

9th Annual Report

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Rekvina

LABORATORIES LIMITED

242/4, G. I. D. C. ESTATE VAGHODIA - 391 760 DIST. VADODARA GUJARAT

1996-97



Rekvina LABORATORIES LIMITED

NINTH ANNUAL REPORT

BOARD OF DIRECTORS

SHRI KAMLESH P. SHAH	:	CHAIRMAN & MANAGING DIRECTOR
SHRI MUKESH J. SHAH	:	VICE CHAIRMAN
SHRI J. P. SHAH	:	DIRECTOR
SHRI PIYUSH B. SHAH	:	DIRECTOR
SHRI KIRIT P. SHAH	:	DIRECTOR

BANKERS :

BANK OF BARODA,
KOTHI BRANCH,
VADODARA.

AUDITORS :

M/s. VIPUL DALAL & CO.
CHARTERED ACCOUNTANTS,
VADODARA

REGISTERED OFFICE :

242/4, G.I.D.C. ESTATE,
VAGHODIA - 391 760.
DIST. VADODARA
GUJARAT

CORPORATE OFFICE :

328 & 329, PARADISE COMPLEX,
SAYAJIGANJ, BARODA.

WORKS :

1. 242/4, G.I.D.C. ESTATE,
VAGHODIA - 391 760.
DIST. VADODARA
GUJARAT
2. BARODA-GODHARA HIGHWAY,
VEJALPUR - 391 340.
DIST. PANCHMAHAL
GUJARAT.

9th ANNUAL GENERAL MEETING

DATE : 25th MARCH, 1998.

DAY : WEDNESDAY

TIME : 11.30 P.M.

PLACE : 242/4, G.I.D.C. ESTATE,
VAGHODIA - 391 760.

DIST. : BARODA, GUJARAT.



NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of Rekvina Laboratories Limited will be held at the Registered Office of the Company at 242/4, G.I.D.C. Estate, Vaghodia - 391 760. District Vadodara (Gujarat) on Wednesday, the 25th March, 1998 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th November, 1997 and Profit and Loss Account for the period 1st September, 1996 to 30th November, 1997 together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Kamlesh P. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jayprakash P. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Mukesh J. Shah, who has been appointed as an additional director of the company on 2nd October, 1997 and holds office upto the ensuing Annual General Meeting of the company under section 260 of the Companies Act, 1956 and in respect of whom the company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Vice Chairman of the company whose period of office shall be liable to determination of directors by rotation."

6. To Consider and if thought fit to pass with or without modifications the following resolution as a special Resolution.

"RESOLVED THAT pursuant to section 146(2) of the Companies act, 1956, the registered office of the company be shifted from 242/4, G.I.D.C. Estate, Vaghodia - 391 760. Dist. : Vadodara (Gujarat) to plot No. 842/18, Godhara-Baroda Highway, Vejalpur - 389340. Dist. : Panchmahal with effect from 1st April 1998."

"RESOLVED FURTHER THAT change in the place of registered office be made in the name plates or board affixed at the registered office as also in the letter heads. Official publications, documents etc. pursuant to the provisions contained in section 147 of the companies Act. 1956."

By Order of the Board of Directors

sd/-

PLACE : VADODARA

KAMLESH P. SHAH

DATE : 31/01/1998

CHAIRMAN AND
MANAGING DIRECTOR.

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 THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE VALID

AND EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME SCHEDULED FOR HOLDING THE ANNUAL GENERAL MEETING OF THE COMPANY.

2. AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IS ANNEXED.
3. Members are requested to bring their copies of Annual Report and Accounts to the meeting as it may not be possible for the company to provide a copy at the time of the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 18th March, 1998 to Tuesday, 24th March, 1998 (both days inclusive) for the purpose of section 154 of the Companies Act, 1956.
5. All the Documents referred to in the Notice and Explanatory Statement would be open for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. during business hours on all working days (except holidays and Sunday) till the date of meeting.

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

Shri Mukesh J. Shah was appointed as an additional director of the company on 2nd October, 1997 pursuant to section 260 of the companies Act. 1956. He holds the office as an Additional director upto the ensuing Annual General Meeting of the Company. The Company is in receipt of a notice under section 257 of the Companies Act. 1956 proposing his candidature for the Directorship of the Company.

The Board of Directors recommends passing of the resolution as set out at item No. 5.

None of the Directors recommends passing of the resolution as set out at item No. 5.

None of the Director except Shri Mukesh J. Shah is in any way concerned or interested in passing the said resolution.

ITEM No. 6

At present the office is situated at 242/2, G.I.D.C. Estate, Vaghodia - 391 760. Dist. : Vadodara (Gujarat). However, the most of staff is engaged at plot No. 842/18, Godhara-Baroda Highway, Vejalpur - 389340. Dist. : Panchmahal. Therefore, the company believes that there would be better and effective control as well as smoothness in the administrative operations if the registered office is shifted at plot No. 842/18, Godhara-Baroda Highway, Vejalpur - 389340. Dist. : Panchmahal.

The Board of Directors recommends passing of the resolution as set out at item No. 6.

None of the Directors are in any way concerned or interested in passing the said resolution.

By order of the Board of Directors

sd/-

PLACE : VADODARA

KAMLESH P. SHAH

DATE : 31-01-1998

CHAIRMAN AND MANAGING DIRECTOR



DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Ninth Annual Report for the period ended as on 30th November, 1997.

FINANCIAL RESULTS:

(Rupees in lacs)

	1996-97 (15 months)	1995-96 (15 months)
Sales	645.97	746.67
Other Income	20.84	15.70
Financial Charges	32.16	34.51
Depreciation	9.15	8.42
Profit/(Loss) for the year	(8.55)	(4.49)
Profit brought forward	42.38	46.87
Profit/(loss) carried forward	33.83	42.38

During the year under review, the Company has recorded sale of Rs. 645.97 lacs (Previous year Rs. 746.67 lacs which is 13.49% less than previous year. After providing depreciation of Rs.9.15 lacs (Previous year Rs.8.42 lacs) and financial charges of Rs.32.16 lacs (Previous year Rs.34.51 lacs), the company has incurred net loss of Rs.8.55 lacs (Previous year Rs.4.49 lacs.)

In the circumstance as stated above, the Directors express their inability to recommend dividend for the period under review.

OPERATIONS :

Though there was persistent recessionary trend in the pharmaceutical industry there is only a marginal decrease of about 13% in the turnover of the company which has, however, affected the net worth of the company adversely. The directors are hopeful of achieving better performance in the following year.

DEPOSITS :

The Company has not accepted any deposits from public to which the provisions of Section 58A of the Company Act, 1956 are applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars regarding Conservation of energy, Technology Absorption and Foreign Exchange Earnings Outgo, as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto as Annexure - 'A' and forms part of this Report.

PARTICULARS OF EMPLOYEES :

There was no employee who was in receipt of remuneration exceeding Rs. 3,00,000/- per annum or Rs. 25,000/- per month, as the case may be, being the limits prescribed under the rules pursuant to Section 217(2A) of the Companies Act, 1956.

DIRECTORS :

Shri Kamlesh P. Shah, Chairman and Managing Director and Shri Jayprakash P. Shah, director retire at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. During the period under review, Shri Virendra B. Shah has resigned from the directorship of the company with effect from 2nd October, 1997. Shri Rajesh J. Shah has resigned from the directorship of the company with effect from 15th February, 1997 and Dr. N.R. Sheth has resigned from the directorship of the company with effect from 17th January, 1997. The Board places

on record its appreciation for the services rendered and valuable guidance provided by these directors.

AUDITORS :

M/s. Vipul Dalal & Company, Chartered Accountants, Vadodara, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. The company has also received proposal for appointment of M/s. Rajesh J. Shah & Associates, Ahmedabad as a statutory auditor. You are requested to appoint the Auditors and fix their remuneration.

ACKNOWLEDGMENT :

The Directors wish to place on record their appreciation for the services of the workers, staff and the officers who have largely contributed to the efficient management of your Company and also that of Banks and Financial Institution and look forward to their continued support in the years to come.

By Order of the Board of Directors

sd/-

PLACE : VADODARA

KAMLESH P. SHAH

DATE : 31/01/1998

CHAIRMAN AND

MANAGING DIRECTOR.

ANNEXURE - 'A'

DISCLOSURE WITH RESPECT TO TECHNOLOGY ABSORPTION, CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

TECHNOLOGY ABSORPTION :

The company is carrying out Research and development in the areas of yield improvement, technology upgradation and new product development. The Company is strengthening its Research and development activities.

CONSERVATION OF ENERGY :

Power and fuel consumption

	1996-97 (15 months)	1995-96 (15 months)
Electricity		
Units	68,840	99,410
Amount (Rs. in lacs)	2.88	2.94
Rate per Unit	4.18	2.96

FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company has earned foreign exchange of Rs.0.20 lacs during the period under review. The Company has not expended any foreign exchange for the purpose of raw material. The Company has expended Rs.0.29 lacs on foreign visit during the year.

By Order of the Board of Directors

sd/-

KAMLESH P. SHAH

CHAIRMAN AND
MANAGING DIRECTOR.

PLACE : VADODARA

DATE : 31/01/1998



AUDITORS' REPORT

To Members,

M/s. Rekvin Laboratories Limited

We have audited the attached Balance Sheet of M/s. Rekvin Laboratories Limited as at 30th November, 1997 and also the Profit & Loss Account of the company for the period ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of section 227(4-A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in the paragraph 1 above, we report that :
 - (a) We have obtained all the informations and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion and according to the information and according to the explanations given to us, the accounts subject to Note No. 2 of Schedule - 20 referred in respect of loss on sale of land, the Balance Sheet and Profit and Loss Account read together with other notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 30th November, 1997. and
 - (ii) in the case of the Profit & Loss Account, of the loss for the period ended on that date.

(For, VIPUL DALAL & CO.)

Chartered Accountants

sd/-

Place : Vadodara

(Vipul Dalal)

Date : 31st January, 1998

Proprietor.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date on the accounts for the period ended on 30th November, 1997 of REKVINA LABORATORIES LIMITED)

01. The Company has maintained accounting records of fixed assets. However the register to show full particulars of fixed assets including quantitative details and situations of its thereof are under preparation and expected to be completed

in the current year. Physical verification of fixed assets was taken by the management during the year but in the absence of fixed assets register, no comparison with the same could be made.

02. None of the fixed assets have been revalued during the year under review.
03. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
04. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
05. The discrepancies noticed on verification between the physical stocks and the book records were not material.
06. On the basis of our examination of stock records, we are of opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
07. According to the information and explanations given to us, the company has not taken any loans from firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there is no company under the same management as defined under section 370(1B) of the Companies Act, 1956.
08. As per the information and explanation given to us, the company has during the course of its business given interest bearing security deposit to the Company in which the Managing Director is Director. In our opinion, the rate of interest and other terms and conditions on which unsecured security deposits are given, are not prima facie, prejudicial to the interest of the company. Excepting the above and regular advance towards suppliers and staff loans in the course of business, the recovery of which is generally regular.
09. In respect of loans and advances in the nature of loans given by the company, parties are repaying the principal amount as stipulated and are also regular in the payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of the contracts or arrangements entered in the registers maintained under section 301 and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market



- prices for such goods, materials or services have been made with other parties.
12. As explained to us, the company has a procedure for the determinations of unserviceable or damaged stores, raw materials and finished goods. We are informed by the management that no damaged or unserviceable stores, raw materials and finished goods were determined during the year under review.
 13. In our opinion and according to the information and explanations given to us, the company has not invited deposits from public for which provisions of section 58 A of the Companies Act, 1956 are applicable.
 14. The Company is engaged in the manufacture of products and according to the information and explanations given to us, it does not generate any by-products and scrap in its operation.
 15. The Company has an internal audit system commensurate with its size and nature of the business.
 16. As explained to us, the maintenance of cost records has not been prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 in respect of any product manufactured by the company.
 17. As explained to us, the provisions of the Employees State Insurance Act is not applicable to the company. However, according to the information and explanations given to us, Provident fund dues have generally been regularly deposited with the appropriate authorities though there has been a delay in a few cases.
 18. According to the informations and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth-tax, Sales-tax, Custom duty & Excise duty were outstanding as at 30th November, 1997, for a period of more than six months from the date they became payable, except turnover tax of Rs. 31,330/-.
 19. During the course of our audit of the books of accounts carried out in accordance with generally accepted auditing practices and according to the informations and explanations given to us, we have not come across any personal expenses of employees or directors, other than those payable under contractual obligations or in accordance with prevailing business practices, which have been charged to revenue account.
 20. The company is not a sick industrial company within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
 21. According to the information and explanations given to us, there were no damaged goods in the case of goods purchased by the Company for resale.

For VIPUL DALAL & CO.
Chartered Accountants

sd/-

Place : Vadodara

(Vipul Dalal)

Date : 31st January, 1998.

Proprietor.