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**INVINEX**  
**LABORATORIES LIMITED**



**BOARD OF DIRECTORS**

SRI RAMESH CHANDRA AGARWAL  
SRI PRAVEEN KUMAR AGARWAL  
SRI C. SUDHAKAR  
SRI ASHOK KUMAR AGARWAL  
SRI MAN MOHAN AGARWAL  
SRI ASHISH MODI

Managing Director  
Executive Director  
Director  
Director  
Director  
Director

**AUDITORS**

S.B.S.MANIAN & CO.,  
1001/A, RAGHAVA RATNA TOWERS  
CHIRAGALI LANE  
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  
MIAPUR, BACHEPALLY,  
HYDERABAD - 502 325.  
ANDHRA PRADESH

**SHARE TRANSFER AGENTS**

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

NOTICE is hereby given that the EIGHTH ANNUAL GENERAL MEETING of INVINEX LABORATORIES LIMITED will be held on Monday, the 29<sup>th</sup> September, 2003 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 31<sup>st</sup> March, 2003 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Ashok Kumar Agarwal who retires by rotation and is not seeking reappointment.
3. To appoint a Director in place of Sri C.Sudhakar who retires by rotation and is not seeking reappointment.
4. To consider the reappointment of S.B.S.Manian & Co, Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at such remuneration and reimbursement of out of pocket expenses as may be mutually agreed upon between the Board of Directors and the Auditor.

### **SPECIAL BUSINESS:**

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

5. "RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 (including any statutory amendments) and the Rules framed thereunder, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Listing Agreements and all other applicable laws and rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be

prescribed or imposed by any such authority while granting such approvals, permissions and sanctions, which may be agreed to by the "Board" of Directors of the Company (hereinafter referred as the Board which term shall include any committee thereof for the time being exercising the powers conferred by the Board), consent of the Company be and is hereby accorded to the Board to delist the Equity shares of the Company from all or any of the Stock Exchanges at Hyderabad, Ahmedabad & Delhi."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to seek voluntary delisting and take all necessary actions in this regard and to do all such acts, deeds, matters and things as may be necessary for the purpose of giving effect to the above resolution"

6. "RESOLVED THAT Pursuant section 269, 198, 309 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to the approval of share holders, Sri Praveen Kumar Agarwal, Executive Director of the Company, be and is hereby appointed as Managing Director of the Company, for a period of five years with effect from 1<sup>st</sup> July, 2003."

RESOLVED FURTHER THAT Sri Praveen Kumar Agarwal, shall be paid the following remuneration, perquisites and allowances and commissions, if any, with effect from 1<sup>st</sup> July, 2003.

### **REMUNERATION**

- I. Salary : Rs.40,000/- (Rupees Fourty Thousand Only) per month in the scale of 40,000-10000-80000 with increase of Rs.10000/- per annum subject to the compliance of Schedule XIII of the Companies Act, 1956.

Commission : 1% per annum on the net profits of the company.

### **II. PERQUISITIES**

**PART – A****i. Housing**

- a. The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to a ceiling of sixty percent of the salary over and above ten percent payable by the Managing Director.
- b. In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.
- c. In case no accommodation has been provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceilings laid down in (a) above.
- d. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962.

**ii. Medical Reimbursement:**

Expenses incurred for self and family subject to a ceiling of one month salary per year or five months salary in a period of 5 years.

**iii. Leave Travel Concession:**

For self and family once in a year in accordance with any rules specified by the Company.

**iv. Club Fees:**

Fees of Clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

**v. Personal Accident Insurance**

For an amount the annual premium of which does not exceed Rs.10,000/-

**PART-B**

- i. Company's contribution towards Provident Fund will be as per the rules made under Employees Provident Fund Miscellaneous Provision Act, 1956.
- ii. Company's Contribution towards pension/ Superannuation Fund, such contribution together with the contribution to the Provident Fund shall not exceed 25% of salary.
- iii. Gratuity : Payable in accordance with an approved scheme of the Company.

**PART – C**

- i. Free use of Company's car on Company's business.
- ii. Residential telephone shall be provided. All long distance personal calls shall be duly logged and paid for by the Managing Director.
- iii. Earned/Privilege Leave-On full pay and allowance as per rules of the Company. Leave accumulated but not availed during his tenure may be allowed to encash as per the rules of the Company
7. "RESOLVED THAT Pursuant section 269, 198, 309 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to the approval of share holders, Sri Man Mohan Agarwal, Director of the Company, be and is hereby appointed as Executive Director of the Company, for a period of five years with effect from 1<sup>st</sup> October, 2003."
- "RESOLVED FURTHER THAT Sri Man Mohan Agarwal, shall be paid the following remuneration, perquisites and allowances and commissions, if any, with effect from 1<sup>st</sup> October, 2003."

**REMUNERATION**

- III. Salary : Rs.30,000/- (Rupees Thirty Thousand Only) per month in the scale of 30,000-

10000-70000 with increase of Rs.10000/- per annum subject to the compliance of Schedule XIII of the Companies Act, 1956.

Commission : 1% per annum on the net profits of the company.

#### IV. PERQUISITIES

##### **PART – A**

- i. Housing
- a. The expenditure by the Company on hiring furnished accommodation for the Executive Director will be subject to a ceiling of sixty percent of the salary over and above ten percent payable by the Executive Director.
- b. In case the accommodation is owned by the Company, ten percent of the salary of the Executive Director shall be deducted by the Company.
- c. In case no accommodation has been provided by the Company, the Executive Director shall be entitled to house rent allowance subject to the ceilings laid down in (a) above.
- d. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962.

##### ii. Medical Reimbursement:

Expenses incurred for self and family subject to a ceiling of one month salary per year or five months salary in a period of 5 years.

##### iii. Leave Travel Concession:

For self and family once in a year in accordance with any rules specified by the Company.

##### iv. Club Fees:

Fees of Clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

##### v. Personal Accident Insurance

For an amount the annual premium of which does not exceed Rs.10,000/-

#### **PART-B**

- i. Company's contribution towards Provident Fund will be as per the rules made under Employees Provident Fund Miscellaneous Provision Act, 1956.
- ii. Company's Contribution towards pension/ Superannuation Fund, such contribution together with the contribution to the Provident Fund shall not exceed 25% of salary.
- iii. Gratuity : Payable in accordance with an approved scheme of the Company.

#### **PART – C**

- i. Free use of Company's car on Company's business.
- ii. Residential telephone shall be provided. All long distance personal calls shall be duly logged and paid for by the Executive Director.
- iii. Earned/Privilege Leave - On full pay and allowance as per rules of the Company. Leave accumulated but not availed during his tenure may be allowed to encash as per the rules of the Company.

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

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

Place: Hyderabad  
Date : 30.06.2003

**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.5 and 6 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 Company 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 26.09.2003 to 29.09.2003 (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.5, 6 & 7 of the accompanying notice is as under:

**Item No.5**

At present, the Equity Shares of the Company are listed on Four Stock Exchanges namely, The Hyderabad Stock Exchange Limited (HSE), The Stock Exchange, Mumbai (BSE), The Stock

Exchange, Delhi (DSE) and The Stock Exchange, Ahmedabad (ASE). HSE is the Regional Stock Exchange of the Company. With the introduction of electronic trading system, investors have access to online trading nationwide. Further trading in the shares of the Company is largely carried only at BSE, which has nationwide trading terminals. Thus no particular benefit is available to the investors by continuing the listing of the shares of the Company on HSE, ASE and DSE.

As per the new SEBI (Delisting of Securities) Guidelines 2003 (Guidelines) which have been notified recently, the Company can delist its shares from HSE, ASE and DSE without providing an exit opportunity, provided that the shares will continue to be listed on a Stock Exchange having nationwide trading terminals i.e., The Stock Exchange, Mumbai(BSE). The Company's Equity Shares are listed on BSE which has nationwide trading terminals and it will be continued to be listed on BSE. As per the Guidelines, delisting from HSE, ASE and DSE is possible with the approval of Members by passing a Special Resolution.

None of the Directors is concerned or interested in the resolution.

The Board recommends the proposed resolution for your approval.

**Item No.6**

The Board of Directors at its meeting held on 30<sup>th</sup> June, 2003 has appointed Sri Praveen Kumar Agarwal as Managing Director of the Company effective from 01<sup>st</sup> July, 2003 for a period of 5 years on payment of remuneration and perquisites as detailed at item No.6 of the Notice. It may be mentioned that the proposed remuneration & perquisites payable to Sri Praveen Kumar Agarwal are in conformity to Schedule XIII and other applicable provisions of the Companies' Act, 1956.

Sri Praveen Kumar Agarwal has more than six years experience as Executive Director of the Company. As he is holding all the major affairs of the company, Sri Praveen Kumar

Agarwal, is a Science Graduate having completed post Graduation programme in Marketing (Australia)

Sri Praveen Kumar Agarwal would be non-rotational Director.

Except Sri Praveen Kumar Agarwal, Sri Ramesh Chandra Agarwal , Sri Man Mohan Agarwal, Sri Ashok Kumar Agarwal & Shri Ashish Modi being related no other Director of the Company is anyway concerned or interested in the resolution.

#### **Item No.7**

The Board of Directors at its meeting held on 30<sup>th</sup> June, 2003 has appointed Sri Man Mohan Agarwal as Executive Director of the Company effective from 01<sup>st</sup> October, 2003 for a period of 5 years on payment of remuneration and perquisites as detailed at item No.7 of the Notice. It may be mentioned that the proposed remuneration & perquisites payable to Sri Man Mohan Agarwal are in conformity to Schedule XIII and other applicable provisions of the

Companies Act, 1956. Sri Man Mohan Agarwal has been in Pharmaceutical business since five years and has experience in accounts, finance and procurement actives.

Sri Man Mohan Agarwal would be non-rotational Director.

Except Sri Man Mohan Agarwal, Sri Ramesh Chandra Agarwal , Sri Praveen Kumar Agarwal, Sri Ashok Kumar Agarwal & Shri Ashish Modi being related no other Director of the Company is anyway concerned or interested in the resolution.

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

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

Place:Hyderabad  
Date :30.06.2003

### **DIRECTORS REPORT**

#### **TO THE MEMBERS**

Your Directors have pleasure in presenting the EIGHTH ANNUAL REPORT together with Audited Accounts for the year ended 31<sup>st</sup> March, 2003.

#### **FINANCIAL RESULTS**

(Rs.in Lacs)

	Year ended 31.03.2003	Year ended 31.03.2002
Sales	918.73	1614.39
Profit/ (Loss) before Depreciation		
Interest and Income Tax (PBDIT)	(166.06)	(64.08)
Interest & Finance Charges	9.95	10.52
Depreciation	27.21	21.50
Net Profit/ (Loss) before Tax	(173.02)	(96.10)
Provision for Tax	Nil	Nil
Net Profit/ (Loss) carried to Balance Sheet	(396.56)	(223.54)



**OPERATIONS:**

During the year 2002-03, the Company achieved a sales turnover of Rs.918.73 Lacs, as against sales of Rs.1614.39 Lacs representing a significant decrease in sales turnover during the year under review. The sales for the year came down drastically, due to inadequate working capital facilities. However the realizations 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 very low operating margin in order to maintain the 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:**

Sri Ashok Kumar Agarwal, 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 Sri Ashok Kumar Agarwal

Sri C.Sudhakar, 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 Sri C.Sudhakar.

Sri Ramesh Chandra Agarwal, Chairman & Managing Director of the Company proposes to step down from office of the Managing Director with effect from 30.09.2003. The Board places on record, the deep appreciation for the efforts in building up the Company.

**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:

- (i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2003, the applicable accounting standards had been followed.
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments 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:**

Your Company believes in creating wealth for its Shareholders. In pursuit of this objective, the policies of the Company are designed to strengthen the ability of the Board of the Directors to supervise the management and to enhance long term shareholder value.



Pursuant to Clause 49 of the said Listing Agreement (a) Management Discussion and Analysis, (b) the Report of the Directors on the practices prevalent on Corporate Governance in the Company and (c) the Auditors Certificate on compliance of mandatory requirements of Corporate Governance are given as an annexure to this report.

**AUDITORS:**

Sri S.B.S.Manian & Co, Chartered Accountants, Auditors of the Company retire at the conclusion of the Annual General Meeting has given his consent to be reappointed for the current year.

**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 Companys shareholders, various State and Central Government Authorities, Stockiest, Distributors, and Doctors for their full co-operation.

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

**Sd/-**

**(Ramesh Chandra Agarwal)**  
**Managing Director**

Place: Hyderabad

Date : 30.06.2003

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**ANNEXURE TO DIRECTOR'S REPORT**

INFORMATION UNDER SECTION 21 (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 DIRECTORS 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
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**A. POWER & FUEL CONSUMPTION:**

1. Electricity		
a) Purchased :	Units/KWH	132,576
Total Amount	Rs.	693,996
Rate/Unit	Rs.	5.23
b) Own Generation :		NIL
(i) Through Diesel		
Generator :	Units/KWH	62,679
Units per Ltr. Of Diesel	Rs.	319,661
Cost per Unit	Rs.	5.10

**2. Coal :**

(Specify quality and where used)	NIL
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**B. CONSUMPTION PER UNIT OF PRODUCTION :**

Electricity (Units/Kg)	Since the Company manufactures
C' Grade Coal	different types of formulations
Fuel (Liters/Kg)	it is not practicable to give
Others	Consumption per unit of production.

**FORM B**

(Form for disclosure of particulars with respect to Technology Absorption)

**A. RESEARCH & DEVELOPMENT (R & D)**

- |                                                             |                                                                                     |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1. Specific area in which R & D carried out by the Company. | : Formulations for antibacterial and anti-inflammatory antibiotics etc.             |
| 2. Benefits derived as a result of the above R & D.         | : Absorption of technology & development of process.                                |
| 3. Future plan of action                                    | : Scaling up of the laboratory process & improvement of technology for Formulations |

**4. Expenditure on R & D**

- |                                                             |           |
|-------------------------------------------------------------|-----------|
| (a) Capital                                                 | : - Nil - |
| (b) Recurring                                               | : - Nil - |
| (c) Total                                                   | : - Nil - |
| (d) Total R & D expenditure as Percentage of total turnover | : - Nil - |