

17th ANNUAL REPORT 2005-2006



MONOZYME INDIA LIMITED

176/2 & 176/3, 1st Floor, Sripati Venkatrao Mansion
Tarbund, Bowenpally,
Secunderabad - 500 003.

BOARD OF DIRECTORS

Sri Aditya Kumar Sarda
Sri V.V.G.Reddy
Sri Anand Kumar Maloo
Dr. Aloke Sen
Sri Ghanshyam Sarda
Sri Surender Mohan Batra

Managing Director
Director & C.O.O.
Whole Time Director (w.e.f 01-09-2006)
Director
Director
Director

AUDITORS

M/s J B Reddy & Co.,
Chartered Accountants
206, Srinilaya Estate
Ameerpet
Hyderabad - 500 016.

BANKERS

Oriental Bank of Commerce
6-3-865, My Home Jupally
Greenlands, Ameerpet
Hyderabad - 500 016.

REGISTERED OFFICE

176/2 & 176/3,
1st Floor, Sripati Venkatrao Mansion
Tarbund, Bowenpally
Secunderabad - 500 003.
Tel:27818598, 27818667, Fax: 040-27818669
Email : monozyme@monozyme.com
website : www.monozyme.com

SHARE TRANSFER & DEMAT REGISTRARS

M/s.Maheswari Datamatics Pvt. Ltd.
6, Mangoe Lane
Surendra Mohan Ghosh Sarani
2nd Floor, KOLKATA- 700 001
TEL: 033-2243 5029/2243 5809 FAX - 2248 4787
Email : mdpl@cal.vsnl.net.in

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of MONOZYME INDIA LIMITED will be held on Friday 29th of September 2006 at 3.00 P.M at "Le Palais Royal Ibrahim Mahal" Opp. Gymkhana Grounds, 150, Brig. Sayeed Road, Secunderabad - 500 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date with reports of the Auditors' and Directors' thereon.
2. To appoint Mr. Anand Kumar Maloo, as Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. J.B.Reddy & Co., Chartered Accountants, Hyderabad, who retire at the conclusion of this Annual General Meeting, as Auditors of the Company and for that purpose to pass, with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. J.B.Reddy & Co., Chartered Accountants, Hyderabad, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at a remuneration as may be fixed by the Board of Directors".

SPECIAL BUSINESS:

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

"RESOLVED THAT Dr. Aloke Sen, who was appointed as Additional Director of the Company by the Board of Directors and who retires at this Annual General Meeting under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Ghanshyam Sarda, who was appointed as Additional Director of the Company by the Board of Directors and who retires at this Annual General Meeting under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Surender Mohan Batra, who was appointed as Additional Director of the Company by the Board of Directors and who retires at this Annual General Meeting under section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to section 269, 198, 309 and Schedule XIII of the Companies Act, 1956 Mr. Anand Kumar Maloo be and is hereby appointed as Whole Time Director of the Company with effect from 01-09-2006 for a Period of 5 years at a remuneration of Rs. 12,000/- per month (including all perquisites), as approved by the remuneration committee.

Further resolved that the following perquisites be not considered for the calculation of above remuneration.

- a. Payment of Provident Fund contribution as per the company policy
- b. Payment of Gratuity
- c. Payment of Leave encashment.

Registered Office:

176/2 & 176/3, 1st Floor,
Sripati Venkatrao Mansion,
Tarbund, Bowenpally,
Secunderabad - 500 003.

By Order of the Board

Sri V.V.G.Reddy
Director & COO

Place : Secunderabad

Date : 30-08-2006

NOTES

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.
- b) The Register of members and share transfer books of the Company will remain closed from 26th of September, 2006 to 30th of September 2006 (both the days inclusive) in connection with the Annual General Meeting.
- c) Members are requested to intimate any changes in their addresses registered with the Company.
- d) The Members are requested to bring their Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of Accounts well in advance to enable to place relevant records and information at the time of Annual General Meeting.
- e) Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 with respect to special business is herewith annexed.

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

Item No. 4,5 & 6

Dr. Alope Sen, Sri Ghanshyam Sarda & Sri Surender Mohan Batra were appointed as Additional Directors, who retire at this Annual General Meeting as per section 260 and Articles of Association of the Company. Their induction into the Board would immensely benefit the Company in overall perception and strategic growth. As required under section 257 of the Act, notice along with a fee of Rs.500/- each has been received from a Shareholder proposing their candidatures. Their induction into the board would benefit the company.

The Board recommends the said resolution for your approval.

None of the Directors is interested in the above resolution except Dr. Alope Sen, Sri Ghanshyam Sarda & Sri Surender Mohan Batra in their respective resolutions of their appointments.

Item No. 7

Sri Anand Kumar Maloo was appointed as Whole Time Director subject to the approval of the

share holders as per terms & conditions as indicated in the resolution.

The Board recommends the said resolution for your approval.

None of the Directors is interested in the above resolution except Sri Anand Kumar Maloo.

Registered Office:

176/2 & 176/3, 1st Floor,
Sripati Venkatrao Mansion,
Tarbund, Bowenpally,
Secunderabad - 500 003.

Place : Secunderabad

Date : 30th August, 2006.

By Order of the Board

V.V.G Reddy

Director & COO

PARTICULARS OF DIRECTORS APPOINTED/REAPPOINTED IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT.

Sri Anand Kumar Maloo, Aged about 34 years, is a Chartered Accountant having 10 years of experience in the fields of Finance, Textiles, Stock Market, Computer Application & Software. He does not hold Directorships in any other Company.

Dr. Alok Sen, Aged about 55 years, is a Post - Graduate Engineer from IIT, Khargpur and Doctorate from the University of Sheffield, UK. He is a well known personality in Biotechnology industry having innovative ideas in the areas of Industrial Enzymes.

Sri Ghanshyam Sarda, Aged about 47 years having rich experience in Management and entrepreneur skills. He hails from the business group by name Sarda Group, a multi-location Industrial House with business interest in Jute, Marine products exports etc.

Sri Surender Mohan Batra, Aged about 63 years, is a member of Executive Committee, Interstate Secretariat, Ministry of External Affairs, Govt. of India. He served in various positions in External Affairs Ministry in India and abroad. His experience and contacts will help the company immensely.

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present to you the 17th Annual Report of your Company together with the Audited Accounts of the Company for the financial year ended 31st March 2006.

Financial performance of the company

(Rs. In Lakhs)

	Forthe Year ended 31.03.2006	Forthe Year ended 31.03.2005
1. Net Sales/Income from Operations	1097.73	981.95
2. Other Income	4.95	2.60
3. Total Expenditure	1003.66	919.11
4. Interest	37.63	32.83
5. Gross Profit after Interest but before Depreciation	61.39	32.61
6. Depreciation	7.79	7.19
7. Provision for Taxation (Net of deferred tax)	18.12	12.81
8. Net Profit for the year	35.48	12.61
9. Prior year adjustment	(2.29)	0
10. Net Profit carried to Balance Sheet	33.19	12.61

Management discussion and analysis report

As required under Clause 49 of the Listing Agreement with Stock Exchanges, the Management Discussion and Analysis Report is stated as under.

A) Industry Structure & Developments, Opportunities and Threats, Performance, outlook, Risks and Concerns:

The Diagnostic (Pathology) industry, growing over the last five years at an estimated Compound Annual Growth of 20% per annum is on the verge of a major boom. The expansion of clinical trials market, opening up of the health insurance industry for privatization, consolidation amongst organised players, increased health awareness and quality consciousness in urban India are the major reasons for the boom. The Diagnostic (Pathology) market is currently 2.5% of the overall healthcare delivery market and 70% of treatment decisions in the country is based on lab results.

During the year under review net sales has gone up to Rs.1097.73 Lacs as against Rs. 981.95 Lacs in the previous year ending 31st March 2006. The profit is increased to Rs.33.19 Lacs as against Rs.12.61 Lacs during the previous year.

Your management is very confident and optimistic to register better operations with better margins in coming years.

B) Internal Control and their Adequacy:

The Company has sufficient and effective internal Control Systems to ensure efficient Working Capital Management, adherence to good management principles, safeguarding of assets and quality systems. The Internal Control Systems are being reviewed and monitored regularly at management level and also at the Audit Committee meetings.

C) Human Resources Development and Industrial Relations:

Your Company is able to retain result oriented employees with high motivation strategies and optimum monetary benefits. The company arranges practical training courses by the internal departments to enrich their skills and experience. The company is also maintaining good relations with the employees.

Stock Split : The Share holders at the EGM held on 13.02.06 have approved for splitting of value of shares from Rs.10/- to Rs.2/- through Postal Ballot and also amendment of main objects of Memorandum of Association. Registrar of Companies of Andhra Pradesh has confirmed amendment of objects clause and accordingly main object have been pursued by your Company.

The splitting of shares from Rs.10/- to Rs. 2/- has not given effect since the Bombay Stock Exchange has not approved due to technical objections. Subsequently shareholders once again approved splitting of shares from Rs.10/- to Rs.5/- through Postal Ballot which has been noted and confirmed by the Bombay Stock Exchange with effect from 06.06.2006.

The data in the Annual Report relating to the share value is considered at Rs. 10/-

Directors

Mr. Anand Kumar Maloo, who retires at the ensuing Annual General Meeting being eligible offers himself for re-appointment.

Sri Ghanshyam Sarda, Dr. Alope Sen & Sri Surender Mohan Batra were appointed as Additional Directors at the ensuing Annual General Meeting

Board recommends the resolution for their reappointment/appointments.

Mr. Anand Kumar Maloo who was appointed as Whole time Director and whose appointment is placed for your approval.

Board recommends the resolution for his appointment.

During the year Sri. Bhagwandas Gilada, Dr. Suryakant G Patil & Sri. A. Nanda Kishore have submitted their resignations on their personal grounds. Board places on record their appreciation for the services rendered by them during their tenure as Directors of the Company.

Directors' Responsibility Statement

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, Your Directors wish to confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. Such accounting policies have been selected and applied consistently and judgments & estimates are made that are 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 & loss of the Company for that period;
3. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting any fraud or other irregularities has been taken.
4. Accounts for the financial year ended at 31st March 2006 are prepared on a going-concern basis

Auditors

The Auditors of the Company M/s. J.B.Reddy & Co., Chartered Accountants, Hyderabad retires at the conclusion of this Annual General Meeting and are eligible for reappointment.

Replies to Auditor's Report:

The company has subsequently paid the statutory payments during the current year.

Listing

Details of Listing are annexed to the Corporate Governance Report.

Dematerialization of shares

Details of Dematerialization of shares are annexed to the Corporate Governance Report.

Corporate Governance

As per the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges Report on Corporate Governance is herewith enclosed.

During the current year, Audit committee has been re-constituted with the following 3 independent Directors.

1. Dr. Alope Sen - Chairman
2. Sri Surender Mohan Batra
3. Sri Ghanshyam Sarda

Fixed Deposits

The Company has not raised any fixed deposits as on 31st March, 2006 so as to attract the provisions of section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules 1975 as amended from time to time. There is no amount outstanding or due to any deposit holder.

Particulars of Conservation of Energy,

As the company's activities do not involve high consumption of energy, however appropriate steps are being taken constantly to reduce the consumption of power.

Research & Development, Technology Absorption etc.,

As the Company is engaged in the business of diagnostic and clinical chemistry kits & enzymes constant inhouse R&D is undertaken and new technology development thereon is being absorbed.

The Foreign Exchange earnings and out go are as follows:

	(Rs.in Lakhs)
Foreign Exchange Earnings	2.17
Foreign Exchange Outgo	
Import of Raw Materials	399.47
Foreign Travel Expenses	6.22

Particulars of Employees

In pursuance of section 217(2A) of the Companies Act, 1956 none of the employees of the Company was drawing a remuneration exceeding the limits stated in section 217(2A) of the Companies Act, 1956.

Personnel

Your Directors place on record their appreciation for the services rendered by the employees. The relation between the Management and the Workers has been cordial through - out the year.

Acknowledgements

Your Directors take this opportunity to place on record their sincere appreciation and wish to express their thanks for the guidance and assistance received from Company's customers, Bankers, Financial Institutions, Share holders for their continued support and faith in the Company. Your Directors also wish to appreciate the hardwork and commitment exhibited by the employees of the Company.

FOR AND ON BEHALF OF THE BOARD

V V G Reddy
Director & COO

Anand Kumar Maloo
Director

Place : Secunderabad.

Date : 30-08-2006

ANNEXURE - To Directors' Report**CORPORATE GOVERNANCE****a) Company's Philosophy:**

Corporate Governance assumes a great deal of importance in the business life of Monozyme India Limited. The driving forces of Corporate Governance at Monozyme India Limited have belief in people, entrepreneurship, customer orientation and the pursuit of excellence.

b) Board of Directors**i) Composition and category of Directors as of March 31, 2006 as follows:**

Name	Category	Designation	No. of Meetings held during the last financial year	No. of Meetings attended	No. of Memberships in Board of other Companies	Attendance of each Director at last AGM
Sri Aditya Kumar Sarda	Executive & Promoter Director	Managing Director	7	5	4	Yes
Sri Bhagwandas Gilada	Executive Director	Executive Director	3	3	Nil	Yes
Dr. Suryakant G Patil	Promoter Director	Director	4	4	Nil	No
Sri. V.V.G.Reddy	Executive & Independent Director	Director & COO	7	7	Nil	Yes
Sri Anand Kumar Maloo	Independent Director	Director	7	7	Nil	Yes
Sri. A.Nanda Kishore	Independent Director	Director	4	4	Nil	No
Dr. Aloke Sen	Independent Director	Director	2	2	Nil	No

ii) Meetings of the Board of Directors

During the financial year 2005-2006, the Board of Directors met 7 times, on the following dates: 30th June' 2005, 09th July' 2005 (Adjoined meeting), 30th July' 2005, 09th September' 2005, 20th October' 2005, 29th October'2005, 31st October'2005, 30th December'2005 & 06th January'2006 (Adjoined meeting)

c) Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted as a sub-committee to the Board, consisting of Independent Directors. The functions of the committee include:

- ❖ Review the adequacy of Internal Control Systems and Internal Audit Reports and their compliance there of.
- ❖ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- ❖ Recommend the appointment of auditors and fixation of audit fees.
- ❖ Review with Management the quarterly and annual financial statements before submission to the Board.

Composition and other details

The Audit Committee has been reconstituted during the year with the following Directors:

1. Sri Anand Kumar Maloo - Chairman
2. Dr. Alope Sen
3. Sri V.V.G. Reddy

During the year under review, the Audit Committee met 3 times. Mr. Anand Kumar Maloo chaired the meetings, and other members attended the meetings.

d) Compensation Committee

Compensation Committee was constituted with three Independent Directors and met once during the year under review.

e) Remuneration Policy

The Compensation Committee devises policy for compensation and benefits to Executive Directors and frames policies.

Details of Remuneration to Directors

a) Executive Directors:

Particulars	Sri Aditya Kumar Sarda Managing Director	Sri VVG Reddy Director & COO	Sri Bhagwandas Gilada Executive Director (upto 20.10.2005)
	Rs.	Rs.	Rs.
Salary	180000	519000	312500
Commission	-	-	-
Total	180000	519000	312500

f) Investors' Grievance Committee

As a measure of good Corporate Governance and to focus on the Shareholders' grievances and towards strengthening investor relations, an Investors' Grievance Committee has been re-constituted as a sub-committee of the Board of Directors.