the said mortgage/charge of Company's properties in favour of IDBI.

Copies of the relevant documents or correspondence between the said IDBI and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M and 1.00 P.M on any working day prior to the date of the meeting.

None of the Directors of the Company is interested in the said resolution.

Report



Junction

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

**C. KRISHNA PRASAD**  
Managing Director

20th August, 2001

**Registered Office :**  
8-2-293/A/A/2, Road No.2, Banjara Hills,  
HYDERABAD – 500 034.





## DIRECTORS' REPORT

To the Members

Your directors have pleasure in presenting the Tenth Annual report of the Company together with the audited accounts and the report of the Auditors for the year ending 31<sup>st</sup> March 2001.

The year under review has been an eventful one for your Company in more than one way. The most important event of significant strategic importance is the amalgamation of Triton Laboratories Limited with your company as per the order of the Hon'ble High Court of Andhra Pradesh, with effect from 01-04-2000. Triton Laboratories Limited has been one of the largest manufacturers of high quality Paracetamol in India. Your company has been a regular buyer of Paracetamol from Triton Laboratories Limited for exporting Paracetamol DC to the US and other developed markets. As the captive consumption of Paracetamol by your Company could be more than 40% production capacity of Triton Laboratories Limited, it was in your company's strategic interest to benefit from the synergy of this merger. This annual report presents the accounts of the merged entity.

Another event of strategic importance for your Company is the audit of the company's Granulation and Guaifenisin facilities by the Food and Drug Administration of USA (FDA) and their approval is expected in the near future. Your Company's products as approved by FDA are expected to be marketed in US at significantly higher margins, as has been the experience in the German and Australian markets in the past.

The third and most significant strategic initiative of your Company is the expansion of Granulation capacity that your company has embarked upon. The addition of 2,500 MT of Granulation capacities to the existing capacity of 900 MT will make your Company the largest in its class in the world. The financial closure for the expansion plan has been achieved and your company is endeavouring to commission the enhanced capacity by October 2002.

In order to ensure that the enhanced capacity is optimally utilised both in terms of value of and margins on sales, your company has been relentlessly pursuing new product development strategy. Apart from deepening the product line there is a conscious attempt to widen the product category so that the product portfolio is well balanced and positioned.

In the rapidly internationalising pharmaceutical markets, your company is attempting to find a distinctive position. Its product market strategy and its business plans seek to reflect this goal of your company.



## FINANCIAL PERFORMANCE

	31.03.2001 (Rs. In lakhs)	31.03. 2000 (Rs. In lakhs)
Gross turnover	6177.52	3413.87
Other income	31.28	21.04
Total Expenditure	5719.14	2938.13
Profit before depr. and interest	489.66	496.78
Interest and Finance Charges	288.42	219.32
Depreciation	94.73	56.71
Provision for Taxation	9.84	6.60
Profit after Tax	96.67	214.32
Prior Period adjustments	7.43	6.17
Profit after Prior period adjustments	89.24	208.15
Add: Balance brought forward from the previous year	420.98	192.51
Net profit available for appropriation	510.22	400.66
<b>APPROPRIATIONS</b>		
Less: Provision for dividend	-	55.53
Less: Provision for dividend tax	-	8.15
Less: Transferred to general reserve	-	10.72
Balance carried forward	510.22	326.26
	510.22	400.66

## REVIEW OF OPERATIONS

The sales performance of the company during the year under review has more or less kept pace with that of the previous year. However, there has been some pressure on the profit figure as markets world over have been rather sluggish particularly during second half of the year. The merger has also had some effect on the bottom line of the company, as the Paracetamol market has seen an unexpected price downturn during the second half of the year under review. The profitability was also adversely affected due to the loss of production at the time of the audits by the Food and Drug Administration of USA & Therapeutic Goods Administration, Australia.

However, in terms of new product introduction and market penetration, your company has maintained the trends of the past. A product of your Company viz., Pyrazinamide, which has been developed and commercialised during the previous year has attained more than satisfactory demand from the international and domestic markets. Another product viz., Isometheptene Mucate, used in migraine treatment, has been developed by your Company for the export markets and is ready for commercial production.

It is expected that these products coupled with the greater penetration by the existing products in the international markets will take the Company onto a new growth trajectory.