

15th Annual Report 2003 - 04



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

BOARD OF DIRECTORS

Dr Suryakant G Patil	Managing Director
Sri A Nanda Kishore	Director
Sri M Anup Kumar	Director
Dr. Y F Neelagund	Director
Sri S Suresh	Director
Sri L Raju	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. Venture Capital and Corporate Investments Ltd.
Progressive Towers, 3rd Floor, Khairatabad
Hyderabad - 500 004.
Ph : 040 - 23322262 Fax : 040 - 23324803
Email : vccil_hyd@yahoo.co.in

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of MONOZYME INDIA LIMITED will be held on Thursday the 30th of September 2004 at 2.30 P.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, 2004 and the Balance Sheet as at that date with reports of the Auditors' and Directors' thereon.
2. To appoint Mr. A. Nanda Kishore as Director, who retires by rotation and being eligible, offers himself for reappointment
3. 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:

4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT Dr. Y. F. Neelagund who was appointed as Additional Director of the Company by the Board of Directors and who retires at this Annual General Meeting 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:

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Secunderabad - 500 003.

By Order of the Board

Place : Secunderabad.

Date : 16th June, 2004

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 27th of September, 2004 to 30th of September, 2004 (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.4**

Dr. Y. F. Neelagund was appointed as Additional Director of the Company who retires at this Annual General Meeting as per section 260 and Articles of Association of the Company. His induction into the Board would immensely benefit the Company in overall perception and strategic growth. As required under section 257 of the Act, notice along with a fee of Rs. 500/- has been received from a Shareholder proposing his candidature.

The Board recommends the resolution for your approval.

None of the Directors is interested in the above resolution except Dr. Y. F. Neelagund, in respect of his appointment.

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By Order of the Board

Dr Suryakant G Patil
Managing Director

Place : Secunderabad

Date : 16th June, 2004

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

Dr. Y. F. Neelagund, Aged about 56 years, is a Professor and Chairman, Department of Studies in Microbiology, Gulbarga University. He does not hold directorships in any other Company.

Sri A.Nanda Kishore, Aged about 39 years, is an experienced person in Medical & Para-medical services. He does not hold directorships in any other Company.

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present to you the 15th Annual Report of your Company together with the Audited Accounts of the Company for the financial year ended 31st March 2004.

Financial performance of the company

(Rs. in Lakhs)

	For the year ended 31.03.2004	For the year ended 31.03.2003
1. Net Sales/Income from Operations	1298.58	1001.48
2. Other Income	1.91	2.85
3. Total Expenditure	1205.29	943.94
4. Interest	38.24	33.80
5. Gross Profit after Interest but before Depreciation	56.96	26.59
6. Depreciation	6.80	6.18
7. Provision for Taxation (Net of deferred tax)	13.31	4.57
8. Net Profit for the year	36.85	15.84
9. Prior year adjustment	(1.44)	0.07
10. Deferred Revenue Expenditure Written off	196.67*	—
11. Net Profit/(Loss) carried to Balance Sheet	(158.38)	15.77

*Consequent to change in the method of accounting, the entire unamortised amount under the head "Deferred Revenue Expenditure" as at the beginning of the year amounting to Rs.1, 96,66,948 has been charged to Profit and Loss account.

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 more focus on development of Biotech Industry by the Government of India, Company is having good potential for its products. The Company is entering in to new product line like Torch Panel, Western Blot Test and Blood Collection Tubes. The Company had also successfully launched Rapid Test for TB and Dengue along with Elisa Kits for HIV, HbsAg and HCV.

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

Dr. Y. F. Neelagund, was appointed as Additional Director of the Company and he retires at the ensuing Annual General Meeting.

Board recommends the resolution for his appointment.

Mr. A. Nanada Kishore retires at the ensuing Annual General Meeting being eligible offers himself for re-appointment.

Board recommends the resolution for his reappointment.

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, 2004 are prepared on a going-concern basis.

Auditors

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

Replies to Auditor's Report:

1. PF, ESI, Sales Tax and Income Tax Dues are being remitted.
2. With reference to observation made in the Audit Report, Notes on Accounts as contain in 1.11 of Schedule 'O' is Self Explanatory and therefore do not call for any further comments u/s 217(3) of the Company's act 1956.

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, 2004 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	:	21.20
Foreign Exchange Outgo		
Import of Raw Materials	:	623.35
Foreign Travel Expenses	:	1.63

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, 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.

FOR AND ON BEHALF OF THE BOARD

Dr. Suryakant G Patil
Managing Director

Sri M. Anup Kumar
Director

Place : Secunderabad.

Date : 16.06.2004.

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 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, 2004 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	7	7	Nil	Yes
Sri. M.Srinivasa Rao	Independent Director	Director	7	2	Nil	Yes
Sri. S.Suresh	Independent Director	Director	7	2	Nil	Yes
Sri. L.Raju	Independent Director	Director	7	2	Nil	Yes
Sri. M. Anup Kumar	Independent Director	Director	7	6	Nil	Yes
Sri. A.Nanda Kishore	Independent Director	Director	7	5	Nil	Yes
Dr. Y.F.Neelagund*	Independent Director	Director	7	1	Nil	No

* Appointed on 06-01-2004.

ii) Meetings of the board of directors

During the financial year 2003-2004, the Board of Directors met 7 times, on the following dates:

25th June'2003, 30th June'2003, 30th July'2003, 10th October '2003, 30th October'2003, 06th January'2004 & 31st Januray'2004.

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 there of.

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.

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

1. Sri M.Anup Kumar, Chairman
2. Sri A.Nanda Kishore
3. Sri S Suresh

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

d) Compensation committee

Compensation Committee has been constituted with three Independent Directors and during the year under Review, Managing Director was paid on remuneration of Rs.1,00,000/- per month up to September'2003 and Rs.1,50,000/- from October'2003 to March'2004 as per the Resolution passed by members at their AGM held on 25.09.2000, since company made profits.

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	15,00,000
Commission	<u>Nil</u>
Total	<u>15,00,000</u>

- b) 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:

To specifically look into redressing investors' grievances pertaining to:

- 1) Transfer of shares
- 2) Dividends
- 3) Dematerialisation of shares
- 4) Replacement of lost/stolen/mutilated share certificates
- 5) Any other related issues

The sub committee will focus on strengthening investor relations.

b) Constitution and Composition

The Committee has been reconstituted during the year with the following Directors as members viz.,

- 1) Dr. Suyakant G Patil
- 2) Sri M.Anup Kumar
- 3) Sri A.Nanda Kishore

There are no valid requests pending for share transfers as on the date of Directors' Report.

g) General body meetings:

Location and time for the last three AGMs

Year	Date	Venue	Time	Special Resolution
2000-2001	29.09.2001	"Le Palais Royal Ibrahim Mahal" Opp.Gymkhana Grounds, 150, Brig.Sayeed Road, Secunderabad - 500 003	11.00 am	Nil
2001-2002	30.09.2002	- do -	11.00 am	Nil
2002-2003	30.09.2003	- do -	11.30 am	Nil

h) Disclosures

There are no materially significant related party transactions, i.e., transactions material in nature, with its promoters, Directors or the Management, their relatives etc. that may potentially conflict with the interests of the Company.

There are no non-compliances of any statutes by the company. Neither penalties nor strictures were imposed by any stock exchange / SEBI or any other statutory authority on any matter related to capital markets during the last 3 years.

i) Means of Communication

The Quarterly unaudited results are regularly given to the stock exchanges where the shares are listed