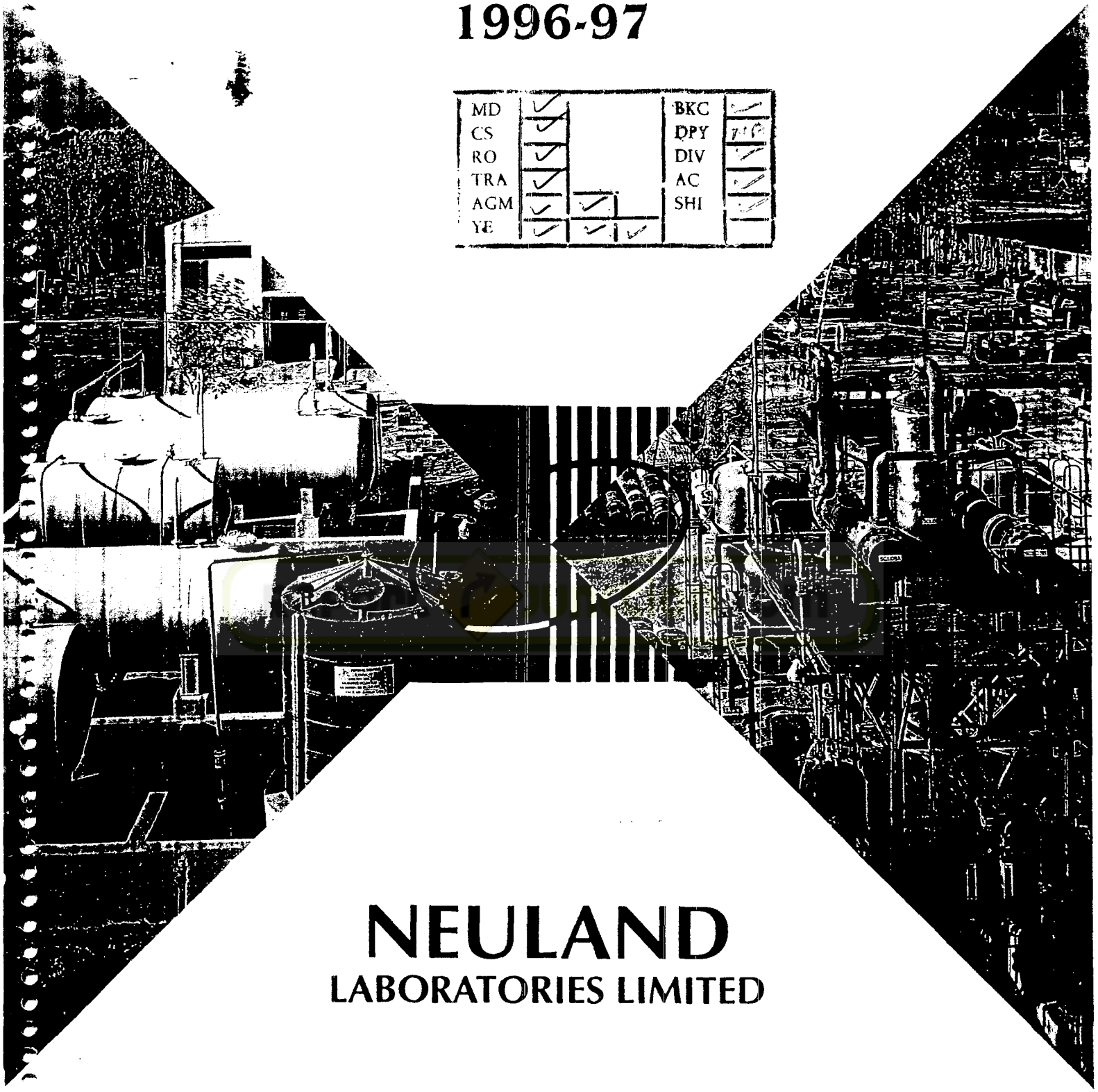
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1996-97



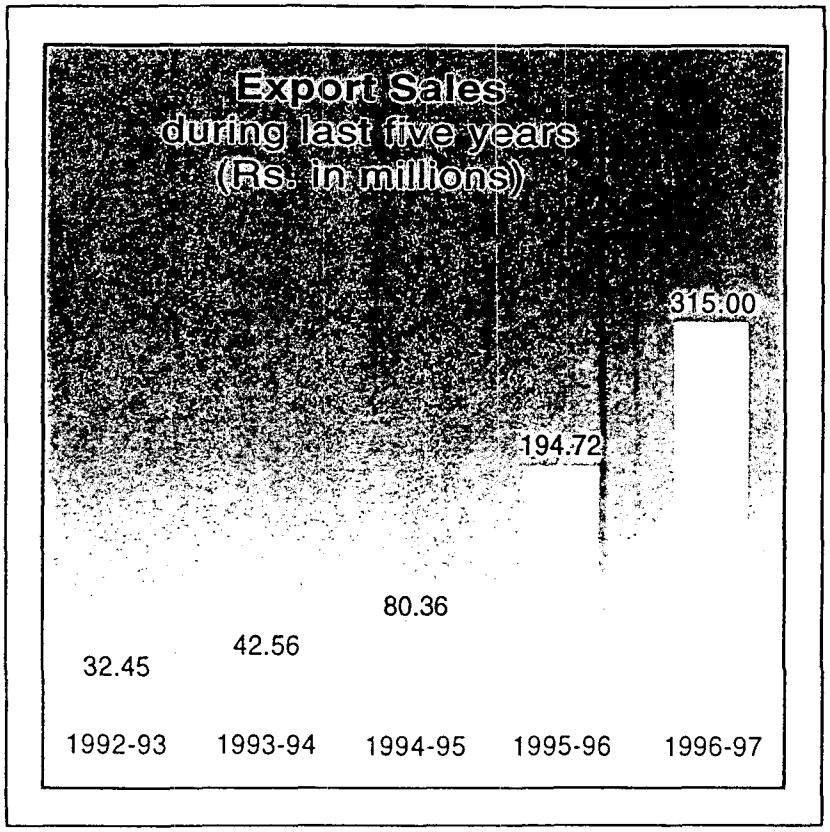
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CS	✓			DPY	✓
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YE	✓	✓	✓		

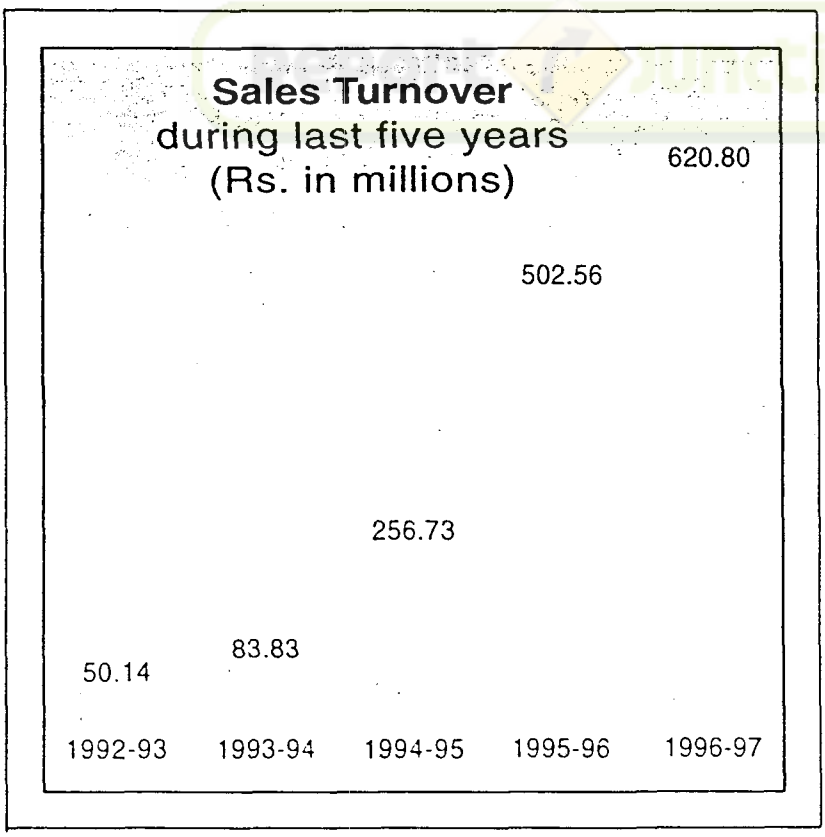
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CONTENTS

Board of Directors	2
Notice	3
Directors' Report	5
Particulars of Employees	7
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules	14
Notes on Accounts	23
Balance Sheet Abstract	26
Cash Flow Statement	27

Thirteenth Annual General Meeting of Neuland Laboratories Limited will be held at Bharatiya Vidya Bhavan, Bhavan's Conference Hall, Basheerbagh, Hyderabad - 500 001 on Saturday the 6th day of September 1997 at 3.00 p.m.

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NEULAND LABORATORIES LIMITED

BOARD OF DIRECTORS :

Dr. D R Rao	-	Managing Director
Sri H Dhanrajgir	-	Director
Sri G V K Rama Rao	-	Director
Dr. B S Reddy	-	Director
Sri S K Murthy	-	Alternate Director to Dr. B S Reddy
Sri S B Budhiraja	-	Director
Sri S S Mani	-	Director
Sri Kailash Pershad	-	Nominee Director of ICICI
Sri N Bala Krishna Iyer	-	Nominee Director of SBI
Sri N J Deshmukh	-	Nominee Director of TDICI

VICE PRESIDENT & COMPANY SECRETARY

Sri T Chandra Sekhar

REGISTERED OFFICE

7-1-70 & 71 Basant Bahar
Opp.Gandhi Nature Cure College
Dharam Karan Road,Ameerpet
HYDERABAD - 500 016
Phone : 040-293561, 290259
Fax : 040-293052
Pager : 9628-901275

WORKS :

Unit - I
Bonthapally Village
Jinnaram Mandal
Medak District - 502 313 (AP)

Unit-II
Isnapur Village
IDA Pashamylaram,
Patancheru Mandal
Medak District - 502 319 (AP)

BANKERS :

State Bank of India
Overseas Branch
5-9-300, Abids
HYDERABAD - 500 001

STATUTORY AUDITORS:

Sri G V S Prasad, F.C.A.
Chartered Accountant
4-A, Dhruvatara Apartments
Somajiguda
HYDERABAD - 500 082

REGISTRARS & SHARE TRANSFER AGENTS

M/s.Sathguru Management
Consultants (P) Ltd
Plot No.15, Hindi Nagar Colony
Behind Sri Saibaba Temple
Panjagutta
HYDERABAD - 500 034
Phone : 040-3356057

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NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of Neuland Laboratories Limited will be held at Bharatiya Vidya Bhavan, Bhavan's Conference Hall, Basheerbagh, Hyderabad - 500 001 on Saturday the 6th day of September 1997 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 1997 and Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares of the Company for the financial year ended 31st March, 1997.
3. To appoint a Director in place of Sri G V K Rama Rao, who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri H Dhanrajgir, who retires by rotation, and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

   "RESOLVED THAT Sri S B Budhiraja be and is hereby appointed as Director of the Company".
7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

   "RESOLVED THAT Sri S S Mani be and is hereby appointed as Director of the Company".
8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

   "RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 27th July 1996, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company, to borrow such moneys or sums of money in any manner from time to time with or without security and upon such terms and conditions as the Board may think fit, notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that, the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.60 crores (Rupees Sixty crores)."
9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

   "RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded, to mortgage or charge all or part of the immovable properties belonging or would belong to the Company for securing any loans, obtained or as may be obtained from any financial institutions, banks, or persons, together with interest, costs, charges, expenses and any other money payable by the Company."

BY ORDER OF THE BOARD

Dr.D R Rao
MANAGING DIRECTOR

Place : Hyderabad
Date : 28th June, 1997

Note :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member.
2. Instrument of proxies, in order to be valid, must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The explanatory statements pursuant to Sec 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto and forms part of this notice.
4. The Register of Members of the Company will remain closed from 27.08.97 to 06.09.97 (both days inclusive).
5. Members are requested to notify any change of address to the Secretarial Department at the Registered Office of the Company.
6. Members attending the meeting are requested to bring the attendance slip sent with the Annual Report and handover the same at the entrance duly signed.

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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6 & 7 :

The Board appointed Sri S B Budhiraja and Sri S S Mani as Additional Directors of the Company at their meeting held on 18.01.97 and 28.06.97 respectively.

Sri S B Budhiraja is the past President of Institute of Management Consultants of India. He held the post of Managing Director (Marketing) in Indian Oil Corporation from 1974 to 1978 and Sri S S Mani has very Senior level experience in the Pharmaceuticals Industry for over two decades.

As per section 260 of the Companies Act, 1956 the above appointments will be valid up to the forthcoming Annual General Meeting. In terms of Section 257 of the Companies Act, 1956 notice has been received from shareholders proposing them for the Directorship.

None of the Directors except Sri S B Budhiraja and Sri S S Mani are interested in the resolution.

Your Directors recommend these resolution for your adoption.

ITEM NO. 8 :

The Board of Directors of the Company were authorised by Shareholders at the Annual General Meeting held on 27th July 1996 to borrow under Section 293(1)(d) up to a maximum of Rs.50 crores in excess of the aggregate of the paid up capital and free reserves (other than temporary loan obtained by the Company from the Company's Bankers in the ordinary course of business). With the increase in requirement of funds of the Company to finance its growing operations and expansion programs, it is proposed to increase the borrowing powers of the Board of Directors of the Company to a maximum of Rs. 60 crores in excess of the aggregate of the Company's paid up capital and free reserves.

None of the Directors are interested in the resolution.

The resolution is hence recommended for your approval.

ITEM NO. 9 :

As a security for the loans already sanctioned by financial institutions to the Company for its project in the form of term loans, the Company would be required to give first mortgage of all the immovable properties of the Company, both 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.

Since mortgaging by the Company of its immovable properties as aforesaid in favour of the financial institutions can be considered as disposal of the Company's properties, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act 1956 before creation of the said mortgage/charge.

None of the Directors are interested in the resolution proposed to be passed.

BY ORDER OF THE BOARD

Dr.D R Rao
MANAGING DIRECTOR

Place : Hyderabad
Date : 28th June, 1997

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DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the THIRTEENTH Annual Report on the business and operations of the Company and the Audited statement of Accounts for the year ended 31st March,1997.

1. Financial Results

	1996-97 Rs.In Lacs	1995-96 Rs.in Lacs
Profit before depreciation and Tax	**406.25**	439.01
Less Depreciation	**170.24**	146.96
Profit before Tax	**236.01**	292.05
Provision for taxation	**23.78**	21.00
Profit after tax	**212.23**	271.05
Add Balance brought forward from the previous year	**523.28**	373.90
Profit available for appropriation	**735.51**	644.95
APPROPRIATION:		
General Reserve	**50.00**	46.67
Proposed Final Dividend	**76.59**	75.00
Balance carried forward to Balance Sheet	**608.92**	523.28

2. Dividends and Reserves :

Your Directors have pleasure in recommending a Dividend of 18% on prorata basis on the Capital of Rs.441 lacs. After payment of dividend the surplus available in P & L A/c of the Company is Rs.608.92 lacs. Your Directors have proposed to transfer a sum of Rs.50.00 lacs to General Reserve.

3. Turnover and Profits :

The Company achieved a turnover of Rs.6208.21 lacs as against Rs.5025.62 lacs of previous year, a growth of more than 23% with export turnover contributing for more than 50% of the turnover. Your Company has also achieved Export Turnover of Rs.3156 lacs during the year 1996-97 registering a growth of 70% over the previous year. The Company has earned an operating profit before depreciation and tax of Rs.406.25 lacs against Rs.439.01 lacs earned in 1995-96 due to constrained margin, resulting from intense competition in the industry.The years performance was also affected by certain transitional factors such as power cut, process stabilisation, and high interest cost due to delay in the release of working capital.

The emphasis on exports of the current range of products is continuing and the introduction of new products as well as drug intermediates is expected to contribute to increased export turnover during 1997-98. The company has been constantly improving its exports and achieved export turnover of Rs.3156 lacs against Rs.1862 lacs of previous year. The company has already established relationship with 40 international traders & formulation manufacturers, which would be used for exporting the new range of products also.

The Directors are pleased to announce that your company has been conferred Export House Status with effect from April 1996 based on the export performance of last year. Conferment of such status makes your company eligible for extra export incentives.

4. Operations :

There was an all round improvement in the production performance. However due to intense competition in the industry, the margins on the products were constrained which is ultimately reflected in the profits earned by the company during the year.

Your company has already expanded the capacity of Ciprofloxacin and Ranitidine at Pashamylaram besides expanding R&D and production facilities at Bonthapally Unit. The Directors are confident of achieving larger turnovers for the ensuing years with higher profitability in view of the obtention of USFDA for the product Albuterol Sulfate (Salbutamol Sulphate) and approval of Ranitidine Form I by overseas buyers.

The company has changed the scope of the expansion project with the consent of ICICI, by increasing the capacity of Ranitidine and Enrofloxacin and Sotalol HCl instead of the Cefaclor Project. The funds are being deployed towards the projects with such variations as are necessary.

5. Directors :

Sri H Dhanrajgir and Sri G V K Rama Rao retire at this meeting and being eligible for reappointment offer themselves for reappointment. Sri S B Budhiraja and Sri S S Mani were appointed during the year as Additional Directors of the Company by the Board in terms of Section 260 of the Companies Act, 1956. They hold office till the conclusion of the forthcoming annual general meeting. Notice has been received from shareholders under Section 257 of the Companies Act, 1956 for their reappointment as Directors. Also the SBI has nominated Sri N Bala Krishna Iyer and the TDICI has nominated Sri N J Deshmukh as Nominee Directors to your company.

6. Research & Development :

The Company Carried out Research and Development work on, Ranitidine Hydrochloride Form I and has also started commercial production of the same. The trial run expenses of Rs. 37 lacs incurred in connection with the above product is included in deferred revenue expenditure. The company is in the process of commercialising the isolation of Hecogenin from 'Agave' plants.

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The ICICI has disbursed Rs.15 lacs of conditional loan of Rs.50 lacs at concessional interest rate of 6% per annum towards the development of process for manufacture of Carticosteroids from hecogenin under SPREAD programme.

7. USFDA

The directors have pleasure to inform you that the company has been granted quality approval of USFDA (United States Food & Drug Administration) for the product Albuterol Sulfate (Salbutamol Sulphate). Also the company is filing DMFs (Drug Master File) for four other products. This will enable your company to enter the US market with much better price realisation. The company has initiated steps for obtaining USFDA approval for Ranitidine Form I.

8. Fixed Deposits :

During the year the Company has floated a scheme for acceptance of Fixed Deposits from the General Public and the Share Holders. The aggregate amount of Fixed deposit accepted by the company stood at Rs.15.18 lacs as on 31st March 1997. There is no amount of matured and unclaimed deposit as on that date.

9. Pollution Control :

The Company is regularly disposing off its effluents of Bonthapally Unit to the Common Effluent Treatment Plant of Jeedimetla Effluent Treatment Limited and of the Pashamylaram unit to Patancheru Enviro Tech Limited. The Incinerators commissioned for the treatment of solid wastes and for burning of gases are performing satisfactorily. Further the constructions of effluent ponds is in progress and the company is strictly following the measures suggested by the Pollution Control Board in disposing of its effluents.

10. Future Prospects:

With the proposed expansion of bulk drug capacities, continuing thrust on exports, continuous process improvement, introduction of new products, exploitation of new markets etc., the future prospects of your company is bright.

The company is in the process of negotiating with some of the manufacturers in Italy for manufacture of end products based on the drug intermediates supplied by your company. Further your company is contemplating to associate with multinationals for formulation of its products.

11. Conservation of Energy, Technology absorption and Foreign Exchange Earnings:

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, is given in the Annexure-B forming part of this report.

12. Cost Auditor :

Pursuant to the Directions of the Central Government under provisions of Section 233- B of the Companies Act, 1956 a qualified Cost Auditor has been appointed to conduct the cost audit relating to Company's products for the year ended 31st March 1997.

13. Auditors :

Sri G V S Prasad, Chartered Accountant will retire at the conclusion of this Annual General Meeting of the Company and is eligible for reappointment. He has signified his willingness to accept reappointment and confirmed his eligibility under Section 224(1-B) of the Companies Act, 1956. Your Board recommends him for reappointment.

Auditor's Comment : In view of the provision of Section 115 JAA of the Income Tax Act, 1961 for tax credit on difference of payment under Minimum Alternative Tax and regular tax in future, the Board is of the opinion to make tax provision to the extent of regular liability.

14. Particulars of Employees :

The information required under Section 217(2A) of the Companies Act, 1956 for the year ended 31st March 1997 is given in the annexure 'A', forming part of this report.

15. Industrial Relations :

Relations with the work force continued to be cordial.

The Directors wish to place on record their appreciation for the all round cooperation and contribution made by the employees at all levels.

16. Acknowledgement :

The Directors would like to place on record their deep and sincere appreciation for the co-operation and assistance received from ICICI, SCICI, State Bank of India, TDICI, UTI, SIDBI, APIIC, APIDC, APSEB and other Government bodies.

The Board is also grateful to the Shareholders, Investors and Customers for their continuing support and cooperation.

FOR AND ON BEHALF OF THE BOARD

Dr.D R Rao	Sri G V K Rama Rao
MANAGING DIRECTOR	DIRECTOR

Place : Hyderabad
Date : 28th June, 1997

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ANNEXURE "A" TO DIRECTORS' REPORT

Information as per section 217(2A) of the Companies Act,1956 read with Companies (Particulars of Employees) Rules, 1975 (As amended) and forming part of the Directors' Report for the year ended 31st March, 1997.

Name	Age	Qualification	Designation	Month of Joining	Experience in years	Remuneration (in rupees)	Last Employment
Dr.D R Rao	53	M.Sc.DIIT PhD (Notre Dame) C Chem MRSC (London)	Managing Director	Jan 84	25	10,11,000/-	M/s.Unique Chemicals Bombay, as Director R&D and QA
Dr.C.Sankara Rao	56	M.Sc. PhD	Vice President	May 93	36	4,15,500/-	M/s. I D P L Hyderabad.
Sri T G Sastry	55	B.Sc., AMIE (Chem)	Vice President	Dec 93	32	3,24,465/-	M/s.Siris Ltd. as GM-Prod.
Sri S M Rao	53	B.E. (Mech)	GM - Projects	Dec 93	24	3,08,093/-	M/s.I D P L Hyderabad.

Notes: 1. The Conditions of Employment of Managing Director is Contractual.

2. Gross Remuneration includes Perquisites also.

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NEULAND LABORATORIES LIMITED

ANNEXURE "B" TO DIRECTORS' REPORT

FORM 'A'

Disclosure of Particulars with respect to Conservation of Energy(to the extent applicable)

A. POWER & FUEL CONSUMPTION

	Current Year	Previous Year
1. ELECTRICITY		
a) Purchased Units (KWH)	4062537	1947749
Total Amount (Rs.)	13070573	7077263
Rate / Unit (Rs./ KWH)	3.22	3.63
b) Own Generation(Units KWH) (Through Diesel Generator)	2379195	3130667
Units per liter of Diesel Oil	3.39	3.31
Cost / Unit (Rs./KWH)	2.50	2.50
2. COAL		
Quality "C" Grade used in Steam Boiler Quantity (Tonnes)	4309	3440
Total Cost (Rs.)	7604898	4306367
Average Rate (Rs./Tonne)	1765	1252

B. CONSUMPTION PER UNIT OF PRODUCTION ELECTRICITY (UNITS) COAL (IN TONNES) : Since the Company manufactures different types of bulk drugs and its intermediates, it is not practicable to give consumption per unit of production.

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