

# **14th Annual Report 2002 - 03**



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**MONOZYME INDIA LIMITED**  
**176/2 & 176/3, 1st Floor, Sripati Venkatrao Mansion**  
**Tarbund, Bowenpally,**  
**Secunderabad - 500 003.**

## **BOARD OF DIRECTORS**

Dr Suryakant G Patil	Managing Director
Sri M Srinivasa Rao	Director
(upto 30/06/03)	
Sri S Suresh	Director
Sri L Raju	Director
Sri A Nanda Kishore	Director
Sri M Anoop Kumar	Director

## **AUDITORS**

M/s J B Reddy & Co.,  
Chartered Accountants  
206, Srinilaya Estate  
Ameerpet  
Hyderabad - 500 016.

## **BANKERS**

State Bank of Hyderabad  
Overseas Branch  
Somajiguda  
Hyderabad - 500 082.

## **REGISTERED OFFICE**

176/2 & 176/3,  
1st Floor, Sripati Venkatrao Mansion  
Tarbund, Bowenpally  
Secunderabad - 500 003.  
Tel.: 27818598, 27818667, Fax : 040-27818669  
Email : monozyme@satyam.net.in

## **SHARE TRANSFERS & DEMAT REGISTRARS**

M/s. Sindhu Corporate Services (P) Ltd.  
18 A (New No. 492) East Marredpally,  
Secunderabad - 500 026.  
Ph : 040 - 27733478 Fax : 040 - 27733478

## NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of MONOZYME INDIA LIMITED will be held on Tuesday the 30th of September 2003 at 11.30 A.M at "Le Palais Royal Ibrahim Mahal" Opp. Gymkhana Grounds, 150, Brig. Sayeed Road, Secunderabad - 500 003 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date with reports of the Auditors' and Directors' thereon.
2. To appoint M/s. J.B.Reddy & Co., Chartered Accountants, Hyderabad, who retire at the conclusion of this Annual General Meeting, as Auditors of the Company and for that purpose to pass, with or without modifications, the following resolution as an Ordinary Resolution.  
"RESOLVED THAT pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. J.B.Reddy & Co., Chartered Accountants, Hyderabad, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at a remuneration as may be fixed by the Board of Directors".

### SPECIAL BUSINESS:

3. To consider and if thought fit to pass with or without modification the following resolutions as a Special Resolution.  
"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, SEBI (Delisting of securities) Guidelines 2003, Listing Agreement and all other applicable laws, Regulations and guidelines and subject to such approval, permissions and sanctions, as may be necessary and subject to such modifications as agreed by the Board and approval of the company be and is hereby accorded to the Board for voluntary delisting of the Equity Shares of the Company from Hyderabad stock Exchange".  
"FURTHER RESOLVED THAT Dr. Suryakant G Patil the Managing Director, be authorised to take all the necessary steps with regard to delisting and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary to give effect to this resolution."
4. To Consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.  
"RESOLVED THAT Mr. S. Suresh who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."
5. To Consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.  
"RESOLVED THAT Mr. L.Raju who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. A.Nanda Kishore who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To Consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. M.Anoop Kumar who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."

**Registered Office:**

176/2 & 176/3, 1<sup>st</sup> Floor,  
Sripati Venkatrao Mansion,  
Tarbund, Bowenpally,  
Secunderabad - 500 003.

By Order of the Board

Place : Secunderabad.

Date : 30th June, 2003

**Dr Suryakant G Patil**  
Managing Director

**NOTES**

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.
- b) The Register of members and share transfer books of the Company will remain closed from 26th of September, 2003 to 30th of September, 2003 (both days inclusive) in connection with the Annual General Meeting.
- c) Members are requested to intimate any changes in their addresses registered with the Company.
- d) The Members are requested to bring their Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of Accounts well in advance to enable to place relevant records and information at the time of Annual General Meeting.
- e) Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 with respect to special business is herewith annexed.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No.3**

The Shares have been proposed to be delisted at the Hyderabad Stock Exchanges, as the shares are not regularly traded on Hyderabad Stock Exchanges and also keeping in view of reducing the costs. However, the shares will continue to be listed on the Mumbai Stock Exchange. The Shareholders will not be affected by the proposed delisting as the shares continue to be

listed on the Mumbai Stock Exchange. As per the SEBI (Delisting of Securities) Guidelines 2003 and the Stock Exchange requirements, due procedures will be complied with for delisting. The Delisting will take effect after all the approvals, permissions and sanctions are received. The exact date on which de-listing will take effect will be suitably notified at that time.

The Directors recommend the resolution for the approval of the shareholders

None of the Directors is interested in the above resolution.

Item No. 4 & 5

Mr. S.Suresh and Mr. L.Raju were appointed as Additional Directors of the Company who retire at this Annual General Meeting as per section 260 and Articles of Association of the Company. Their induction into the Board would immensely benefit the Company in overall perception and strategic growth. As required under section 257 of the Act, notices along with a fee of Rs. 500/- for each of them have been received from the Shareholders proposing their candidature.

The Board recommends the resolutions for your approval.

None of the Directors is interested in the above resolution except Mr. S. Suresh and Mr. L. Raju, in respect of their appointment.

Item no.6 & 7.

Mr. A.Nanda Kishore and Mr. M.Anoop Kumar were appointed as Additional Directors of the Company who retire at this Annual General Meeting as per section 260 and Articles of Association of the Company. Their induction into the Board would immensely benefit the Company in overall perception and strategic growth. As required under section 257 of the Act, notices along with a fee of Rs. 500/- for each of them have been received from the Shareholders proposing their candidature.

The Board recommends the resolutions for your approval.

None of the Directors is interested in the above resolution except Mr. Nanda Kishore and Mr. Anoop Kumar, in respect of their appointment.

**Registered Office:**

By Order of the Board

176/2 & 176/3, 1<sup>st</sup> Floor,  
 Sripati Venkatrao Mansion,  
 Tarbund, Bowenpally,  
 Secunderabad – 500 003.

Place : Secunderabad

**Dr Suryakant G Patil**

Date : 30th June, 2003

Managing Director

**PARTICULARS OF DIRECTORS APPOINTED IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT.**

**Sri S.Suresh** is a Commerce Graduate from Karnataka University. He has vast experience in the Business. He does not hold directorships in any other Company.

**Sri L. Raju** is a Commerce Graduate from Gulbarga University. He has vast experience in the Business. He does not hold directorships in any other Company.

**Sri A.Nanda Kishore** is a Professional by Medical Doctor. He does not hold directorships in any other Company.

**Sri M.Anoop Kumar** is a Graduate. He has good experience in the Business. He does not hold directorships in any other Company.

## DIRECTORS' REPORT

Dear Members,

Your Directors hereby present to you the 14th Annual Report of your Company together with the Audited Accounts of the Company for the financial year ended 31st March 2003.

### **Financial performance of the company**

(Rs. in Lakhs)

	For the year ended 31.03.2003	For the year ended 31.03.2002
1. Net Sales/Income from Operations	1001.48	600.09
2. Other Income	2.85	1.35
3. Total Expenditure	950.31	555.93
4. Interest	27.43	26.84
5. Gross Profit after Interest but before Depreciation	26.59	18.67
6. Depreciation	6.18	6.03
7. Provision for Taxation (Net of deferred tax)	4.57	0.41
8. Net Profit for the year	15.84	12.23
9. Prior year adjustment	0.07	0.01
10. Net Profit carried to Balance Sheet	15.77	12.22

### **Management discussions and analysis report**

**As required by Clause 49 of the Listing Agreements with Stock Exchanges, the Management Discussion and Analysis Report is stated as under.**

#### **A) Industry Structure & Developments, Opportunities and Threats, Performance, outlook and Risks and Concerns:**

In view of the liberalization process by Government of India, every foreign company in the Diagnostic industry, is opening tie-ups with big Indian Diagnostic companies to establish their products in India. The company was able to get Exclusive tie up with M/s. Standard Diagnostic Inc., Korea to market their Rapid Tests of good quality products of infectious diseases like HIV, HBsAg and HCV.

Apart from the above, the company was able to develop Single Reagents by putting good R&D efforts to cater to the markets of "A" class customers. The company's products are well established in B, B+ customers and efforts are being made to reach the customers of A and A+ by giving innovative products in the Diagnostic industry

#### **B) Internal Control and their Adequacy:**

The Company has effective and adequate internal Control Systems to ensure reliable Financial Reporting, safeguarding of Assets, Management of risks and adherence to good management principles and policies. The Internal controls are reviewed regularly at management level and also at the audit Committee meetings.

### **C) Human Resources Development and Industrial relations:**

Your Company has employees who are highly motivated and result oriented. To enrich the skills of the employees and enrich their experience, the company arranges practical training courses by internal faculty. The Company is maintaining good employee relations.

#### **Directors**

During the year Mr. P.V.S.Raju and Mr. M.Srinivasa Rao, Directors of the Company have resigned on personal grounds. The Board placed on record wide appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

Mr. S.Suresh , Mr. L.Raju, Mr. A.Nanda Kishore & Mr. M.Anoop Kumar were appointed as Additional Directors of the Company and they cease to hold office on the date of the ensuing Annual General Meeting.

Board recommends the resolutions for their appointment.

#### **Directors' responsibility statement**

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, Your Directors wish to confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures , if any;
2. Such Accounting policies have been selected and applied consistently and judgments and estimates are made 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 and of the profit and loss of the Company for that period;
3. 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 any fraud or other irregularities has been taken.
4. Accounts for the financial year ended at 31st March,2003 are prepared on a going-concern basis.

#### **Auditors**

The Auditors of the Company M/s. J.B.Reddy & Co., Chartered Accountants, Hyderabad retires at the conclusion of this Annual General Meeting and are eligible for reappointment.

**Replies to Auditor's Report:** PF, ESI, Sales Tax and Income Tax Dues are being remitted.

#### **Listing**

Details of Listing are annexed to the Corporate Governance Report.

#### **Dematerialization of shares**

Details of Dematerialisation of shares are annexed to the Corporate Governance Report.

#### **Corporate Governance**

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges Report on Corporate Governance is herewith enclosed.



### **Fixed Deposits**

The Company has not raised any fixed deposits as on 31st March, 2003 so as to attract the provisions of section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules 1975 as amended from time to time. There is no amount outstanding or due to any deposit holder.

### **Particulars of conservation of Energy.**

As the company's activities do not involve high consumption of energy, however appropriate steps are being taken constantly to reduce the consumption of power.

### **Research & Development & Technology Absorption etc.,**

As the Company is engaged in the business of diagnostic and clinical chemistry kits and enzymes constant inhouse R & D is undertaken and new technology development thereon are being absorbed.

### **The Foreign Exchange earnings and out go are as follows:**

		(Rs.in Lakhs)
Foreign Exchange Earnings	:	25.80
Foreign Exchange Outgo		
Import of Raw Materials	:	517.94
Foreign Travel Expenses	:	2.57

### **Particulars of Employees**

In pursuance of section 217(2A) of the Companies Act, 1956 none of the employees of the Company was drawing a remuneration exceeding the limits stated in section 217(2A) of the Companies Act, 1956.

### **Personnel**

Your Directors place on record their appreciation for the services rendered by the employees. The relation between the management and the workers has been cordial through out the year.

### **Acknowledgements**

Your Directors take this opportunity to place on record their sincere appreciation and wish to express their thanks for the guidance and assistance received from Company's clients, bankers, Financial Institutions, Share holders for their continued support and faith in the Company. Your Directors also wish to appreciate the hardwork and commitment exhibited by the employees of the Company.

Place : Secunderabad.

FOR AND ON BEHALF OF THE BOARD

Date : 30.06.2003.

**Dr. Suryakant G Patil**  
 Managing Director

**Sri M. Srinivasa Rao**  
 Director



**ANNEXURE - to Directors' Report****CORPORATE GOVERNANCE****a) Company's philosophy:**

Corporate Governance assumes a great deal of importance in the business life of Monozyme India Limited. The driving forces of Corporate Governance at Monozyme India Limited is its core values belief in people, entrepreneurship, customer orientation and the pursuit of excellence.

**b) Board of Directors**

i) Composition and category of Directors as of March 31, 2003 as follows:

Name	Category	Designation	No. of Meetings held during the last financial year	No. of Meetings attended	No. of Memberships in Board of other Companies	Attendance of each Director at last AGM
Dr. Suryakant G Patil	Managing Director	Managing Director	5	5	Nil	Yes
Sri. M.Srinivasa Rao	Independent Director	Director	5	5	Nil	Yes
Sri. P V S Raju	Independent Director	Director	5	5	4	Yes
Sri. S.Suresh*	Independent Director	Director	5	1	Nil	No
Sri. L.Raju*	Independent Director	Director	5	1	Nil	No

\* Appointed on 17-03-2003

ii) Meetings of the board of directors

During the financial year 2002-2003, the Board of Directors met 5 times, on the following dates:

29th April'2002, 20th June'2002, 31st December'2002, 30th January'2003 & 17th March'2003.

**c) Audit committee**

As a measure of good corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been

constituted as a sub-committee to the Board, consisting of independent directors. The functions of the committee include:

Review the adequacy of internal control systems and Internal Audit Reports and their compliance thereof.

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

Recommend the appointment of auditors and fixation of audit fees.

Review with Management the quarterly and annual financial statements before submission to the Board.

Composition and other details

The Audit Committee has been reconstituted during the year with the following Directors:

1. Sri M.Srinivasa Rao
2. Sri S.Suresh
3. Sri L Raju

During the year under review, the Audit Committee met 3 times. Mr. M.Srinivasa Rao chaired the meetings, and other members attended the meetings.

#### **d) Compensation committee**

Compensation Committee has not been constituted, as there was no revision in the compensation paid to the Directors.

#### **e) Remuneration Policy**

The Compensation Committee devises policy for compensation and benefits to Executive Directors and frames policies.

Details of Remuneration to Directors

##### **a) Executive Directors:**

Particulars	Dr.Surykant G Patil Managing Director*
Salary	12,00,000
Commission	Nil
Total	<u>12,00,000</u>

\* During the year under Review, Managing Director was paid on remuneration of Rs.1,00,000/- per month as per the Resolution passed by members at their AGM held on 25.09.2000, since company made profits.

a) Non-Executive Directors: Sitting fee is paid for attending meetings of Board to the Non-Executive Directors.

#### **f) Investors' Grievance Committee**

As a measure of Good Corporate Governance and to focus on the Shareholders' grievances and towards strengthening investor relations, an Investors' Grievance Committee has been constituted as a sub-committee of the Board of Directors, has been constituted.

a) The functions of the Committee include: