

19TH ANNUAL REPORT
2003

Unlocking the potential

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NEULAND
LABORATORIES LIMITED

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NEULAND LABORATORIES LIMITED

Registered Office

204, Second Floor, Meridian Plaza, Ameerpet, Hyderabad - 500 016.

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Neuland Laboratories Limited.

I hereby record my presence at the Nineteenth Annual General Meeting of the shareholders of Neuland Laboratories Limited at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry, Red Hills, Hyderabad at 2.30 p.m. on Tuesday 29th July, 2003.

Regd. Folio No.
(If not dematerialised)

Shares

Sl. No.

D.P.ID.No.

Client ID No.
(If dematerialised)

Signature of Shareholder / Proxy / Representative (Please Specify)



NEULAND LABORATORIES LIMITED

Registered Office

204, Second Floor, Meridian Plaza, Ameerpet, Hyderabad - 500 016.

PROXY FORM

(To be filled in and signed by the Shareholder)

Regd.Folio No.....
(If not dematerialised)

D.P.ID.No.....

Client ID No.....
(If dematerialised)

I/We _____ resident/s of _____ in the district of _____ in the state of _____ being a shareholder/ shareholder(s) of Neuland Laboratories Limited, Hyderabad hereby appoint Shri/Smt. _____ resident of _____ in the district of _____ in the state of _____ as my/our proxy to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the shareholders of Neuland Laboratories Limited to be held on Tuesday, 29th July, 2003 at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry, Red Hills, Hyderabad and at any adjournment thereof.

Signed this _____ day of _____ 2003.

Please affix
Thirty paise
Revenue
Stamp

Signature of the Proxy

Signature of first named/sole shareholder
Name in Block Letters _____

Address _____

- Note :**
- Proxy need not be a member
 - This instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

INSTRUCTIONS FOR SIGNING AND LODGING THE PROXY FORM

1. No instrument of proxy shall be valid unless, it is duly stamped, and,
 - a. in the case of an individual shareholder, it is signed by him/her attorney, duly authorised in writing
 - b. in the case of joint holders, it is signed by the shareholder first named in the register or his/her attorney, duly authorised in writing.
 - c. in the case of a body corporate signed by its officer or an attorney duly authorised in writing.
2. An instrument of Proxy shall be sufficiently signed by any shareholder, who is, for any reason, unable to write his/her name, if his/her mark is affixed thereto and attested by a judge, Magistrate, Registrar or sub-registrar of Assurances or a Government Gazetted Officer or an Officer of Neuland Laboratories Limited.
3. The Proxy together with
 - a. the power of attorney or other authority (if any) under which it is signed, or
 - b. a copy of the power of attorney or authority, certified by a Notary public or a magistrate, should be deposited with the Company Secretary, Neuland Laboratories Limited, Hyderabad not later than 48 hours before the date of the Nineteenth Annual General Meeting.
4. In case the relevant power of attorney is already registered with Neuland Laboratories Limited or its Share Transfer Agents, the registration number of the Power of attorney and the date of the registration may be mentioned.
5. In case of an instrument of proxy granted in favour of two grantees in the alternative, not more than one form shall be executed.
6. The shareholder, who has executed an instrument of proxy shall not be entitled to vote in person at the meeting to which such instrument relates.

18th June 2003

To
Chairman & Managing Director
Neuland Laboratories Limited
No. 204, Meridian Plaza
Ameerpet
Hyderabad – 500 016

Dear Sir,

Sub: Special notice U/Sec. 225 read with Sec. 190 of the Companies Act, 1956 – Reg.

I, V. Venkateswara Rao, Member of the Company, hereby give the special notice within the meaning of Section 190 and under Section 225(1) of the Companies Act, 1956 that in the ensuing Annual General Meeting of the Company, I intend to move the following resolution as ordinary resolution for the removal of M/s. G.V.S. Prasad, Chartered Accountant, the Statutory Auditors of the Company, who retires at the said Annual General Meeting of the Company and appoint M/s. K.S. Aiyar & Co., Chartered Accountants, Mumbai as Statutory Auditors of the Company in place of the said retiring Auditors.

“RESOLVED THAT M/s. G.V.S. Prasad, Chartered Accountant the retiring Auditor of the Company, shall not be and hereby not to be reappointed at the ensuing Annual General Meeting of the Company and in his place M/s. K.S. Aiyar & Co., Mumbai be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Statutory Auditors.”

Yours faithfully,



(V.Venkateswara Rao)

Registered Folio No. NLL 0000075
Address : H.No. 170/4, Ist Floor, Road No.24,
Vivekananda Nagar Colony,
Kukatpally, Hyderabad – 500 072



NEULAND LABORATORIES LIMITED

Registered Office

204, Second Floor, Meridian Plaza, Ameerpet, Hyderabad - 500 016
Phone : +91-040-2341 2934, 2341 2936, 2341 2937, 5551 8682, 5551 8683
Fax : +91-040-2341 2957 E-mail : neuland@hd1.vsnl.net.in, neuland@eth.net

3rd July, 2003

To
The Members of Neuland Laboratories Limited
and
Mr. G.V.S.Prasad
Chartered Accountant
Shanti, 1-10-84/A, Ground Floor
Mayur Marg, Begumpet
Hyderabad - 500 016

Dear Sirs,

The Company has received a 'Special Notice' pursuant to Section 225(1) of the Companies Act, 1956, from a Member of the Company, a true copy of which is overleaf, proposing to pass a resolution in the forthcoming Annual General Meeting signifying his intention that Mr. G.V.S.Prasad, Chartered Accountant being the Statutory Auditor of the Company, shall not be re-appointed and to appoint M/s. K.S. Aiyar & Co., Mumbai as Statutory Auditors of the Company at the ensuing Annual General Meeting to be held at the KLN Prasad Auditorium, the Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad - 500 004 at 2.30 p.m. on 29th July 2003.

This is being notified to you, in terms of Section 225(2) read with Section 190 of the Companies Act, 1956.

By Order of the Board

Dr.D.R.Rao
Chairman & Managing Director



NEULAND LABORATORIES LIMITED

Registered Office

204, Second Floor, Meridian Plaza, Ameerpet, Hyderabad - 500 016.

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Neuland Laboratories Limited will be held on Tuesday, the 29th day of July 2003 at 2.30 p.m. at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry, Red Hills, Hyderabad to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003, Profit and Loss Account for the year ended 31st March, 2003 and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H. Dhanrajgir, who retires by rotation and being eligible offers himself for reappointment as a Director.
3. To appoint a Director in place of Mr. P.V.Maiya, who retires by rotation and being eligible offers himself for reappointment as a Director.
4. To appoint a Director in place of Mr. G.V.K.Rama Rao, who retires by rotation and being eligible offers himself for reappointment as a Director.
5. To declare dividend on :
 - i. the Equity Shares of the Company.
 - ii. the Cumulative Redeemable Preference Shares of the Company.
6. The Audit Committee has recommended the appointment of M/s. K.S.Aiyar & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Accounts of the Company for the year ending 31st March, 2004.

Mr.G.V.S.Prasad, Chartered Accountant retires at the forthcoming Annual General Meeting.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolutions as an Ordinary Resolution.
 "RESOLVED THAT pursuant to the Provisions of Section 257 and other applicable provisions of the Companies Act, 1956, Mr. D. Sucheth Rao who has been appointed as an Additional Director of the Company at the Board Meeting held on 20th June, 2003 and who holds the office upto the date of Annual General Meeting be and is hereby appointed as Director of the Company."
8. To consider and if thought fit, to pass, with or without modification(s), the following Resolutions as a Special Resolution.
 "RESOLVED THAT Mr. D. Sucheth Rao be and is hereby appointed as Executive Director for a period of 5 years with effect from 1st August 2003 subject to the approval of the shareholders in the Annual General Meeting and also subject to such further approval of the Central Government, pursuant to the provisions of Section 198, 269, 309, 314, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, approvals or consents or permissions from various authorities as may be required and under the loan agreements with the Financial Institutions/Banks as may be required and such conditions, if any, that may be imposed by any authority while granting their approvals or consents or permissions and which the Board of Directors are hereby authorised to accept, in payment of salary, Bonus and perquisites (herein after referred to as 'remuneration') to Mr. D. Sucheth Rao, Executive Director of the company for providing the following benefits and amenities, with liberty to the Board of Directors to alter and vary such remuneration or any statutory modifications or re-enactment thereof as may be

agreed to by the Board of Directors and Mr. D. Sucheth Rao.

- a) Rs.75,000 per month, in the grade of Rs.75,000-1,50,000.
- b) HRA : Rent free fully furnished accomodation to be valued as per Income Tax Rules or House Rent Allowance not exceeding 35% of the basic salary.
- c) Bonus : not exceeding 100% of the basic salary
- d) L.T.A. : For self and family once in a year not exceeding one month basic salary.
- e) Medical Allowance : Reimbursement of all the medical and hospitalisation expenses for self and family not exceeding one month basic salary.
- f) Perquisites : He will be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called "perquisites") such as membership fees of clubs, hospitalisation and accident insurance, security at residence and any other "perquisites" as per policy/rules of the Company in force or as may be approved by the Board from time to time provided and that the aggregate value of such perquisites does not exceed Rs.5,00,000 per annum.

In addition to the above, he will also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time :

- i. Company maintained Car with driver;
- ii. Telephone and fax at residence;
- iii. Company's contribution to Provident Fund and Super-annuation Fund;
- iv. Payment of gratuity and other retiral benefits, and,
- v. Encashment of leave at the time of retirement.

The Board is authorised to fix actual remuneration and revise it from time to time within the aforesaid ceilings and as approved by Central Government.

g) The total remuneration including perquisites shall not exceed Rs.21,00,000 per annum or Rs.1,75,000 per month.

h) The Company or he shall be entitled to terminate this appointment by giving twelve months notice in writing or such shorter notice as may be mutually agreed between him and the Company."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year during the currency of tenure of office Mr. D. Sucheth Rao, Executive Director, the minimum remuneration payable to Mr. D. Sucheth Rao shall be as detailed above."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this Resolution and delegate to any Director(s) or any other officer(s) of the Company for obtaining necessary permissions and approvals in this connection from any authorities."

The draft Agreement to be entered into between the Company and Mr. D. Sucheth Rao incorporating the above particulars of remuneration, are available for inspection at the Registered Office of the Company on all working days excluding Saturdays, upto the date of the ensuing Annual General Meeting.

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Mr. D. Sucheth Rao pursuant to Section 302 of the Companies Act, 1956.

By ORDER OF THE BOARD



Dr. D.R. RAO

CHAIRMAN & MANAGING DIRECTOR

Place : Hyderabad

Date: 20th June, 2003

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 .**ITEM NO.7**

Mr. D. Sucheth Rao was appointed as an Additional Director of the Company at the meeting of Board of Directors held on 20th June, 2003 and holds office upto the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a Member proposing the candidature of Mr. D. Sucheth Rao to the office of Director with a deposit of Rs.500.

Mr. D. Sucheth Rao started his full time career in Cummins Inc. USA as a Production Group Leader and later became their Six Sigma Greenbelt and was involved, as well as led, various projects in the areas of quality, new assembly line introduction, cost reduction, and financial planning. He was later promoted to Business Unit Manager, when he decided to leave and return to India and join Neuland. He is a Mechanical Engineer by profession and has an MBA in Corporate Finance. His background primarily consists of exposure to various fields of business such as marketing, finance, manufacturing, information technology, and operations.

Mr. D. Sucheth Rao's focus has been on leading initiatives consisting of projects in the areas of streamlining operations by cost reduction, strengthening infrastructure, improving productivity and in business development.

Mr. D. Sucheth Rao till appointment as Director was working as Sr. Vice President – Operations. During his tenure as Sr. Vice President - Operations, he has acquainted with the operations of the Company. Therefore the Company will benefit immensely from the experience of Mr. D. Sucheth Rao.

Your Board of Directors recommends Mr. D. Sucheth Rao's appointment as Director of the Company.

Except Dr. D.R.Rao, none of the other Directors is in any way, concerned or interested in the said Resolution.

ITEM NO. 8

Mr. D. Sucheth Rao's appointment as Sr.Vice President – Operations was duly approved at the Annual General Meeting held on 29th July 2002 and thereafter on 4th October, 2002 the Central Government also accorded its approval under Section 314(1B) of the Companies Act, 1956. Since the Company's turnover has crossed Rs.100 crore and the operations are increasing, the Board of Directors felt the need to have an Executive Director to ably assist the Chairman & Managing Director in the day to day operations of the Company.

It is therefore proposed to obtain prior consent of the Members by way of special resolution and based on which your Company will make an application to the Central Government seeking approval for appointing Mr. D. Sucheth Rao as an Executive Director as per the said provisions of the Companies Act, 1956.

Board of Directors of your Company is pleased to commend this resolution for the approval of the Members, in the interest of the company, for appointment of Mr. D.Sucheth Rao as Executive Director as per the said provisions of the companies Act, 1956.

Except Dr.D.R.Rao, none of the other Directors is in any way, concerned or interested in the said Resolution.

BY ORDER OF THE BOARD



Dr D R RAO

CHAIRMAN AND MANAGING DIRECTOR

Place : Hyderabad

Date : 20th June, 2003

Notes :

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 OF THE COMPANY.**
2. **THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business is annexed hereto and forms part of the notice.
4. Members are requested to intimate to the Registrars of the Company, M/s. Sathguru Management Consultants Private Ltd., Plot No.15, Hindi Nagar Colony, Behind Saibaba Temple, Panjagutta, Hyderabad - 500 034, changes, if any, in their Registered Address along with Pin Code Numbers. Members whose shareholding are in demat form are requested to send the intimation for change of address to their respective depository participant(s).
5. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July, 2003 to 29th July, 2003 (both days inclusive).
6. Dividend on Equity Shares as recommended by the Directors for the accounting year ended March 31, 2003 when declared at the meeting will be paid to the members whose names appear on the Register of Members of the Company as on July 29, 2003.
7. Members desiring any information as regards accounts are requested to write to the Company on or before 25th July, 2003, to the attention of the Company Secretary, so as to enable the Company to keep the information ready.
8. Members/Proxies should bring the attendance slip filled in for attending the meeting.
9. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialisation form may contact their respective depository participant(s) for recording nomination in respect of their shares.
10. Payment of Dividend through ECS :
 - a. Members holding shares in physical form are advised to submit their bank account details viz bank name, branch address, 9 digit MICR Code of the branch, type of account and account number latest by 20th July, 2003 to the Registrars of the Company at M/s. Sathguru Management Consultants Private Ltd., Plot No.15, Hindi Nagar Colony, Behind Saibaba Temple, Panjagutta, Hyderabad - 500 034.
 - b. Members holding shares in demat form are advised to inform their bank account particulars to their respective depository participant(s).