Annual Report
2009-2010

zenotech
LABORATORIES LTD.

Dr. Jayaram Chigurupati
Founder and Managing Director

State of the art Manufacturing facilities

Annual Report

2009-2010

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Company Philosophy

The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stake holders.

The board considers itself as a trustee of its shareholders and acknowledges its responsibilities to the Shareholders for creating and safeguarding shareholders wealth, while upholding the core values of transparency, integrity, honesty and accountability.

The Company's code of conduct serves as a guide to the employees on the values, ethics and business principles expected of them.

Board of Directors

The Board of Zenotech Laboratories Limited consists of three eminent Directors.

None of the Directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees as specified in clause 49, across all the Companies in which he is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

4 Board Meetings were held during the year ended March 31, 2010. The dates on which the Board Meetings were held are as follows.

October 1, 2009; November 16, 2009; January 13, 2010 and February 26, 2010.

None of the Non-Executive Directors have any material pecuniary relationship or transaction with the Company.

The minimum necessary information as mentioned in Annexure 1A to clause 49 of the listing agreement has been placed before the Board for their consideration.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited Companies and companies incorporated outside India. Chairmanship/membership of Board committees, include only membership of Audit and Shareholders/Investors Grievance Committee.

Corporate Governance Report

Name	Category	No. of Board Meetings attended during the year 2009-10	Whether Attended AGM held on 26.02.10	No. of Directorships in other public Companies		No. of committee positions held in other public Companies	
				Chairman	Member	Chairman	Member
Dr. Jayaram Chigurupati, Managing Director	Executive (Promoter)	4	Yes	–	6	–	–
Justice A. Gopal Rao#	Independent Non-Executive	1	Yes	–	–	–	–
Mr. A. Raghu Vasu#	Independent Non-Executive	1	Yes	–	1	–	–
Mr. M.R. Vikram*	Independent Non-Executive	3	Yes	–	4	–	6
Dr. Uma Devi Komath*	Independent Executive	3	Yes	–	–	–	–
Mr. S.M. Bhutani**	Independent Non-Executive	–	No	–	–	–	–
Lt. Col.(Retd.) Sukhdev Singh Gill***	Independent Non-Executive	–	No	–	–	–	–

Appointed by the Hon'ble High Court as Independent Directors vide its order dated 23.02.2009.

* Resigned on March 10, 2010

** Resigned on August 19, 2009.

*** Resigned on August 25, 2009.

As a result of the disputes between the Promoters and the significant shareholder of the Company, the Company could not report compliance on Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee. The matters are subjudiced before the Hon'ble High Court of Andhra Pradesh and the Hon'ble Company Law Board, Southern Regional Bench, Chennai.

General Body Meetings

The 21st Annual general Meeting for the financial year 2009- 10 will be held on January 18, 2011 at 11.00 A.M. at factory premises of the Company situated at Survey No.250-252, Turkapally Village, Shameerpet Mandal, R.R. District 500078.

Details of Last three Annual general Meetings are as follows:

Year	Meeting	Day, Date and Time of the Meeting	Venue
2008-09	20th AGM	Friday, February 26, 2010 at 12.00 Noon	Survey No. 250-252, Turkapally Village, Sameerpet Mandal, R. R. District- 500 078
2007-08	19th AGM	Friday, February 26, 2010 at 10.00 A.M.	Survey No. 250-252, Turkapally Village, Sameerpet Mandal, R. R. District- 500 078
2006-07	18th AGM	Thursday, November 8, 2007 at 3.00 P. M.	Surana Udyog Auditorium FAPCCI Premises, Federation House, Hyderabad - 500 004

The details of special resolutions passed by the members during the last three Annual General Meetings of the Company:

No. of AGM	Item on which special resolution passed
20th AGM	Nil
19th AGM	Nil
18th AGM	1. Create, offer, issue and allot up to 54,89,536 equity shares of the Company to Ranbaxy Laboratories Limited on preferential allotment basis at a price of Rs.160/- per share.

All the above resolutions were passed with requisite majority

For past three years there were no ordinary or special resolutions passed that require a postal ballot. No Resolution, which requires approval through postal ballot, is proposed to be conducted at the ensuing Annual General Meeting.

Disclosures

There are no materially significant related party transactions of the Company with Promoters, directors or the Management or their relatives or the Subsidiary Company which have potential conflict with the interest of Company at large. Transactions with related parties as per requirements of Accounting Standards - (AS-18) - "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are disclosed in Note 17 of Schedule 21 to Standalone financials in the annual report.

There were no cases of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the year March 31, 2010.

Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees in above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and to ensure compliance to the laid down ethical standards. The code is available on the Company's website: www.zenotechlabs.com

Declaration as required under Clause 49 of the Listing Agreement

All the directors and senior management of the Company have affirmed compliance with the Company's code of conduct for the financial year ended March 31, 2010.

Hyderabad
December 11, 2010

Dr. Jayaram Chigurupati
Managing Director

Compliance: At every Board meeting, a statement of Compliance with all laws and regulations as certified by the Managing Director is placed before the Board for its review. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.

Risk Management: The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

Preferential Issue Proceeds: The utilization of preferential issue proceeds are regularly placed before the Board for review.

CEO & CFO certificate: The Managing Director and Senior Manager - Finance have certified to the Board on the matters required to be reported as per Clause 49 of the listing agreement.

Secretarial Audit: A practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Means of Communication

The quarterly, half-yearly and annual results of the Company are published in leading newspapers, which include, Business standard and Andhraprabha. The results are also displayed on the Company's web site www.zenotechlabs.com. Official press releases made by the Company from time to time are also displayed on the website. Presentations made to the institutional investors and analysts after the declaration of quarterly, half-year and annual results are displayed on the Company's website. The Management's Discussion and Analysis is a part of the Company's annual report.

General Shareholders information

1 Annual General Meeting

Date	:	January 18, 2011
Time	:	11.00 A.M.
Venue	:	Survey No. 250-252, Turkapally Village, Shameerpet Mandal, R. R. District - 500 078, Andhra Pradesh

2 Financial Calendar

Year ending	:	March 31, 2010
AGM	:	January 18, 2011

3	Date of Book Closure	:	January 14, 2011 to January 18, 2011 (Both days inclusive)
4	Listing on Stock Exchange	:	Bombay Stock Exchange Limited (The Company has paid the listing fee for 2009-10 to the Bombay Stock Exchange Limited)
5	Stock Code / Symbol on BSE (Physical & Demat)	:	ZENOTECH LAB / 532039
6	International Securities Identification Number (ISIN) allotted to the Company's Shares	:	INE486F01012

7 **Market Price Data:** High, Low (Based on the closing prices) and number of shares traded during each month in the last financial year on the Bombay Stock Exchange Limited, Mumbai.

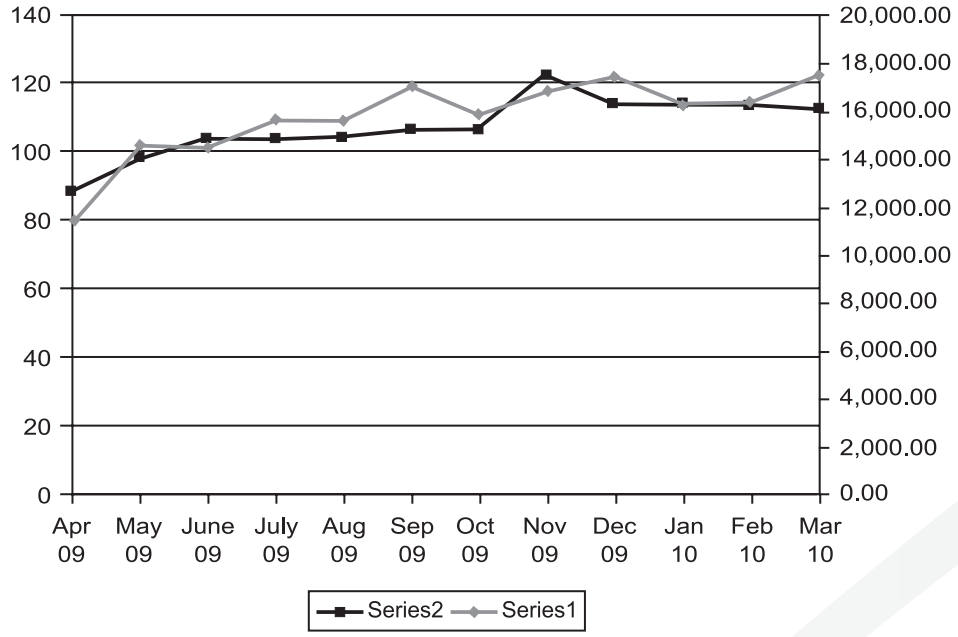
Month	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
Apr - 09	93.90	86.30	3,06,199
May - 09	104.00	86.00	7,39,529
June - 09	106.90	97.75	9,69,963
July - 09	109.00	102.30	19,64,340
Aug - 09	108.00	103.00	3,52,430
Sep - 09	119.70	100.00	6,40,341
Oct - 09	138.95	104.05	35,64,406
Nov - 09	127.90	107.10	7,56,397
Dec - 09	128.95	111.00	9,63,920
Jan - 10	123.95	113.40	17,57,578
Feb - 10	119.00	112.00	5,80,621
Mar - 10	122.85	112.50	7,84,490

8 Performance of share price of the Company in comparison to BSE Sensex

Month	Zenotech's Closing Price (Rs.)	BSE Sensex Closing
Apr - 09	88.85	11,403.25
May - 09	98.35	14,625,.25
June - 09	104.20	14,493.84
July - 09	104.05	15,670.31
Aug - 09	104.70	15,666.64
Sep - 09	107.10	17,126.84
Oct - 09	107.15	15,896.28
Nov - 09	122.65	16,926.22
Dec - 09	114.20	17,464.81
Jan - 10	114.25	16,357.96
Feb - 10	114.05	16,429.55
Mar - 10	112.95	17,527.77

(**Source:** The information is compiled from the data available from the BSE website)

Chart pertaining to the movement of Company's share price on BSE compared to BSE Sensex during the financial year 2009-10.



9 Registrar and Transfer Agents:

Name & Address : Karvy Computershare Private Limited
Unit: Zenotech Laboratories Limited
Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500 081
Tel: 91 - 40 - 23420818 & 23420828, Fax: 91 - 40 - 23420814
E-mail: ksreddy@karvy.com Website: www.karvy.com

10 Share Transfer System:

The Company's shares are traded in the stock exchanges compulsorily in Demat form. The Company's Registrar and Transfer agent is the common agency to look after physical and Demat share work. The shares lodged for transfer at the registrar are processed and returned to shareholders within the stipulated time.

11 Shareholding (as on March 31, 2010):

a) Distribution of shareholding as on March 31, 2010

No. of Shares	Holding Capital	% to accounts	No. of Accounts	% to Total
1 - 500	9,02,169	2.62	6,161	82.93
501 - 1000	4,89,304	1.42	582	7.83
1001 - 2000	4,24,098	1.23	273	3.67
2001 - 3000	3,17,585	0.92	123	1.66
3001 - 4000	1,71,099	0.50	46	0.62
4001 - 5000	2,60,066	0.76	55	0.74
5001 - 10000	5,94,485	1.73	78	1.05
10001 & above	3,12,66,194	90.82	104	1.50
GRAND TOTAL	3,44,25,000	100.00	7,422	100.00

b) Categories of Shareholders as on March 31, 2010

Category	No. of shareholders	No. of shares	Percentage
Indian Promoters	1	33,45,238	9.72
Foreign Promoters	1	24,12,500	7.01
Persons acting in Concert - Indian	1	30,60,500	8.89
Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	6	18,18,938	5.28
Foreign Institutional Investors	2	38,200	0.11
Private Corporate Bodies *	299	1,73,68,499	50.45
Indian Public	7,009	61,70,590	17.93
NRIs / OCBs	81	1,94,166	0.56
Clearing Members	22	16,369	0.05
TOTAL	7,422	3,44,25,000	100.00

* The Bodies Corporate as mentioned above includes 1,61,27,293 equity shares, constituting 46.85% of the paid-up capital of the company, belongs to Ranbaxy Laboratories Ltd., in respect of which, opinion regarding status of shareholder is awaited.