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# **INVINEX LABORATORIES LIMITED**

**BOARD OF DIRECTORS**

SRI PRAVEEN KUMAR AGARWAL	CHAIRMAN & MANAGING DIRECTOR
SRI MAN MOHAN AGARWAL	EXECUTIVE DIRECTOR
SRI RAMESH CHANDRA AGARWAL	DIRECTOR
SRI ASHISH MODI	DIRECTOR
SRI MUKESH KUMAR AGARWAL	DIRECTOR
Ms. P.SUJATHA	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,  
KHAIRATABAD, HYDERABAD-500 004.

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING of INVINEX LABORATORIES LIMITED will be held on Thursday, the 30<sup>th</sup> September, 2004 at 9.00 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, 2004 together with the report of the Directors and Auditors thereon.
2. To appoint Prakash Chokda, Chartered Accountants as Auditors of the Company in the place of Shri S.B.S. Manian, Chartered Accountant who retires as the auditor of the company at the ensuing AGM and has expressed his inability to continue as Auditor of the Company.

### SPECIAL BUSINESS:

#### 3. APPOINTMENT OF DIRECTOR

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

"RESOLVED THAT Shri Mukesh Kumar 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".

#### 4. APPOINTMENT OF DIRECTOR

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

"RESOLVED THAT Ms.P.Sujatha, 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 her candidature for the office of Director be and is hereby appointed as a Director of the Company subject to retirement by rotation."

#### 5. CHANGE OF NAME

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to approval of shareholders in General Meeting and the approval of Central Government the name of the Company be changed to Inwinex Pharmaceuticals Ltd."

### 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. 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.
3. Members are requested to kindly notify any change in address immediately to the Companies Address.
4. Members/Proxies should bring their attendance slip sent herewith duly filled in for attending the meeting.
5. The register of Members and the Share Transfer Books will be closed from 06.09.2004 to 09.09.2004 (Both days inclusive)
6. 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 special business under Item No.3,4&5 of the accompanying notice is as under:

#### **Item No.3.**

Shri Mukesh Kumar Agarwal was appointed as an Additional Director of the Company by the Board of Directors on 1<sup>st</sup> October, 2003. Pursuant to section 260 of the Companies Act, 1956, Shri Mukesh Kumar Agarwal will hold office as Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Mukesh Kumar Agarwal for the office of the Director of the Company pursuant to the provisions of section 257 of the Companies Act, 1956.

Shri Mukesh Kumar Agarwal is a Commerce Graduate having 5 years experience in financial services and capital market operations. In view of his vast knowledge and experience, it will be in the interest of the Company that Shri Mukesh Kumar Agarwal is appointed as Director of the Company

Except Shri Mukesh Kumar Agarwal, none of the Directors of the Company is in any way concerned or interested in the resolution.

#### **Item No.4**

Ms.P.Sujatha was appointed as an Additional Director of the Company by the Board of Directors on 1<sup>st</sup> October, 2003. Pursuant to section 260 of

the Companies Act, 1956, Ms.P.Sujatha will hold office as Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Ms.P.Sujatha for the office of the Director of the Company pursuant to the provisions of section 257 of the Companies Act, 1956.

Ms. P. Sujatha is a Graduate in Biotechnology. Her knowledge could be put to effective use for the operations.

Except Ms.P.Sujatha, none of the Directors of the Company is in any way concerned or interested in the resolution.

#### **Item No.5**

Invinex is presently predominantly focusing its attention only on pharmaceutical formulations. The present name does not clearly indicate the specific nature of the companies activity. Hence it is felt that the proposed name should indicate the exact nature of the companies business.

For and on behalf of the board

Sd/-

PRAVEEN KUMAR AGARWAL  
CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad

Date : 30.06.2004

**DIRECTORS REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the NINTH ANNUAL REPORT together with Audited Accounts for the year ended 31<sup>st</sup> March, 2004.

**FINANCIAL RESULTS**

	<b>(Rs.in Lacs)</b>	
	Year ended 31.03.2004	Year ended 31.03.2003
Sales	2182.04	918.73
Profit/ (Loss) before Depreciation		
Interest and Income Tax (PBDIT)	52.23	(166.06)
Interest & Finance Charges	10.25	9.95
Depreciation	26.31	27.21
Net Profit/ (Loss) before Tax	15.67	(173.02)
Provision for Tax	Nil	Nil
Net Profit/ (Loss) carried to		
Balance Sheet	(380.89)	(396.56)

**OPERATIONS:**

During the year 2003-04, the Company achieved a sales turnover of Rs.2182.04 Lacs, as against sales of Rs.918.73 Lacs representing a significant increase in sales turnover during the year under review. The increase in sales during the year under review was on account of the trading sales of Rs.1268.20 Lakhs. The performance would have been better but for lack of adequate working capital. Consequently your company had to procure its raw material on costly and dearer terms resulting in lower operating margin. However, continuous efforts are being made for optimizing the operations. Your company is making efforts to penetrate the export market.

**OUT LOOK & FUTURE PLANS**

The outlook and future plans of the company are presented in Management Discussion and Analysis, forming part of this report.

**DIVIDEND**

Your directors decided to skip the dividend in view of the accumulated losses and need to build up long term working capital resources.

**FIXED DEPOSITS:**

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

**DIRECTORS:**

Sri Ashish Modi, retires by rotation at the ensuing Annual General meeting. Sri Ashish Modi is not seeking reappointment. Your company places on record, its deep appreciation for the efforts and services rendered by Sri Ashish Modi.

Sri Mukesh Kumar Agarwal and Ms.P. Sujatha were appointed as additional directors during the year, retire at the ensuing general meeting. Your company has received notices in writing proposing their candidature for office of directors whose period of office is subject to retirement by rotation.

#### **LISTING OF SHARES:**

The securities of the company are listed at The Stock Exchange, Mumbai and Delhi Stock Exchange. The company has voluntarily delisted its securities from Hyderabad and Ahmedabad Stock Exchanges.

#### **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, 2004, 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:**

M/S.S.B.S.Manian & Co, Chartered Accountants, 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 Prakash Chokda, Chartered Accountants to be appointed as Auditors of the Company. The Board in their meeting held on 30.06.2004 considered the appointment of Prakash Chokda, Chartered Accountants 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 on behalf of the board

sd/-

Place: Hyderabad

Date: 30.06.2004

PRAVEEN KUMAR AGARWAL  
CHAIRMAN & MANAGING DIRECTOR

### ANNEXURE TO DIRECTOR'S REPORT

INFORMATION UNDER SECTION 217 (1)(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
<b>A. POWER &amp; FUEL CONSUMPTION:</b>		
<b>1. Electricity</b>		
a) Purchased :	Units/KWH	122567
Total Amount	Rs.	719,289
Rate/Unit	Rs.	5.87
b) Own Generation :		
Through Diesel		
Generator :	Units/KWH	72725
Units per Ltr. Of Diesel	Rs.	433,149
Cost per Unit	Rs.	5.72
<b>2. Coal</b>		
(Specify quality and where used)		NIL

**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
3. Expenditure on R & D
  - (a) Capital : - Nil -
  - (b) Recurring : - Nil -
  - (c) Total : - Nil -
  - (d) Total R & D expenditure as : - Nil -

Percentage of total turnover

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : - Nil -
2. Benefits derived as a result e.g. product improvement, cost reduction, product development, import substitution, etc. :
3. Import of Technology : Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUT GO**

- (a) Earnings : Nil
- (b) Outgo : Rs. 50.72 lacs (USD 110650)



**CORPORATE GOVERNANCE**

## ANNEXURE TO THE DIRECTORS REPORT

**1. Company's Philosophy on Code of Corporate 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 6 Directors which includes Managing Director, Executive Director, & Non - Executive Directors of which three are independent Directors. The Non-Executive Directors have relevant experience and expertise. They bring their independent judgment 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 Praveen Kumar Agarwal	Managing Director
Shri Manmohan Agarwal	Executive Director
Shri Ramesh Chandra Agarwal	Non Executive Non-independent Director
Shri Ashish Modi	Non Executive independent Director
Shri Mukesh Kumar Agarwal	Non Executive independent Director
Ms. P.Sujatha	Non Executive independent Director

**Attendance Record of the Directors**

During the year 2003-04, the Board met 5 times on the following dates, namely 30<sup>th</sup> June 2003, 31<sup>st</sup> July 2003, 1<sup>st</sup> October 2003, 30<sup>th</sup> October, 2003 & 30<sup>th</sup> January 2004.

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 Praveen Kumar Agarwal	Chairman & Managing Director	5	Present
Sri Man Mohan Agarwal	Executive Director	5	Present
Sri Ramesh Chandra Agarwal	Director	4	Present
Sri Ashish Modi	Director	4	Present

Name of the Director	Category of Directorship	Board Meeting attended	Annual General meeting
Sri Mukesh Kumar Agarwal	Additional Director	3	Appointed as Additional Director in the Board Meeting held on 01.10.2003 subsequent to the Annual General Meeting.
Ms.P.Sujatha	Additional Director	3	Appointed as Additional Director in the Board Meeting held on 01.10.2003 subsequent to the Annual General Meeting.

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

#### **TENURE**

As required by law, two third of the Directors should be retiring Directors and one third of them are required to retire every year and if eligible, qualify for re-appointment.

#### **RESPONSIBILITIES:**

The Board has responsibilities like reviewing Corporate performance, ensuring availability of supplies at competitive rates and fulfilling shareholders expectations. The Board members ensure that other responsibilities do not materially affect their responsibilities as a Director of the Company.

#### **ROLE OF INDEPENDENT DIRECTOR:**

The Independent Directors play an important role in taking major decisions at the Board Meetings and bring to the Company their wide experience in different fields like finance, accounts, capital market, law and engineering. The Audit Committee consists of Two Independent Directors and Investors' Grievances Committee consists of Two Independent Directors.

#### **BOARD MEETINGS :**

A Sitting fee of Rs.500/- is paid to the Directors (other than Sri Praveen Kumar Agarwal, Chairman & Managing Director & Sri Manmohan Agarwal, Executive Director) for every Board Meeting attended by them. No Director is paid any commission on the net profit of the Company.

#### **BOARD COMMITTEES:**

The Company is committed to transparency in all its dealings and to provide efficient and effective service. The Board has constituted Committees of Directors to deal with matters that need quick and timely decisions and overall supervision and guidance.