

29th ANNUAL REPORT
2013 - 2014



GENNEX LABORATORIES LIMITED
(GENNEX You Can Trust)



BOARD OF DIRECTORS

| | | |
|--------------------------|---|----------------------------|
| Shri Arihant Baid | – | <i>Managing Director</i> |
| Shri T.M. Gopalakrishnan | – | <i>Whole-time Director</i> |
| Shri U.C. Bhandari | – | <i>Director</i> |
| Shri Y. Ravinder Reddy | – | <i>Director</i> |

REGISTERED OFFICE & WORKS

Sy. No. 133, Bollaram, Jinnaram Mandal
Medak District – 502 325
Telangana.

CORPORATE OFFICE

‘Akash Ganga’, 3rd Floor
Plot # 144, Srinagar Colony
Hyderabad – 500 073.

BANKERS

State Bank of Hyderabad
Overseas Branch, Somajiguda
Hyderabad – 500 082.

AUDITORS

M/s. Laxminiwas & Jain
Chartered Accountants
5-4-726, Nampally Station Road
Hyderabad – 500 001.

REGISTRAR & SHARE TRANSFER AGENTS

R&D Infotech Pvt. Ltd.
1st Floor, 7A, Beltala Road
Naresh Mitra Sarani
Kolkata – 700 026.



NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held on Tuesday, September 30, 2014 at 11:30 a.m. at the Registered Office of the Company at Survey No.133, Bollaram, Jinnaram Mandal, Medak District-502 325, Telangana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2014 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Shri T M Gopala Krishnan (DIN: 03137458) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Laxminiwas & Jain, Chartered Accountants (Firm Registration No. 001859S), Hyderabad recommended by the Audit Committee of the Board of Directors, be and are hereby re-appointed as Statutory Auditors of the Company for a period of three financial years i.e., to hold office from the conclusion of this Annual General Meeting till the conclusion of 32nd Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

4. Appointment of Shri Y. Ravinder Reddy (DIN: 00011040) as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and

Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Shri Y. Ravinder Reddy (DIN: 00011040), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2019.”

5. Appointment Ms. Sadhana Bhansali (DIN: 06962425) as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Ms. Sadhana Bhansali (DIN: 06962425), who is liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2019.”

6. Payment of Remuneration to the Cost Auditor for the Financial Year ending March 31, 2015



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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and Rules framed thereunder, as amended from time to time and such other permissions as may be necessary, the Members hereby ratify the remuneration of Rs.60,000/- plus service tax, out-of- pocket, travelling and living expenses payable to M/s N.S.V. Krishna Rao & Co., Cost Accountants, who are appointed by the Board of Directors of the Company to conduct audit of the Cost records pertaining to pharmaceuticals and other relevant product groups maintained by the Company for the Financial Year ending March 31, 2015.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

7. Appointment of Branch Auditors

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

“RESOLVED THAT pursuant to the provisions of Section 143 (8) and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof), M/s Sibsankar & Associates, Chartered Accountants (Firm Registration Number: 323691E) be and are hereby appointed as Branch Auditors of the Company to audit the accounts of the Company’s branches/offices in India and to hold office from the conclusion of this Annual General Meeting (AGM), for three consecutive years until the conclusion of the 32nd Annual General Meeting of the Company (subject to ratification by the members at every AGM) on a remuneration

including terms of payment to be fixed by the Board of Directors of the Company.”

8. Increase in Borrowing powers of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2(72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/entities and/or authority/ authorities and/ or through suppliers’ credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in Indian currency or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.100 Crores (Rupees One Hundred Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.



RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

9. Creation of Charge on Movable and Immovable properties of the Company both present and future

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) and other applicable provisions , if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to create mortgage and/or charge on all or any of the moveable and/or immovable assets of the Company, both present and future and/or whole or any part of the Company in favour of the lenders, agents, trustees for securing the borrowings of the Company availed/to be availed by way of loans (in foreign currency and/or in Indian currency) and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments) issued/to be issued by the Company from time to time, in one or more tranches, upto an aggregate limit of Rs. 100 Crores (Rupees One Hundred Crores Only) together with

interest as agreed, additional interest in case of default, accumulated interest, liquidated damages and commitment charges, all other costs, charges and expenses and all other monies payable by the Company in terms of respective loan agreement(s) or any other document entered / to be entered into between the Company and the lenders/agents/investors and trustees in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lenders, agents or trustees.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution.”

10. Retirement of Director

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

“RESOLVED not to fill for the time being the vacancy caused by the retirement of Shri U.C.Bhandari (DIN: 01429808), Director, who retires by rotation at the AGM and does not seek re-appointment.”

By Order of the Board of Directors

Arihant Baid
Managing Director

Place:Hyderabad
Date :August 14, 2014



NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself. A Proxy need not be a member of the Company. 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.
2. The Register of Members of the Company will remain closed from 26th September, 2014 to 30th September, 2014 (both days inclusive).
3. Members are requested to quote their Registered Folio Numbers in all their Correspondence with the Company and notify change in their registered address, if any.
4. Members/proxies should bring the Attendance slips duly signed to the meeting and hand them over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy of attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting as copies will not be distributed at the Meeting hall due to prohibitive cost of printing.
5. Electronic copy of the Notice of the 29th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 29th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
6. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice. The detailed instructions for e-voting are given as a separate attachment to the Annual Report.
7. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories), initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.

By Order of the Board of Directors

Arihant Baid
Managing Director

Place:Hyderabad
Date :August 14, 2014

**ANNEXURE TO THE NOTICE**

Notes on Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Item No. 2

| S.No. | Particulars | T.M. Gopalakrishnan |
|--------------|---|---|
| 1. | Age | 63 Years |
| 2. | Date of Appointment | 18.05.2012 |
| 3. | Qualification | M.Tech. in Chemical Engineering |
| 4. | Experience | He has 32 years of wide experience in Pharmaceutical Industry and has vast chemical knowledge |
| 5. | Other Directorships | NIL |
| 6. | Chairman/Member of the Committees of the Board of the other Companies on which he is a Director | NIL |

Item No. 4

| S.No. | Particulars | Y. Ravinder Reddy |
|--------------|---|--|
| 1. | Age | 47 Years |
| 2. | Date of Appointment | 22.03.2003 |
| 3. | Qualification | B.A. |
| 4. | Experience | He has vast experience in executing Civil Works, i.e. Roads, Buildings, Bridges, Canals in Government sector and Private Sectors. Cultivating Agriculture and Poultry Business |
| 5. | Other Directorships | 1. Prudential Sugar Corporation Ltd. 2. Rose Garden Developers Ltd. 3. B&B Infratech Ltd. 4. B&B Realty Ltd. 5. Beam Cox Constructions (P) Ltd. |
| 6. | Chairman/Member of the Committees of the Board of the other Companies on which he is a Director | Audit Committee and Share Transfer Committee/Investors' Grievances' Committee of Prudential Sugar Corporation Ltd. |

Item No. 5

| S.No. | Particulars | Sadhana Bhansali |
|--------------|--|---|
| 1. | Age | 25 Years |
| 3. | Qualification | Pursuing CA and CS Final |
| 4. | Experience | Has extensive experience in Company and Taxation Laws |
| 5. | Other Directorships | NIL |
| 6. | Chairman/Member of the Committees of the Board of the other Companies on which she is a Director | NIL |



Explanatory Statement under Section 102(1) of the Companies Act, 2013

Item No. 4

It is proposed to appoint Shri Y. Ravinder Reddy (DIN: 00011040) as Independent Director under Section 149 of the Act to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2019.

Shri Y. Ravinder Reddy is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Y. Ravinder Reddy for the office of Director of the Company.

The Company has also received declaration from Shri Y. Ravinder Reddy that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act.

In the opinion of the Board, Shri Y. Ravinder Reddy fulfills the conditions for appointment as an Independent Director as specified in the Act. Shri Y. Ravinder Reddy is independent of the management.

Copy of the draft letter for appointment of Shri Y. Ravinder Reddy as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Shri Y. Ravinder Reddy is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Item No. 5

As per the provisions of Section 149(1) of the Act and amended Clause 49 of the Listing Agreement, the Company should have at least one woman director.

Keeping in view the above legal requirements and in deference to Company's shareholders' wishes, the Board of Directors has proposed that Ms. Sadhana Bhansali (DIN: 06962425) be appointed as an Independent Director under Section 149 of the Act to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2019.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Sadhana Bhansali for the office of Director of the Company.

Ms. Sadhana Bhansali is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

The Company has also received declaration from Ms. Sadhana Bhansali that she meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act.

In the opinion of the Board, Ms. Sadhana Bhansali fulfills the conditions for appointment as Independent Directors as specified in the Act. Ms. Sadhana Bhansali is independent of the management.

Copy of the draft letters for respective appointment of Ms. Sadhana Bhansali as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.



The Board recommends the Ordinary Resolutions set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

The Board on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s N.S.V. Krishna Rao & Co., the Cost Auditors to conduct the audit of the Cost records pertaining to pharmaceuticals and other relevant product groups maintained by the Company for the Financial Year ending March 31, 2015 and remuneration of Rs.60,000/- plus service tax, out-of-pocket, travelling and living expenses have been fixed for this purpose.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2014-15 by way of an Ordinary Resolution is being sought from the members as set out at Item No.6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution set out at Item No.6 of the Notice.

Item No. 7

The Company has branches in other places of India and may also open/acquire new branches in other places of India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches.

M/s Sibsankar & Associates, Chartered Accountants (Firm Registration Number: 323691E) have confirmed that their appointment, if made, will be in accordance with the prescribed conditions and they satisfy the eligibility criteria stated in the Act for the proposed appointment. In view of this, the Board has, on the recommendations of the Audit Committee, proposed the appointment of M/s Sibsankar & Associates, Chartered Accountants as Branch Auditors of the

Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of 32nd AGM of the Company (subject to ratification of their appointment at every AGM) for approval of the members.

The Board recommends the Resolution at Item No.7 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in the Resolution at Item No.7 of the accompanying Notice.

Item No. 8

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company.

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company up to Rs.100 Crores (Rupees One Hundred Crores Only).

The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in the Resolution at Item No. 8 of the accompanying Notice.

Item No.9

The Company is required to create security for the said facilities as mentioned under Item No.9 above in favour of the Lenders/ Trustees for the Non-Convertible Debentures and loans/ financial assistance availed by the Company, by way of creation of mortgage and/ or charge on the assets of the Company, as stated in the resolution.



In furtherance to the Resolution No.9 of this notice, the said borrowings/ issue of securities may be required to be secured by way of mortgage/ charge over all or any part of the movable and/or immovable assets of the Company and as per provisions of Section 180 (1) (a) of the Companies Act 2013, the mortgage or charge on all or any part of the movable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence, requires approval from the shareholders of the Company.

Accordingly, it is proposed to pass an enabling resolution authorizing the Board to create charge on the assets of the Company for a value not exceeding Rs.100 Crores (Rupees One Hundred Crores Only).

Your Directors recommend the resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in the Resolution at Item No.9 of the accompanying Notice.

Item No. 10

Shri U.C. Bhandari (DIN: 01429808) is a non-Executive (Independent) Director of the Company. He joined the Board of Directors of the Company in August 31, 2002. Shri U.C. Bhandari retires by rotation at the ensuing AGM under the erstwhile applicable provisions of the Companies Act, 1956, and does not seek re-appointment owing to his busy schedule and commitments on other overseas Boards. Accordingly, Shri U.C. Bhandari retires at this AGM and the Board has decided not to fill, for the time being, the vacancy caused due to his retirement.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution set out at item No.10 of the Notice.

The Board recommends the Ordinary Resolution set out at item No.10 of the Notice for approval by the members.

By Order of the Board of Directors

Arihant Baid
Managing Director

Place:Hyderabad
Date :August 14, 2014