
Annual Report 2013 - 14

Annual Report

2013-14

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Notice

Notice is hereby given that the twenty fifth Annual General Meeting of Zenotech Laboratories Limited will be held on Monday, September 29, 2014 at 10.30 A.M. at Aalankrita Resorts, Hall: Ananda, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078, to transact the following business:

Ordinary Business:

1. To adopt the Financial Statement of the Company for the financial year ended 31st March, 2014 and the reports of the Directors' and Auditors' thereon.
2. To appoint statutory auditors 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 Section 139 (2) of the Companies Act, 2013 and the rules there under M/s B S R & Associates LLP, (Firm Regn. No. -116231W) Chartered Accountants 8-2-618/2, Reliance Humsafar, 4th Floor, Road No. 11, Banjara Hills, Hyderabad - 500 034, India, be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorized to fix their remuneration for the period".

Special Business:

3. 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 149, 152, 160 and other applicable provisions of the Companies Act, 2013, the Rules there under and read with Schedule IV thereto, Mr. K. L. Khurana (DIN - 02193237), a Director liable to retire by rotation under the erstwhile Companies Act, 1956 and holds office as Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years upto March 31, 2019."

4. 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 149, 152, 160 and other applicable provisions of the Companies Act, 2013, the Rules there under read with Schedule IV thereto, Dr. R. S. Bakshi (DIN-06381483), a Director liable to retire by rotation under Companies Act, 1956 and holds office as Independent Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years upto March 31, 2019.

5. 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 152, 160 and other applicable provisions of the Companies Act, 2013, the Rules there under, Mr. Rajiv Gulati (DIN- 06820663), Additional Director appointed in terms of the provisions of Section 260 of the erstwhile Companies Act, 1956 and liable to retire at the 25th Annual General Meeting, 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(s) the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED that in supersession of the Resolution passed by the Shareholders at the Extra-Ordinary General Meeting of the Company held on August 05, 2004 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 (Act), consent be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up Capital and Free Reserves of the Company, but be subject to an overall limit of 10000 lakhs (Rupees Ten thousand lakhs only)."

By order of the Board
For Zenotech Laboratories Limited

Place : Gurgaon
Date : August 30, 2014

K L Khurana
Chairman

Notes:

1. **The statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to Special Business is annexed hereto.**
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent, of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
3. The Register of members and Transfer Books of the Company will be closed from 25th, to 29th September, 2014 (both days inclusive).
4. The members are requested to -
 - a. Quote Ledger Folio/Client ID in all the correspondence.
 - b. Carry a copy of the Annual Report and attendance slip to the Meeting.
5. Members holding shares in physical form are requested to notify any change of their addresses timely to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Unit: Zenotech Laboratories Limited), Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Telangana. For members holding shares in electronic form, intimation needs to be made to the respective Depository Participant and not to the Company or the Registrar.
6. Members seeking any information with regard to accounts are requested to write to the Company atleast seven (7) days before the Meeting.
7. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
8. The Company pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, is extending e-voting facility for its members to enable them to cast their vote electronically instead of participating and voting physically at the Annual General Meeting. The Company has appointed Mr. Mahadev Tirunagari, Practicing Company Secretary who in the opinion of the Board is a duly qualified person, as a scrutinizer who will collate the electronic voting process in a fair and transparent manner.
9. The e-voting facility will be available at the link <https://evoting.karvy.com> during the voting period.
10. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company/their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs, with the Company/their respective Depository Participants are being forwarded the login id and password for e-voting along with process manner and instructions by e-mail.
11. Members are requested to note that the e-voting will open on September 23, 2014 and shall remain open for 3 days i.e. upto September 25, 2014. E-voting shall not be allowed beyond 6 P.M. on September 25, 2014.
12. The Procedure and instructions for e-voting are as follows:
 - i. Open your web browser during the voting period and navigate to ' <https://evoting.karvy.com>'
 - ii. Enter the login Credentials (i.e., user-id & password)provided to you as mentioned at point no.10 supra.
 - iii. Please contact toll free No. 1-800-34-54-001 for further clarifications.
 - iv. After entering these details appropriately, click on "LOGIN".

- v. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case(a-z), one number value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that Company opts e-voting through Karvy Computershare Private Limited e-voting platform. System will prompt you to change your password and update any contract details like mobile number, email ID etc. on first login. You may also enter the Secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. You need to login again with the new credentials.
 - vii. On successful login, system will prompt to select the 'Event' i.e., 'Zenotech Laboratories Limited.
 - viii. If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and casted your vote earlier for any company, then your exiting login id and password are to be used.
 - ix. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR ' and partially in 'AGAINST' but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select "ABSTAIN".
 - x. After selecting the resolution, if you have decided to vote on, click on "SUBMIT. A confirmation box will be displayed if you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xi. Once you "CONFIRM" YOUR VOTE ON THE RESOLUTION, you will not be allowed to modify your vote.
 - xii. Corporate/Institutional Members (corporate/FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to mahadev.pcs@gmail.com with copy to evoting@karvy.com. the file scanned image of the Board Resolution should be in the naming format "Corporate Name_Event no."
 - xiii. Once the vote on the resolutions is cast by the shareholder, he shall not be allowed to change it subsequently.
13. Members are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the M/s. Karvy Computershare Private Limited, the Registrars and Transfer Agents at the aforesaid address.

ANNEXURE TO THE NOTICE

(Statement pursuant to Section 102(1) of the Companies Act, 2013)

Brief resume and other information in respect of Directors seeking appointment at the Annual General Meeting pursuant to Clause 49 of the Listing Agreement

Item No.3

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 every listed company is required to have atleast one-third of the total number of Directors as Independent Directors, who shall hold office for a term upto five (5) consecutive years.

Mr. K. L. Khurana is appointed as Director liable to retire by rotation under the erstwhile Companies Act, 1956 and he holds office as Independent Director according to Clause 49 of the listing agreement.

The Company has received consent from Mr. K. L. Khurana conveying his willingness to continue as Director and has accordingly, submitted declarations stating that he fulfills the conditions of being appointed as Independent Director as prescribed under Sub Section (6) Section 149 of the Companies Act, 2013. The Board of Directors after review of the declarations is also of the opinion that he fulfills the conditions specified under the act for such appointment.

The Company has received notice in writing from a member along with the requisite deposit under Section 160 of the Act proposing the candidature of Mr. K. L. Khurana to the office of Independent Director. Accordingly and as recommended by the Board, it is proposed to appoint Mr. K. L. Khurana as Independent Director under the provisions of Section 149 of the Companies Act, 2013 to hold office for five (5) consecutive years and he shall not be liable to retire by rotation.

Brief profile of Mr. K. L. Khurana

Mr. K. L. Khurana aged about 72 years is B. Tech. in Chemical Engineering from University of Madras and M. Tech. in Chemical Engineering from IIT Kharagpur. Mr. Khurana has rich experience of over 46 years and had been earlier associated with companies like Coromandal Fertilizers Ltd., Hindustan Insecticides Ltd. and Ranbaxy Laboratories Ltd. Currently, he is into providing technical services to process industries and manufacturing process instruments.

The Board of Directors considers that appointment of Mr. K. L. Khurana as an Independent Director would immensely benefit the Company and therefore, recommends the proposal for approval of the Shareholders.

Mr. K. L. Khurana is not Director of any other company and does not hold any share in the Company nor related to any other Director of the Company.

Except Mr. K. L. Khurana and his relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution set forth above under this item no.3.

Item No.4

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 every listed company is required to have atleast one-third of the total number of Directors as Independent Directors, who shall hold office for a term upto five (5) consecutive years.

Dr. R. S. Bakshi is appointed as Director liable to retire by rotation under the erstwhile Companies Act, 1956 and he holds office as Independent Director according to Clause 49 of the listing agreement.

The Company has received consent from Dr. R. S. Bakshi conveying his willingness to continue as Director and has accordingly, submitted declarations stating that he fulfills the conditions of being appointed as Independent Director as prescribed under Sub Section (6) Section 149 of the Companies Act, 2013. The Board of Directors after review of the declarations is also of the opinion that he fulfills the conditions specified under the act for such appointment.

The Company has received notice in writing from a member along with the requisite deposit under Section 160 of the Act proposing the candidature of Dr. R. S. Bakshi to the office of Independent Director. Accordingly and as recommended by the Board, it is proposed to appoint Dr. R. S. Bakshi as Independent Director under the provisions of Section 149 of the Companies Act, 2013 to hold office for five (5) consecutive years and he shall not be liable to retire by rotation.

Brief profile of Dr. R. S. Bakshi.

Dr. R. S. Bakshi aged about 65 years, did his M.B.B.S from Government Medical College, Amritsar. During his illustrious career spanning over thirty nine years, Dr. Bakshi has been associated with various hospitals, NGOs, bodies and institutions providing community healthcare services to the underprivileged sections of society. Dr. Bakshi has been associated with various programs providing preventive, promotive and curative services spanning areas of maternal child health, family planning, reproductive health, adolescent health, health education including AIDS awareness.

The Board of Directors considers that appointment of Dr. R. S. Bakshi as an Independent Director would immensely benefit the Company and therefore, recommends the proposal for approval of the Shareholders.

Dr. R.S. Bakshi is not Director of any other company and does not hold any share in the Company nor related to any other Director of the Company.

Except Dr. R. S. Bakshi and his relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution set forth above under this item no.4.

Item No. 5

Mr. Rajiv Gulati was appointed as Additional Director of the Company effective from February 14, 2014. Pursuant to the provisions of Section 161 (1) of the Companies Act, 2013, his office as Additional Director shall expire at the ensuing Annual General Meeting.

The Company has received consent from Mr. Rajiv Gulati conveying his willingness to continue as Director and has accordingly, submitted declarations stating that he fulfills the conditions of being appointed as a Director. The Board of Directors is also of the opinion that he fulfills the conditions specified under the Companies Act, 2013 for such appointment.

The Company has received a notice in writing from a member along with the requisite deposit in terms of Section 160 of the Act proposing him as Director. Accordingly, it is proposed to appoint Mr. Rajiv Gulati as Director liable to retire by rotation.

Brief profile of Mr. Rajiv Gulati

Mr. Rajiv Gulati aged about 57 years has over 28 years of experience in the pharmaceutical industry, spanning generic and innovator companies.

An MBA, from the Indian Institute of Management, Ahmedabad, India, he also holds an M.Pharm degree from the Banaras Hindu University, India.

He has worked extensively in multicultural global business leadership roles in many countries, including the US, across wide-ranging domains such as business revitalisation; in-licensing/out-licensing of technologies and products; and the creation and implementation of long term strategies. A seasoned professional, Mr. Gulati is adept at managing large business teams across key functions of Marketing, Business Development and Corporate Strategy.

He has been associated with the Pharmaceutical Industry as Vice President of the Organisation of Pharmaceutical Producers of India (OPPI); Chair - Pharmaceutical Industry, American Chamber of Commerce (AMCHAM), New Delhi, India; and Advisory Board Member of the National Institute of Pharmaceutical Education and Research (NIPER).

The Board of Directors considers that appointment of Mr. Rajiv Gulati as a Director would immensely benefit the Company and therefore, recommends the proposal for approval of the Shareholders. Mr. Gulati is nominated onto the Board by Ranbaxy Laboratories Ltd and is a Non Executive Promoter Director.

Mr. Rajiv Gulati is not Director of any other Indian company and does not hold any share in the Company nor related to any other Director of the Company.

Except Mr. Rajiv Gulati and his relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution set forth above under this item no.5.

Item No. 6

The Shareholders at the Extra-Ordinary General Meeting held on August 05, 2004 had authorised the Board of Directors to borrow any sum or sums of money from time to time (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) notwithstanding that the money or monies to be borrowed may exceed Company's paid up capital and free reserves but subject to the overall limit of INR 5000 Lakhs.

In view of persistent losses and to meet the requirement of additional borrowing as may arise from time to time, consent of the Shareholders is sought to authorise the Board to borrow up to INR 10000 Lakhs (Rupees Ten Thousands Lakhs only). Provisions of Section 180 of the Companies Act, 2013, require approval of the Shareholders by way of a Special Resolution.

In view of the foregoing, the Board recommends approval to the proposed Special Resolution to increase the borrowing limit of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution set forth above under this item no.6.

By order of the Board
For Zenotech Laboratories Limited

Place : Gurgaon
Date : August 30, 2014

K L Khurana
Chairman

Directors' Report

Your Directors are pleased to present the twenty fifth Annual Report together with the audited accounts of the Company for the year ended March 31, 2014.

Standalone results

(₹ in thousands)

Particulars	2013-14	2012-13
Sales (net)	27,557	30,441
Other Income	23,868	1,719
Depreciation	35,561	35,150
Loss before tax	(228,554)	(255,219)
Exceptional Items	-	-
(Loss) after tax	(228,554)	(255,219)
Loss brought forward from previous year	(12,47,557)	(992,338)
Profit/(Loss) carried forward to Balance Sheet	(1,476,111)	(1,247,557)

OPERATIONS

The year under review was challenging for your Company in the absence of technical documents, as it strived to revive the bio-technology division to manufacture products such as Rituximab with the available cell lines. After repeated trials on bacterial cell lines, your Company was able to manufacture products such as GCSF and GMCSF on commercial lines. It was however observed that expressions of the mammalian products was exceptionally low demonstrating that the available cell lines were weak. Your Company recognized that manufacturing of products with minimal yield would lead to unacceptable commercial viability, leading to further losses. Therefore, the limited operations at Unit-II are temporarily suspended.

As members are aware, there are legacy issues that inhibit your Company from delivering commercially viable products. Most vital technical information and essential lab records have not been accessible since 2011, the time when the present management took over the actual control of the affairs of your Company. All the DNA clones relating to the biotech products and projects on which your Company was working upon have been unavailable.

Team Zenotech is committed to strengthen the business performance, create and rebuild product pipeline and deliver superior results despite the constraints and hence has been focused on the core business of chemo oncological range. The team has commenced work on technical and clinical data collection for preparation of regulatory approval applications for building a product range with market opportunities in emerging markets.

While your Company has been vigorously pursuing the erstwhile promoter with criminal law suits and is confident of positive outcome, the management is fully committed to develop products that are in demand in commercially attractive therapeutic segments.

In the meantime, your Company is streamlining, cost cutting and turning cost competitive and as part of the action plan aims to improve the operational efficiency. At the same time, care is also being taken not to compromise on quality of both processes and products and to gear Zenotech to meet the demands of a highly competitive market.

During the year under review, WHO GMP approval was received for the range of products manufactured in the Company's facility. Operations in chemo-oncologicals were continued and supplies were made in the domestic market. Your Company participated in select tenders and it is gratifying that orders from institutional supplies, though of small volumes, are being received.

OUTLOOK

Looking ahead, your Company aims to explore opportunities in the international markets and has generated interest among a few customers. It must be appreciated that such rebuilding exercise of a pharmaceutical organization has to be

calibrated carefully which is inherently a time consuming process, with probable under utilization of manufacturing capacity. Efforts are hence, being made to seek business by offering in-house facilities to reputed companies to outsource their requirements by manufacturing at Zenotech's production units. Overall, your Company is positive that revenue streams would improve in the foreseeable future.

RESEARCH & DEVELOPMENT

A detail on Research & Development has been provided in form B to annexure-C attached and forms part of this report.

BIFR

The Company became a Potential Sick Company as defined under Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) in the year ended March 31, 2011. The Company continues to be a potentially sick company under the said provisions. The matter has been intimated to Board for Industrial and Financial Reconstruction (BIFR). A report on the foregoing is provided as annexure - A to this report.

PUBLIC ANNOUNCEMENT BY SUN PHARMA UNDER SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 2011

On April 6, 2014, the Board of Directors of Sun Pharmaceutical Industries Limited have communicated that they ('Sun Pharma/Acquirer') and Ranbaxy Laboratories Limited ('Ranbaxy'), have approved a Scheme of Arrangement under the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013 ('Scheme') whereby Ranbaxy shall merge into Sun Pharma ('Primary Acquisition').

By virtue of Ranbaxy holding 16,127,293 equity shares representing 46.79% of the fully diluted equity and voting capital of Zenotech Laboratories Limited (Zenotech), post consummation of the Primary Acquisition and the consequential implementation of the Scheme, the merger of Ranbaxy into Sun Pharma pursuant to the Scheme will result in Sun Pharma indirectly acquiring 46.79% of the voting rights held by Ranbaxy in, and control over Zenotech, although the acquisition of voting rights in or control over Zenotech is not the objective of the Primary Acquisition.

Accordingly, a public announcement has been issued pursuant to Regulation 3(1) and Regulation 4 read with Regulation 5(1) and Regulation 13(2)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for and on behalf of the Acquirer to the public shareholders of Zenotech excluding the Acquirer, person acting in concert with the Acquirer, Ranbaxy, person acting in concert with Ranbaxy or such other persons as are excluded by law.

However, in terms of the explanation to the proviso to Regulation 13(4) of the SEBI (SAST) Regulations, this Open Offer is subject to the completion of the Primary Acquisition as provided in the Scheme and other executed documents. Therefore, it is hereby clarified that in the event the Acquirer is unable to exercise or direct the exercise of voting rights in, or control over, Zenotech on account of the Primary Acquisition having failed, the Acquirer shall not proceed with this Open Offer.

SHARE CAPITAL

The authorized share capital of the Company has been increased from ₹ 35 crores to ₹ 100 crores during the year under review, while the subscribed and the paid up capital remain unchanged.

AUDITORS' QUALIFICATIONS/REMARKS

With regard to qualifications/remarks contained in the Auditors' Report and Annexure thereto, your Directors' wish to state as under:

- a. Regarding Para No. 1 in the Basis for Qualified Opinion of the Audit report: Reconstructed books of account for the financial years ended March 31, 2011 and 2012, differences between the current management and the then Co-Managing Director, non resolution of the above, inability of the auditors to determine the adjustments/disclosures which may become necessary etc.: As has been reported in the annual report for the previous year, it is reiterated that your Company, under the current management, has initiated appropriate steps to recover various missing assets and properties, valuable information and records of the Company and the matters are currently being investigated or sub-judice.

Post November 12, 2011, the reconstruction of the books of account for the years ended March 31, 2011 and March 31, 2012 were carried out by the present management with the best of its ability within the constraints. Any further adjustments/disclosures to the financial statements, if required, would be made in the financial statements as and when the outcome of the uncertainties related to those years become known and the consequential adjustments/disclosures are identifiable/determinable.

- b. Regarding Para No. 2 in the Basis for Qualified Opinion of the Audit report: Contravention of the provisions of Companies Act, 1956 with respect to payment of ₹ 7,980 thousands towards managerial remuneration for the period from October 1, 2007 to March 31, 2011: It is informed that your Company in order to recover the excess amount paid, has filed money suit before the Hon'ble Court of Chief Judge, City Civil Court, Hyderabad, and the matter is currently sub-judice.
- c. Regarding Para No. 3 in the Basis for Qualified Opinion of the Audit report: Application made to the Ministry of Corporate Affairs, Government of India (MCA) seeking approval to pay remuneration to Mr. B. K. Raizada, former Managing Director of the Company: The management wishes to inform that MCA vide letter dated February 27, 2012 conveyed approval to the Company to pay remuneration to Mr. B. K. Raizada subject to the condition that the Company cleared its outstanding dues to Technology Development Board (TDB) and file a compliance report with MCA by February 29, 2012. As the Company is unable to repay the outstanding dues towards the loan assistance granted by TDB, the Company has not been able to pay remuneration to Mr. B. K. Raizada, former Managing Director of the Company.
- d. Regarding Para No. 4 in the Basis for Qualified Opinion of the Audit report: Notice by ex-Director pursuant to Section 299 of Companies Act, 1956 for the year ended March 31, 2013, non availability of complete information etc.: This is to inform you that the ex Director ceased to be a Director of the Company effective from December 28, 2012 and there was no business transaction with him during the year ended March 31, 2014.
- e. Regarding Point no. (x) of Annexure to the Audit Report: Accumulated losses exceeding fifty percent of Company's net worth: Appropriate intimation has been made to Board for Industrial and Financial Reconstruction under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and a more detailed report has been attached as annexure - A to this report.
- f. Regarding Point no. (xi) of Annexure to the Audit Report: Outstanding dues that included interest on the loan assistance granted by Technology Development Board was overdue. The Company has no other outstanding loans from any bank/financial institution.
- g. Regarding Point no. (xvii) of Annexure to the Audit Report: Money raised on short-term basis utilized for long-term uses: The utilization was made due to losses suffered by the Company. The management is taking all the requisite steps to minimize costs and increase revenue to meet its short-term fund requirements.

CONSOLIDATED FINANCIAL STATEMENTS

As has been reported in annual reports for the financial years ended March 31, 2012 and 2013, it is reiterated that the overseas subsidiaries of the Company do not exist anymore. Due to the missing and non-availability of the books of account and other related records and documents of those overseas subsidiaries, the Company is unable to prepare consolidated accounts and attach the required statements and particulars in terms of the provisions of Section 212 of the Companies Act, 1956 and the listing agreement with BSE Ltd.

Overseas subsidiaries were apparently created, investments and loans were made during the period from 2006-07 to 2010-11 under the erstwhile management. It was the responsibility of that management to handover those details to the present management during the transition. However, no details on those subsidiaries were made available to your Company. Despite several attempts by the current management to recover them, details concerning those subsidiaries including the documents and certificates related to the foreign exchange transactions which included loans and investments made to those foreign subsidiaries, could not be obtained.

The erstwhile management deliberately ignored and has so far remained non-compliant to the directions of your Company. Your Company therefore has filed a complaint before the Hon'ble Economic Offences Court, Nampally, Hyderabad, under