



INVINEX

LABORATORIES LIMITED

BOARD OF DIRECTORS

SRI RAMESH CHANDRA AGARWAL	Managing Director
SRI PRAVEEN KUMAR AGARWAL	Executive Director
Dr. G.SUBRAMANYAM	Director
SRI C.SUDHAKAR	Director
SRI ASHOK KUMAR AGARWAL	Director
SRI MAN MOHAN AGARWAL	Director
SRI ASHISH MODI	Director

AUDITORS

T.S.AJAI, B.COM, F.C.A
304, MINAR APARTMENTS
DECCAN TOWERS, BASHEERBAGH
HYDERABAD - 500 001.

BANKERS

ANDHRA BANK
R.P. ROAD
SECUNDERABAD

REGISTERED & CORPORATE OFFICE

4-6-463, ESAMIA BAZAR
HYDERABAD- 500 027.

FACTORY & WORKS

PLOT NO:22 & 23, S.V.C.I.E
MIYAPUR, BACHEPALLY,
HYDERABAD - 502 325.
ANDHRA PRADESH

SHARE TRANSFER AGENTS

VENTURE CAPITAL &
CORPORATE INVESTMENTS LIMITED
6-2-913/914, 3RD FLOOR,
PROGRESSIVE TOWERS,
KHAIRATABAD,
HYDERABAD - 500 004

NOTICE is hereby given that the SEVENTH ANNUAL GENERAL MEETING of INVINEX LABORATORIES LIMITED will be held on Monday, the 30th September, 2002 at 10.00 A.M. at Country Club, 6-3-1219, Begumpet, Hyderabad -500 016, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2002 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. G.Subramanyam who retires by rotation and is not seeking reappointment.
3. To appoint M/s. S.B.S.Manian & Co., Chartered Accountants as Auditors of the Company appoint in the place of Shri. T.S.Ajai, Chartered Accountant and who retires as Auditor of the Company at the ensuing AGM and has expressed his inability to continue as Auditor of the Company.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri Ashish Modi, who was appointed as an additional director by the Board of Directors and who holds office as per

Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."

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

"RESOLVED THAT Shri Manmohan Agarwal, who was appointed as an additional director by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."

By Order of the Board
Invinex Laboratories Limited

Sd/-
(Ramesh Chandra Agarwal)
Managing Director

Place : Hyderabad
 Date : 28.06.2002

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself/herself and proxy need not be a member Instrument of proxies, in order to be effective, must be deposited at the Registered office of the company not less than 48 hours before the meeting.
2. Explanatory Statement setting out the material facts in respect of the Special Business under item nos.4 and 5 is annexed hereto.
3. All documents referred to in the accompanying Notice and Explanatory Statement including Articles of Association of the Company are open for inspection at its Registered Office during the office hours on all working days except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m., upto the date of the Annual General Meeting.
4. Members are requested to kindly notify any change in address immediately to the Companies' Address.
5. Members/Proxies should bring their attendance slip sent herewith duly filled in for attending the meeting.
6. The register of Member's and the 'Share Transfer Books' will be closed from Thursday 27th September, 2002 to Monday 30th September, 2002 (Both days inclusive)
7. Members are requested to bring the copies of Annual Report while attending the Annual General Meeting.

EXPLANATORY STATEMENT

The Explanatory Statement under Section 173 (2) of the Companies Act, 1956, in respect of the special business under Item No.4 and 5 of the accompanying notice is as under:

ITEM NO.4

Shri Ashish Modi was appointed as an additional director of the Company by the Board of Directors of the Company on 29th October, 2001. Pursuant to Section 260 of the Companies Act, 1956, Shri Ashish Modi will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Ashish Modi for the office of Director of the Company pursuant to the provisions of section 257 of the Companies Act, 1956.

Shri Ashish Modi is a commerce graduate having 10 years experience in import business. In view of his vast knowledge and experience, it will be in the interest of the Company that Shri Ashish Modi is appointed as a Director of the Company.

The Directors commend the resolution set out in item No.4 of the Notice, for approval of the members.

Except Shri Ashish Modi, Ramesh Chandra Agarwal, Manmohan Agarwal and Praveen Kumar Agarwal being related, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM NO.5

Shri Manmohan Agarwal was appointed as an additional director of the Company by the Board of Directors of the Company on 29th October, 2001. Pursuant to Section 260 of the Companies Act, 1956, Shri Man Mohan Agarwal will hold office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Man Mohan Agarwal for the office of Director of the Company pursuant to the provisions of section 257 of the Companies Act, 1956.

Shri Man Mohan Agarwal is a commerce graduate having 6 years experience in Pharma Industry. In view of the relevant experience, it will be in the interest of the Company that Shri Man Mohan Agarwal is appointed as a Director of the Company.

The Directors commend the resolution set out in item No.5 of the Notice, for approval of the members.

Except Shri Man Mohan Agarwal, Ramesh Chandra Agarwal, Ashish Modi and Praveen Kumar Agarwal being related, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

***By Order of the Board
Invinex Laboratories Limited***

***Sd/-
(Ramesh Chandra Agarwal)
Managing Director***

Place : Hyderabad
Date : 28.06.2002

DIRECTORS REPORT**TO THE MEMBERS**

Your Directors have pleasure in presenting the SEVENTH ANNUAL REPORT together with Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	(Rs.in Lakhs)	
	Year ended 31.03.2002	Year ended 31.03.2001
Sales	1614.39	488.91
Profit/ (Loss) before Depreciation		
Interest and Income Tax (PBDIT)	(64.08)	(128.35)
Interest & Finance Charges	10.52	3.62
Depreciation	21.50	10.42
Net Profit/ (Loss) before Tax	(96.10)	(142.39)
Provision for Tax	—	—
Net Profit/ (Loss) carried to Balance Sheet	(223.54)	(127.44)

OPERATIONS:

During the year 2001-02, the Company achieved a Sales turnover of Rs.1614.38 Lakhs, against sales of Rs.488.91 Lacs representing a significant increase during the year under review. The marked improvement in sales was due to stepped up order book position from the institutional segment. However the sales realization were very competitive and stiff. Due to inadequate working capital facilities the company had procured its raw material on costlier and dearer terms resulting in poor margin, in order to maintain delivery schedule. This has resulted in a net loss during the year. However, continuous efforts are being made for optimizing the formulation operations. Your company is taking all necessary steps in improving its efficiency levels.

FIXED DEPOSITS:

Your company has not accepted any Deposits from the Public during the year.

DIRECTORS:

Dr. G.Subramanyam, Director of the Company who retires by rotation does not offer himself for reappointment. Your Company places a record its appreciation for the services rendered by Dr. G.Subramanyam during his tenure as Director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed.
- the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review.

- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

A limited review report on Corporate Governance forming the part of the Directors Report is enclosed.

AUDITORS:

M/s. T.S.Ajai, Chartered Accountant have expressed their inability to continue as Auditors of the Company and have decided not to seek re-appointment as auditors of the Company at the ensuing AGM. The Company has received notices from shareholders signifying their intention to propose the candidature of M/s. S.B.S.manian & Co., Chartered Accountants to be appointed as Auditors of the Company. The Board in their meeting held on 28.06.2002 considered the appointment of M/s. S.B.S. Manian & Co., Chartered Accountant as Auditors of the Company subject to the approval of shareholders in the AGM.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 is annexed and forms part of this report.

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particular in the report of Board of Directors) Rules, 1988 is annexed and form part of this Report.

ACKNOWLEDGEMENT

The Board of Directors wish to acknowledge the support extended by the Andhra Bank. Your Company wish to place on record the appreciation for the devoted services rendered by employees at all levels.

The board also extends its gratitude to the Company's shareholders, various State and Central Government Authorities, Stockiest, Distributors, and Doctors for their full co-operation.

For and behalf of the Board

Sd/-
(Ramesh Chandra Agarwal)
Managing Director

Place : Hyderabad
Date : 28.06.2002

ANNEXURE TO DIRECTOR'S REPORT**ANNEXURE I**

STATEMENT ANNEXED TO THE DIRECTOR'S REPORT SHOWING THE NAMES AND OTHER PARTICULARS OF EVERY EMPLOYEE OF THE COMPANY PURSUANT TO SECTION 217 (2A) OF THE COMPANIE'S ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

Name	Age	Qualification And experience	Designation	Date of Employment	Gross Remuneration	Last employment
Ramesh Chandra Agarwal	53 Years	B.Sc., LLB, 31 years	Managing Director	4.1.95	Rs.7,08,000/-	NIL

ANNEXURE II

INFORMATION UNDER SECTION 217 (i) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT.

A) CONSERVATION OF ENERGY

Present operations of the Company do not involve high-energy consumption. However, steps are being taken to minimize energy consumption.

FORM A

(Form for Disclosure of particulars with respect to conservation of energy)

Particulars	Unit	Current Year
A. POWER & FUEL CONSUMPTION:		
1. Electricity		
a) Purchased :	Units/KWH	2,26,636
Total Amount	Rs.	11,21,852
Rate/Unit	Rs.	4.95
b) Own Generation :	NIL	
(i) Through Diesel Generator :	Units/KWH	1,04,667
Units per Ltr. Of Diesel	Rs.	4,91,938
Cost per Unit	Rs.	4.70
2. Coal :		
(Specify quality and where used)	NIL	
B. CONSUMPTION PER UNIT OF PRODUCTION :		
Electricity (Units/Kg)	Since the Company manufactures different types of formulations it is not practicable to give Consumption per unit of production.	
C" Grade Coal		
Fuel (Liters/Kg)		
Others		

FORM B

(FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION)

- A. RESEARCH & DEVELOPMENT (R & D)**
- Specific area in which R & D carried out by the Company. : Formulations for antibacterial and anti-inflammatory antibiotics etc.
 - Benefits derived as a result of the above R & D. : Absorption of technology & development of process.
 - Future plan of action : Scaling up of the laboratory process & improvement of technology for Formulations
 - Expenditure on R & D :
 - Capital : - Nil -
 - Recurring : - Nil -
 - Total : - Nil -
 - Total R & D expenditure as Percentage of total turnover : - Nil -
- B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**
- Efforts, in brief, made towards technology : - Nil -
 - Benefits derived as a result e.g. product improvement, cost reduction, product development, import substitution, etc. :
 - Import of Technology : Nil
- C. FOREIGN EXCHANGE EARNINGS AND OUT GO**
- Earnings : Nil
 - Outgo : 9.54 lacs

CORPORATE GOVERNANCE (LIMITED DISCLOSURES)
1. Company's Philosophy on Code of Governance

Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all interactions with its stakeholders, including the shareholders, employees, the government and lenders.

Company is committed to achieving the highest standards of corporate governance.

Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors

The Board of Directors consists of 7 directors, which includes Managing Director, Executive Director & Non – Executive Directors of which three are independent Directors. The NED has a diverse knowledge, experience and expertise bring in their independent judgement to bear on the deliberations and decisions of the Board.

The constitution of the Board is given below:

Name of the Director	Executive/Non-Executive and Independent/ Non-Independent Director
Shri Ramesh Chandra Agarwal	Managing Director
Dr. G.Subramanyam	Non Executive independent Director
Shri C.Sudhakar	Non Executive independent Director
Shri Ashok Kumar Agarwal	Non Executive non-independent Director
Shri Praveen Kumar Agarwal	Executive Director
Shri Manmohan Agarwal	Non Executive Non-independent Director
Shri Ashish Modi	Non Executive independent Director

During the year 2001-02, the Board met 4 times on the following dates, namely 30th May, 30th July, 29th October in the year 2001 and 30th January in the year 2002.

The following table gives details of directors, attendance of directors at the Board Meetings and at the last Annual General Meeting, number of membership held by directors in the Board/Committees of various companies:

Name of the Director	Category of Directorship	Board Meeting attended	Annual General meeting
Sri Ramesh Chandra Agarwal	Chairman & Managing Director	4	Present
Dr. G.Subramanyam	Director	3	Present
Sri C.Sudhakar	Director	2	Present
Sri Ashok Kumar Agarwal	Director	2	Present
Sri Praveen Kumar Agarwal	Director	4	Present
Sri Man Mohan Agarwal	Additional Director	1	Appointed as the Additional Director in the Board Meeting held on 29.10.2001 subsequent to the Annual General Meeting
Sri Ashish Modi	Additional Director	1	Appointed as the Additional Director in the Board Meeting held on 29.10.2001 subsequent to the Annual General Meeting

None of the directors is a member in more than ten committees and acts as a chairman in more than five committees across all companies in which he is a director.

Committees of the Board

(A) Audit Committee

The Audit Committee was setup during the year 2001-02. During the year 4 meetings were held, one of which was before the finalization of the accounts.

Name of the Director	Executive/Non-Executive	Independent
Shri C.Sudhakar	Non Executive Director	Independent Director
Shri Manmohan Agarwal	Non Executive Director	Non-independent Director
Shri Ashish Modi	Non Executive Director	Independent Director

The terms of reference of the audit committee include the following:

- The review of the quarterly, half yearly and financial results of the Company before submission to the Board;
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the board and for this purpose seek any relevant information and also seek external professional advice, if necessary;
- To make recommendations to the Board on any matter relating to the financial management of the Company including the audit report.

(B) Shareholders' Grievance Committee

The Board at its Meeting held on 30.01.02 constituted shareholder committee with the scope to look into the matters related to investor grievances and other related issues as required under the listing agreement.

The following are the members of the Shareholders Committee:

- | | |
|--------------------------------|-------------------|
| 1. Shri Manmohan Agarwal | Chairman |
| 2. Shri Ashish Modi | Director |
| 3. Shri Ramesh Chandra Agarwal | Managing Director |

3. Compliances

There have been no non compliance by the Company with the regulations of the Stock Exchange, Securities and Exchange Board of India or any other statutory body regulating the capital markets.

4. General Body Meetings :

The last three Annual General Meetings of the Company were held as under :

YEAR	LOCATION	DATE	TIME
1998-1999	Country Club, 6-3-1219; Begumpet, Hyderabad – 500 016	29.09.1999	10.00a.m.
1999-2000	Same as above	14.07.2000	10.00 a.m.
2000-2001	Same as above	24.09.2001	10.00 a.m.