

# **31st ANNUAL REPORT 2015 - 2016**



**GENNEX LABORATORIES LIMITED**

**(GENNEX You Can Trust)**



**BOARD OF DIRECTORS**

Mr. Arihant Baid	–	<i>Managing Director</i>
Mr. T.M. Gopalakrishnan	–	<i>Whole-time Director</i>
Mr. Y. Ravinder Reddy	–	<i>Independent Director</i>
Ms. Sadhana Bhansali	–	<i>Independent Director</i>
Mr. Dipankar Dasgupta	–	<i>Independent Director</i>

**CHIEF FINANCIAL OFFICER**

Mr. Laxmipat Baid

**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. Telangana.

**STATUTORY AUDITORS**

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

**SECRETARIAL AUDITOR**

B S S & Associates  
Company Secretary  
Parameswara Apartments  
# 6-3-626, 5th Floor, 5-A  
Anand Nagar, Khairatabad  
Hyderabad – 500 004.

**INTERNAL AUDITOR**

Mr. Laxmipat Baid

**REGISTRAR & SHARE TRANSFER AGENTS**

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

**BANKERS**

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

Website: [www.gennexlab.com](http://www.gennexlab.com)  
CIN: L24230TG1990PLC011168  
Stock Exchange: Bombay Stock Exchange  
ISIN: INE509C01026



**NOTICE**

Notice is hereby given that the 31st Annual General Meeting of the Members of GENNEX LABORATORIES LIMITED will be held on Friday, September 30, 2016 at 11:00 a.m. at Registered Office of the company situated at Sy. No. 133, IDA Bollaram, Jinnaram Mandal, Medak District - 502 325, Telangana, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Financial Statements for the Financial Year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon and in this regard pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Audited Accounts of the Company containing the Balance Sheet and the Statement of Profit & Loss for the year ended 31st March, 2016 together with their Annexures and the Reports of the Auditors and Directors thereon be and are hereby received, considered, approved and adopted.”

2. To appoint a Director in the place of Mr. T.M. Gopalakrishnan (DIN 03137458), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. T.M. Gopalakrishnan (DIN 03137458) be and is hereby re-appointed as Whole-time Director liable to retire by rotation.”

3. Appointment of Auditors

To ratify the appointment of the auditors of the Company, and to fix their remuneration and to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to Section 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by the members at the

Annual General Meeting held on September 30, 2014 and pursuant to the recommendation of the Audit Committee of the Board, the appointment of M/s. Laxminiwas & Jain, Chartered Accountants (Firm Registration No. 001859S), Hyderabad be and is hereby ratified as the Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of next Annual General Meeting to be held in the calendar year 2017 and that the Board of Directors be and is hereby authorized to pay such remuneration, as may be determined by the Board of Directors in consultation with the Audit Committee, payable to them in addition to reimbursement of all out-of-pocket expenses in connection with audit of the accounts of the Company for the Financial Year ending March 31, 2017.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to fix such remuneration and the reimbursement of out-of-pocket expenses, if any, as may be determined by the Audit Committee and the Board of Directors of the Company.”

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

**SPECIAL BUSINESS:**

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 143(8) and all other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Sibsankar & Associates, Chartered Accountants (Firm Registration No. 323691E) as Branch Auditors to hold office



from the conclusion of this meeting until the conclusion of the 32nd Annual General Meeting to be held for the financial year 2016-17 on such remuneration as may be determined by the Board of Directors.”

By Order of the Board of Directors  
for **Gennex Laboratories Limited**  
**Arihant Baid**  
Managing Director  
(DIN 01171845)

Place:Hyderabad

Date :August 29, 2016

*Registered Office:*

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

Email id: investorrelations@gennexlab.com

## **NOTES**

1. The statements pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business set out in the notice and Secretarial Standard on General Meetings (SS-2), wherever applicable, are annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and a proxy need not be a member of the Company. The instrument appointing a proxy in order to be effective, should be deposited at the registered office of the Company duly completed and signed, not less than forty-eight hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty (50) 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 a proxy and such person shall not act as proxy for any other person or member. A Proxy form is enclosed herewith.
5. Corporate Members intending to send their respective authorized representative are requested to send a duly certified copy of the Board/Governing Body resolution authorizing such representative to attend and vote at the Annual General Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of Listing Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2016 to 30th September, 2016 (both days inclusive).
8. Pursuant to Secretarial Standard on General Meeting (SS-2) in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment.
9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members who are holding shares in physical forms are requested to notify changes in their respective address/Bank Mandate/ National Electronic Clearing Service (NECS) details, if any, to Company's Registrar i.e. R&D Infotech (P) Ltd., 1st Floor, 7A, Beltala Road, Naresh Mitra Sarani, Kolkata – 700 026. Beneficial owners holding shares in electronic form are requested to intimate change in address/Bank Mandate/ National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP). Members are requested to register/ update their e-mail addresses with the Registrar in case of shares held in physical form and with their respective Depository Participants in case shares are held in electronic form.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.  
SEBI has also mandated, that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company

11. Electronic copy of the Annual Report for the Financial Year 2015-16 along with the Notice of the 31st Annual General Meeting of the Company (including Attendance Slip, Proxy Form and Route Map) is being sent to all the members whose email IDs are registered with the Registrar/Depository Participant(s) 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 Annual Report for the Financial Year 2015-16 along with Notice of the 31st 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 by other permissible modes.
12. Members may also note that the Notice of the 31st Annual General Meeting and the Annual Report for the Financial Year 2015-16 will also be available on the Company's website [www.gennexlab.com](http://www.gennexlab.com) and on the website of the Registrar [www.rdinfotech.org](http://www.rdinfotech.org) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by any permissible mode free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [investorrelations@gennexlab.com](mailto:investorrelations@gennexlab.com).
13. Pursuant to the provisions of Section 72 of the Companies Act 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility
14. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during normal business hours on all working days.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which Directors are interested under section 189 will be made available for inspection by members of the Company at the meeting.
16. To support the 'Green Initiative' the members who have not registered their e-mail addresses are requested to register the same with M/s. R&D Infotech (P) Ltd.
17. Members are requested to bring their copy of the Annual Report with them to the AGM and also bring the attendance slip duly filled and signed and submit at the entrance of the venue.
18. Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again.
19. Voting through electronics means:  
Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) executed by the company with the BSE Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).  
A member may exercise his/her vote at any General Meeting by electronic means and



Company may pass any resolution by electronic voting system in accordance with Companies (Management and Administration) Amendment Rules, 2015.

During the e-voting period, members of the Company holding shares either in physical form or dematerialised form, as on the cut-off date (record date) i.e., (Friday, September 23, 2016), may cast their vote electronically.

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or [www.gennexlab.com](https://www.gennexlab.com) Voting either through electronic voting system or ballot or polling paper will be available at the meeting for the members attending the meeting who have not cast their vote by remote e voting. Members who have cast their vote by remote e voting prior to the AGM may also attend the meeting but shall not be entitled to cast their vote at the AGM.

**The procedure to login to e-Voting website is given below:**

1. Open the attached PDF file “e-Voting.pdf” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on “Shareholder - Login”.
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com)

5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof
6. Home page of remote “e-Voting” opens. Click on e-Voting: Active Voting Cycles
7. Select EVEN (E-Voting Event Number) of GENNEX LABORATORIES LIMITED. Members can cast their vote online from September 27, 2016 (09:00 am) till September 29, 2016 (05:00 pm).
8. Now you are ready for “e-Voting” as “Cast Vote” page opens.
9. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [rbhattad@gmail.com](mailto:rbhattad@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**General instructions:**

- a. The e-voting period commences on September 27, 2016 (09.00 am) till September 29, 2016 (05:00 pm). During this period shareholders of the Company may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- c. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- d. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.



- e. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2016.
- f. Mr. B. Ramesh Kumar, Practicing Chartered Accountant has been appointed by the Company to act as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- g. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- h. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- i. The results declared along with the Scrutinizer's Report shall be placed on the Company's website viz., [www.gennexlab.com](http://www.gennexlab.com) and on the website of NSDL and BSE after AGM.

All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 (1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to date of declaration of the result of the 31st Annual General Meeting of the Company.

Other information:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

**Members holding Equity Shares in Electronic Form and Proxies thereof, are requested to bring their DP ID and Client ID for identification**



**Additional information on Directors recommended for appointment / re-appointment as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and Secretarial Standard-2**

Name of the Director	T M Gopalakrishnan
DIN	03137458
Date of Birth	09.07.1951
Age	66 years
Qualification	M.Tech. in Chemical Engineering
Experience	30 years experience in Pharmaceutical Industry and has vast chemical knowledge
Relationship with other director/Manager and other KMP	No relationship
No of Shares held	100
Directorships of other Board	NIL
Membership/Chairmanship of Committees of other Board	NIL

Note: Pursuant to Regulation 26 of the SEBI Listing Regulations, for the purpose of determination of limit, chairpersonship and membership of the Audit Committee and the Stakeholders Relationship Committee alone has been considered.

Except Mr. T M Gopalakrishnan and their relatives, none of the other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 2 of the Notice.

By Order of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
(DIN 01171845)

Place:Hyderabad

Date :August 29, 2016

*Registered Office:*

Sy.No. 133, IDA Bollaram, Jinnaram Mandal,

Medak District - 502 325, Telangana

Email id: investorrelations@gennexlab.com





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**ANNEXURE TO NOTICE OF AGM**

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

**Item No. 4**

Members had, at the 29th Annual General Meeting held on 30th September 2014, approved the appointment of M/s. Sibsankar & Associates, Chartered Accountants (Firm Registration No. 323691E) as Branch Auditors of ‘Gennex Laboratories Limited’, to audit the Branch Office(s) for the Three (3) Financial Years 2014-15, 2015-16 and 2016-17. Rule 3(7) of Companies (Audit and Auditors) Rules, 2014 states that the appointment of the auditor shall be subject to ratification by the members at every Annual General Meeting till the expiry of the term of the Auditor. In view of the above, the appointment of M/s. Sibsankar & Associates, Chartered Accountants, as the Branch Auditors of ‘Gennex Laboratories Limited’ from the conclusion of this Meeting until the conclusion of the Annual General Meeting to be held for the Financial Year 2016-17 is being placed for members’ ratification. The Board commends the passing of the Ordinary Resolution at Item No. 4 of the accompanying Notice for approval by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

By Order of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
(DIN 01171845)

Place:Hyderabad

Date :August 29, 2016

*Registered Office:*

Sy.No. 133, IDA Bollaram, Jinnaram Mandal,

Medak District - 502 325, Telangana

Email id: investorrelations@gennexlab.com

**DIRECTORS' REPORT**

Your Directors are pleased to present the 31st Annual Report and the Audited Financial Statements for the Financial Year ended 31st March, 2016.

**1. Financial Results** *(Rs. in Lakhs)*

	<b>31.03.2016</b>	31.03.2015
Total Revenue	<b>3877.03</b>	3208.27
Profit before finance cost, depreciation and tax expense	<b>441.10</b>	220.95
Finance cost	<b>50.38</b>	47.63
Profit before depreciation and tax expense	<b>390.72</b>	173.32
Depreciation	<b>83.60</b>	88.60
Profit before tax expense	<b>303.34</b>	84.71
Tax expense	<b>69.64</b>	19.30
Net Profit for the year	<b>233.69</b>	65.41
Profit brought forward from earlier year	<b>574.31</b>	508.90
Profit available for appropriation	<b>808.00</b>	574.31

**State of the Company's Affairs**

Your Directors wish to present the details of Business operations done during the year under review: During the year under review your Company has recorded a total Revenue of Rs. 3877.03 lakhs as against Rs. 3208.27 lakhs in the previous year, and the Company has recorded the Profit before Finance Cost, Depreciation and Tax Expenses of Rs. 441.10 lakhs (2015-16) as against Rs.220.95 lakhs (2014-15). In the current year the Net profit is Rs.233.69 Lakhs against the previous year 65.41 lakhs. There is steep increase in the Turnover and Profit during the year under review and the all efforts are being made to make the Company to be reckoned with in the Pharma Arena and your Directors are hopeful that the Company would be making better performance with higher turnover and profits in the coming years too.

**Future Outlook**

The Management of the Company is making all its efforts for manufacturing additional APIs by enhancing the production capacities and increased R & D efforts for which the management is also exploring the possibilities of various options to raise the required funds. The Management of the Company is also making all its efforts in bringing the unit at Zaheerabad operational by July, 2017, wherein the Management is looking for establishing an US (FDA) Plant with approvals from EDQM and TGA (Therapeutic Goods Administration) for manufacturing High Value Low Volume and Low Volume High Value Active Pharmaceutical Ingredients (APIs). As soon as the unit becomes operational, the Management is confident of giving Gennex an International province. The management is exploring various options to raise the required funds to make the unit operational.

**Share Capital:****Authorized Share Capital**

During the year under review, there was no change in authorized share capital of the Company. Authorized share capital of the company as on March 31, 2016 was Rs.16,00,00,000/-, comprising of 16,00,00,000 equity shares of Rs.1.00 each.

**Paid-up Share Capital**

During the year under review, there was no change in paid up share capital of the Company. Paid up share capital of the company as on March 31, 2016 was Rs. 12,65,03,000/-, comprising of 12,65,03,000 equity shares of Rs.1.00 each

**Buy Back of Securities**

The Company has not bought back any of its securities during the year under review.

**Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review.

**Bonus Shares**

The Company has not issued any bonus shares during the year under review.

**Employees Stock Option**

The Company has not provided any Stock Option Scheme to the employees.

**Dividend**

Your Directors have not recommended any dividend on Equity Shares for the year under review.

**Transfers to Reserves**

Your Board of Directors does not appropriate any amount to be transferred to General Reserves during the year under review.

**Fixed Deposits**

During the year under review, your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 read with rules made there under

**Subsidiaries and associates**

As on March 31, 2016, we have one associate and in this regard a statement containing the salient features of the financial statement of our Associates in the prescribed format AOC-1 is appended as Annexure-I to the Board's report.

**Particulars of Contracts & Arrangements with Related Parties**

All transactions entered by the Company with Related Parties were in the Ordinary course of Business and are at Arm's Length pricing basis. The Audit Committee granted approvals for the transactions and the same were reviewed by the Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the financial year 2015-16 which were in conflict with the interest of the Company. The details of contracts and arrangements with related parties as referred to in Section 188(1) of the Companies Act, 2013 were given as Annexure - II to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

**Particulars of Loans, Guarantees or Investments**

Pursuant to section 186 of Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company neither has, directly or indirectly, given any loan to its Directors nor extended any guarantee or

provided any security in connection with any loan taken by them. Further, the Company has neither given any inter-corporate loan / advance nor made any investments in other companies during the financial year 2015-16.

**Number of Board Meetings held**

During the year ended March 31, 2016, five Board Meetings were held.

The dates on which the Board meetings were held are 30.05.2015, 14.08.2015, 14.11.2015, 22.01.2016 and 13.02.2016, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard-1.

**The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 (Act) read with the Companies (Accounts) Rules, 2014**

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is prepared and the same is enclosed as Annexure - III to this Report.

**Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees**

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as Annexure - IV.

**Extracts of Annual Return**

The Extracts of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed as Annexure - V to this Report.

**Declaration by Independent Directors**

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of



independence as per sub-section (6) of Section 149 of the Act.

**Familiarization programme for Independent Directors**

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

**Independent Directors' Meeting**

The Independent Directors met on 13.02.2016, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Directors Responsibility Statement as required under Section 134 of the Companies Act, 2013**

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- i. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of Profit and Loss Account of the Company for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and

for preventing and detecting fraud and other irregularities;

- iv. that the Directors have prepared the Annual Accounts for the Financial Year ended March 31, 2016 on a going concern basis;
- v. that the Directors have laid down Internal Financial Controls to be followed by the company and that such Internal Financial Controls are adequate and were operating effectively; and
- vi. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Corporate Governance**

The Company is committed to good corporate governance in line with the Listing Agreement (upto 30th November, 2015) and Schedule V of Listing Regulations (with effect from 1st December, 2015) and Provisions, Rules and Regulations of the Companies Act, 2013. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with BSE. A certificate of compliance from M/s. Laxminiwas & Jain, practicing Chartered Accountants and the report on Corporate Governance form part of this Directors' Report.

**Management Discussion and Analysis**

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis given below discusses the key issues concerning the business and carried on by the Company and the same is enclosed as Annexure - VI to this Report.

**Corporate Social Responsibility (CSR) Initiatives:**

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company ie. (a) network of the Company to be Rs.500 crore or more; or (b) turnover of the company to be Rs. 1,000 crore or more; or (c) net profit of the company to be

Rs. 5 crore or more. As the Company does not fall under any of the threshold limits given above, the provisions of section 135 are not applicable to the Company.

**Details of Directors or Key Managerial Personnel who were appointed or have resigned during the Year**

In terms of Section 152 of the Companies Act, 2013, Mr. Tiruvarur Muralidharan Gopalakrishnan, Whole Time Director would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Mr. Tiruvarur Muralidharan Gopalakrishnan has offered himself for re-appointment.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013.

There was no other appointment or cessation of appointment of key managerial personnel during the Financial Year.

**Statutory Auditors**

At the Annual General Meeting held on September 30th, 2014, Laxminiwas & Jain, Chartered Accountants (Firm Registration No. 001859S), Hyderabad, were appointed as Statutory Auditors of the Company to hold office for a period of three years i.e., till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013 the appointment of the Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the said appointment of Laxminiwas & Jain, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company is placed for ratification by the Shareholders. In this regard, the Company has received a certificate from the Auditors to the effect that if their appointment is ratified, it would be in accordance with the provisions of Section 141 of the Act. The Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

**Qualification by Statutory Auditor**

Information & Explanation in respect of Qualification / Reservation or Adverse remarks

contained in Independent Auditor's Report under Paras: Basis for Qualified opinion, Emphasis of Matter and Other Matters:

Balance in Advances, Deposits, Unsecured loans, other Liabilities, Trade Receivables, Trade Payables and Advances against Suppliers are subject to confirmation by respective parties.

**Board's Response:**

As pointed out by the Statutory Auditors, the company has not obtained confirmation of balances of Advances, Deposits, Unsecured Loans, other liabilities, Trade Receivables, Trade Payables and advance against Suppliers. The Company has made best of its efforts to obtain the same before signing the accounts for current financial year as well as for last financial year. Further, the management of the company confirms that balances shown in the books are true and correct as per their knowledge.

**Internal Auditors**

The Board of Directors of the Company appointed Mr. Laxmipat Baid to conduct Internal Audit of the Company for the Financial Year ended 31st March, 2016.

**Audit Committee**

There is no such incidence where Board has not accepted the recommendation of the Audit Committee during the year under review.

**Vigil Mechanism**

The Board of Directors have adopted Whistle Blower Policy. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases.



### **Secretarial Audit Report**

As per the provisions of Section 204 of the Companies Act, 2013, the Board of Directors has appointed M/s. BSS & Associates, Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit of the company for the Financial Year ended on March 31, 2016. Secretarial Audit Report issued by Mr. S. Srikanth, Partner of M/s BSS & Associates, Company Secretaries, in Form MR-3 is enclosed as Annexure - VII to this Annual Report.

The following qualification was observed by the Secretarial Auditor in his Report to which the Board has shared the following explanations:

*Qualification:* The Company has not appointed Company Secretary as required under the Provisions of section 203 of the Companies Act, 2013 and Regulation 6 of the Listing Regulation entered with Stock Exchange(s), and other disclosures with Stock exchange.

*Response:* The Company is in the process to appoint a suitable person as Company Secretary of the company to comply with the provisions under section 203 of the Companies Act, 2013. There was delay in disclosures with Stock Exchange due to inadvertence.

### **Insurance**

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured. Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements

1. The Company has set Internal Control Systems to maintain accurate and complete accounting records, to safeguard its assets, to prevent and detect any frauds and errors.
2. The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flows of organization is being done through the approved policies of the Company. In every Quarter during the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations; and
3. The Board of Directors of the Company

have adopted various policies like Related Party Transactions Policy, Fixed Assets Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The names of companies which have become or ceased to be company's subsidiaries, joint ventures or associate companies during the year: -NIL-

### **Change in the nature of business**

There is no change in the nature of business of the Company.

The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

No Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

### **Industrial Relations**

Industrial relations continued to be cordial throughout the year under review.

### **Material changes and commitments**

There are no Material changes and commitments in the business operations of the Company from the Financial Year Ended 31st March, 2016 to the date of signing of the Directors' Report.

### **Policy on Sexual Harassment**

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the Financial Year ended 31st March, 2016, the Company has not received any Complaints pertaining to Sexual Harassment.

### **Listing of Equity Shares**

The Company's Equity shares are listed at the following Stock Exchanges:



i. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001; and

The Company has paid the Annual Listing Fee to the said Stock Exchanges for the Financial Year 2016-17.

**Listing Agreement**

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective 1st December, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited during February, 2016.

**Policies**

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

i. Whistleblower Policy (Policy on vigil mechanism)

The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics. There has been no change to the Whistleblower Policy adopted by the Company during fiscal 2016.

ii. Policy for Determining Materiality for Disclosures

This policy applies to disclosures of material events affecting. This policy is in addition to the Company's corporate policy statement on investor relations, which deals with the dissemination of unpublished, price-sensitive information.

iii. Policy on Document Retention

The policy deals with the retention and preservation of corporate records of the Company

**Share transfer agency**

The Company has appointed M/s. R&D Infotech Pvt. Ltd., 1st Floor, 7A, Beltala Road Naresh Mitra Sarani Kolkata – 700 026 as its Share Transfer Agency for handling both Physical and Electronic Transfers.

**Awards and recognition**

The Company has not received any Award during the Financial Year.

**Human Resources**

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

**Cautionary Statement**

Statements in these reports describing company's projections, statements, expectations and hopes are forward looking. Though, these expectations etc; are based on reasonable assumption, the actual results might differ.

**Acknowledgement**

The Directors take this opportunity to place on record their sincere thanks to the Banks and Financial Institutions, Insurance Companies, Central and State Government Departments and the Shareholders for their support and co-operation extended to the Company from time to time. Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**

Managing Director

DIN: 01171845

**T.M. Gopalakrishnan**

Whole Time Director

DIN: 03137458

Hyderabad

August 29, 2016

**Annexure - I**

Performance and financial position of each of the Subsidiaries, Associates and Joint Ventures  
(Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)

**Part- A- Subsidiaries: NIL**

₹ in thousands

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turn-over	Profit/(Loss) before Taxation	Tax Expense/(Benefit)	Profit/(Loss) after Taxation	Proposed Dividend
1	—	—	—	—	—	—	—	—	—	—	—	—

**Part B- Associates and Joint Ventures**

₹ in thousands

Statement pursuant to Section 129 (3) of the Companies Act, 2013  
related to Associate Companies and Joint Ventures

S. No.	Name of Associates Joint Ventures	Latest Audited Balance Sheet Date	Shares of Associate/ Joint Ventures held by the Company on the year end			Description of how there is significant influence	Reason why the Associate/ Joint Venture is not consolidated	Net worth attributable to Shareholding as per the latest Audited Balance Sheet	Profit/(Loss) for the year	
			No.	Amount of Investment in Associates/ Joint Ventures	Extent of holding %				i. Considered in consolidation	ii. Not considered in consolidation
1.	Deccan Remedies Ltd.	2015	55,00,000	70,00,000	44.27	Based on the % of holding over this investee company	As the group has only ability to do exercise significant influence but not control over this company	55,002.99	NA	NIL

**1. Names of Associates or Joint Ventures which are yet to commence operations**

S.No. Name of the Company and Address

Deccan Remedies Ltd.  
Regd. Office: Survey No. 75 (A)  
Kothur (B) Village  
Zaheerabad Mandal  
Medak Dist. - 502 228  
Telangana.

**2. Names of Associates or Joint Ventures which have been liquidated or sold during the year**

S.No. Name of the Company and Address

NA

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
DIN: 01171845

**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458

Place: Hyderabad  
Date: August 29, 2016



**Annexure - II**

Disclosure of Particulars of Contracts / Arrangements entered into by the Company

**Form No. AOC-2**

*(Pursuant to section 134(3)(h) of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties as referred to in sub-section (1) of section 188 of the Companies Act, 2013:

1. There are no contracts / arrangements entered into by the Company with related parties which are not at arm's length basis.
2. There are no material contracts / arrangements entered into by the Company with related parties which are not at arm's length basis.
3. There were no materially pecuniary relationships or transactions of the non-executive directors' vis-avis the Company.

**Annexure - III**

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

**A. CONSERVATION OF ENERGY:**

1. The steps taken or impact on conservation of energy : -N.A.-
2. The steps taken by the Company for utilizing alternate sources of energy : -N.A.-
3. The Capital investment on energy conservation equipments : -N.A.-

**B. TECHNOLOGY ABSORPTION:**

- i. The Efforts made towards technology absorption : -NIL-
- ii. The Benefits derived like product improvement, cost reduction, product development or import substitution : -NIL-
- iii. Details of technology imported during the past 3 years:  
No technology has been imported during the past 3 years.
  - a. The details of technology import : -NIL-
  - b. The year of import : -NIL-
  - c. Whether the technology has been fully absorbed : -NIL-
  - d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : -NIL-
- iv. The expenditure incurred on Research and Development: -N.A.-

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

1. The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

(₹ in Thousands)

Particulars	:	<b>March 31, 2016</b>	March 31, 2015
Used	:	<b>44.82</b>	92.83
Earned	:	<b>1033.88</b>	993.74



## Annexure - IV

**Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014**

i. the ratio of the remuneration of each Director to the median remuneration of the employees of the company for the Financial Year:

S. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1	Mr. Arihant Baid Managing Director	11.23
2	Mr. T.M. Gopalakrishnan Whole Time Director	6.08
3	Mr. Y. Ravinder Reddy	NA
4	Ms. Sadhana Bhansali	NA
5	Mr. Dipankar Dasgupta	NA

\* Mr. Y Ravinder Reddy, Ms. Sadhana Bhansali, and Mr. Dipankar Dasgupta were paid sitting fees for attending the Meetings.

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year

S. No.	Name of the Director	Percentage increase in remuneration
1	Mr. Arihant Baid** Managing Director	NIL
2	Mr. T.M. Gopalakrishnan Whole Time Director	33.63
3	Mr. Y. Ravinder Reddy Independent Director	NA
4	Ms. Sadhana Bhansali Independent Director	NA
5	Mr. Dipankar Dasgupta Independent Director	NA
6	Mr. Laxmipat Baid Chief Financial Officer	20.92

\*Mr. Y. Ravinder Reddy, Ms. Sadhana Bhansali, and Mr. Dipankar Dasgupta were paid sitting fees for attending the Meetings.

\*\*There was no increase in Remuneration paid to Mr. Arihant Baid, Managing Director during the Financial Year ended 31st March, 2016.

iii. The percentage increase in the median remuneration of employees in the financial year.

10.91%

iv. The number of permanent employees on the rolls of company.

There are 76 permanent employees on the rolls of the Company as on 31st March, 2016.

v. The explanation on the relationship between average increase in remuneration and company performance

S. No.	Average increase in remuneration	Company Performance
1	7.64%	Net profit of the Company is increased by 257.27%

vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company

S. No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended ...
1	₹ 3,665,810	₹ 233.69 Lakhs (Net Profit)

vii. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.

S. No.	Particulars	As at Mar 31, 2016	As at Mar 31, 2015
1	Market Capitalisation	BSE ₹ 1,122,081,610	BSE ₹ 226,440,370
2	Price Earnings Ratio	BSE 73.91	BSE 34.42



**Market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:**

The Company came with an Initial Public Offer in February 9, 1996 at the price of ₹ 10/- per equity share. As on 31st March, 2016 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited: ₹ 8.87

viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof point out if there are any exceptional circumstances for increase in the managerial remuneration.

-NA-

ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.

S. No.	Name	Remuneration of Key Managerial Personnel	Performance of the company for the year ended 31st March, 2016
1	Mr. Arihant Baid, Managing Director	₹ 26,50,400	₹ 233.69 Lakhs (Net Profit)
2	Mr. Laxmipat Baid Chief Financial Officer***	₹ 10,15,410	₹ 233.69 Lakhs (Net Profit)

x. The key parameters for any variable component of remuneration availed by the Directors.

Only Salary and allowances are paid on the performance of the Company upon recommendation of Nomination and Remuneration Committee.

xi. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year. -N.A.-

xii. The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

**Declaration by Chairman and Executive Director on Code of Conduct under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013.**

To  
The Members

I, hereby declare that to the best of my knowledge and information; all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2016.

Arihant Baid  
Managing Director

Place: Hyderabad  
Date: August 29, 2016



## Annexure – V

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION & OTHER DETAILS					
i)	CIN L24230TG1990PLC011168				
ii)	Registration Date 29/03/1990				
iii)	Name of the Company GENNEX LABORATORIES LIMITED				
iv)	Category / Sub-Category of the Company Company limited by shares / Indian Non-Government Company				
v)	Address of the Registered Office and contact details Sy. No.133, IDA Bollaram, Jinnaram Mandal, Medak Dist- 502 325, Telangana, India. Contact No. +91-08458 279406 / 279516				
vi)	Whether listed Company Yes, Listed				
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any R&D Infotech Pvt. Ltd., 1st Floor, 7A, Beltala Road, Naresh Mitra Sarani, Kolkata - 700 026.				
II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY					
All the business activities contributing 10% or more of the total turnover of the company shall be stated:-					
Sl.No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company		
I	Pharmaceutical Products	21002	100%		
III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
S No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Deccan Remedies Limited, 402, Moghal Mascot. Opp. Nafees Manzil, AC Guards, Hyderabad - 500 004 Telangana	U72200TG1994PLC016962	Associate	44.27%	Section 2(6)

**IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Shareholding**

S No	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(a)	Individuals / HUF	48,000	200	48,200	0.04	48,000	200	48,200	0.04	-
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	30,361,991		30,361,991	24.00	28,235,572		28,235,572	22.32	-1.68
(e)	Banks/FI	-	-	-	-	-	-	-	-	-
(f)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub - Total (A) (1):-</b>	<b>30,409,991</b>	<b>200</b>	<b>30,410,191</b>	<b>24.04</b>	<b>28,235,572</b>	<b>200</b>	<b>28,283,772</b>	<b>22.36</b>	<b>-1.68</b>
(2)	Foreign									
(a)	NRLs-Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporates	-	-	-	-	-	-	-	-	-
(d)	Banks/FI	-	-	-	-	-	-	-	-	-
(e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub - Total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter (A) = (A) (1) + (A)(2)</b>	<b>30,409,991</b>	<b>200</b>	<b>30,410,191</b>	<b>24.04</b>	<b>28,283,572</b>	<b>200</b>	<b>28,283,772</b>	<b>22.36</b>	<b>-1.68</b>
B	Public Shareholding									
I	Institutions									
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-
(b)	Banks/FI	-	-	-	-	-	-	-	-	-
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-



(f)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(g)	FII's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(g)	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Sub - Total (B) (1):-</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	<b>Non-Institutions</b>																				
a)	Bodies Corp.	44,538,975	2,000	44,540,975	35.21	39,154,721	7,000	39,161,721	30.96											-4.25	
i)	Indian																				
ii)	Overseas (OCB)																				
b)	Individuals																				
i)	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	22,776,068	2,059,230	24,835,298	19.63	35,808,984	2,054,230	37,863,214	29.93											10.30	
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	26,716,536	-	25,716,536	21.12	21,194,293	-	21,194,293	16.75											(4.37)	
c)	Others (Specify)																				
	<b>Sub - Total (B) (2):-</b>	88,905,070	2,061,230	90,966,300	71.91	96,157,998	2,061,230	98,219,228	77.64											5.73	
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	88,905,070	2,061,230	90,966,300	71.91	96,157,998	2,061,230	98,219,228	77.64											5.73	
C	Shares held by Custodian for GDR & ADRs																				
	<b>Grand Total (A+B+C)</b>	124,441,570	2,061,430	126,503,000	100.00	124,441,570	2,061,430	126,503,000	100.00											-	

## ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Premier Fiscal Services (P) Ltd., *	25,000,000	19.76	25,000,000	25,000,000	19.76	-	-
2	VAB Ventures Limited	3,334,780	2.64	-	2,254,780	1.78	-	(0.86)
3	India Securities Broking Pvt. Ltd.,	1,375,391	1.09	-	939,972	0.74	-	(0.35)
4	Glaxo Finance Pvt. Ltd.,	611,000	0.48	-	-	-	-	(0.48)
5	Vinod Baid	47,000	0.04	-	47,000	0.04	-	-
6	Prudential Investment Ltd.,	39,820	0.03	-	39,820	0.03	-	-
7	VAB Capital Advisories Pvt. Ltd.,	1,000	0.00	-	1,000	0.00	-	-
8	Vinod Baid	1,000	0.00	-	1,000	0.00	-	-
9	Arihant Baid	100	0.00	-	100	0.00	-	-
10	T M Gopalakrishnan	100	0.00	-	100	0.00	-	-
	Total	30,410,191	24.04		28,283,772	22.36		(1.69)



Sl.No.	Share holder's Name	Shareholding at the beginning of the year		Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Premier Fiscal Services (P) Ltd.	2500000	19.76	---	---
	At the beginning of the Year				
	At the end of the year (or on the date of separation, if separated during the year)	25000000	19.76	---	19.76
2	VAB Ventures Ltd.,	3,334,780	2.64	---	---
	At the beginning of the Year				
	Sale on 22.05.2015	(1,080,000)	(0.85)	2,254,780	1.78
	At the end of the year (or on the date of separation, if separated during the year)			2,254,780	1.78
3	India Securities Broking Pvt Ltd.,	1,375,391	1.09	---	---
	At the beginning of the Year				
	Sale on 22.05.2015	(435,419)	(0.34)	939,972	0.74
	At the end of the year (or on the date of separation, if separated during the year)			939,972	0.74
4	Glaxo Finance Pvt Ltd.,	611,000	0.48	---	---
	At the beginning of the Year				
	Sale on 13.10.2015	611,000	0.48	---	---
	At the end of the year (or on the date of separation, if separated during the year)			---	---
5	Vinod Baid	47,000	0.04	---	---
	At the beginning of the Year				
	At the end of the year (or on the date of separation, if separated during the year)			47,000	0.04
6	Prudential Investment Ltd.,	39,820	0.03	---	---
	At the beginning of the Year				
	At the end of the year (or on the date of separation, if separated during the year)			39,820	0.03



SI.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7	VAB Capital Advisors Private Ltd.,	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the Year		1000	0.00	---	---
At the end of the year (or on the date of separation, if separated during the year)				1000	0.00
SI.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8	Vinod Baid	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the Year		1000	0.00	---	---
At the end of the year (or on the date of separation, if separated during the year)				1000	0.00
SI.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9	Arihant Baid	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the Year		100	0.00	---	---
At the end of the year (or on the date of separation, if separated during the year)				100	0.00
SI.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
10	T M Gopalakrishnan	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the Year		100	0.00	---	---
At the end of the year (or on the date of separation, if separated during the year)				100	0.00



## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Shareholding during the year	
1	Alchemist Holdings Ltd.,	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the Year	6212720	4.91	---	---
	At the end of the year (or on the date of separation, if separated during the year)			6212720	4.91
Sl.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Shareholding during the year	
2	Basics Softsolutions Private Ltd.,	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the Year	5944060	4.70	---	---
	At the end of the year (or on the date of separation, if separated during the year)			5944060	4.70
Sl.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Shareholding during the year	
3	Alchemist Capital Ltd.,	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the Year	5559580	4.39	---	---
	At the end of the year (or on the date of separation, if separated during the year)			5559580	4.39
Sl.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Shareholding during the year	
4	Endogram Leasing and Trading Company Pvt. Ltd.	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the Year	4926020	3.89	---	---
	At the end of the year (or on the date of separation, if separated during the year)			4926020	3.89
Sl.No	<b>Share holder's Name</b>	Shareholding at the beginning of the year		Shareholding during the year	
5	Sunil Talwar	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the Year	4,502,790	3.56	---	---
	At the end of the year (or on the date of separation, if separated during the year)			4,502,790	3.56



SI.No 6	<b>Share holder's Name</b> Sumita Talwar	Shareholding at the beginning of the year		Cumulative Shareholding during the year
		No. of Shares 4239208	% of total Shares of the Company 3.35	
At the end of the year (or on the date of separation, if separated during the year)				
SI.No 7	<b>Share holder's Name</b> Ganesh Visual Aid Pvt. Ltd.	Shareholding at the beginning of the year		Cumulative Shareholding during the year
		No. of Shares 5,607,450	% of total Shares of the Company 4.43	
At the beginning of the Year				
Sale on 31.03.2016				
At the end of the year (or on the date of separation, if separated during the year)				
SI.No 8	<b>Share holder's Name</b> Sanjay Kumar	Shareholding at the beginning of the year		Cumulative Shareholding during the year
		No. of Shares 3,726,850	% of total Shares of the Company 2.95	
At the beginning of the Year				
At the end of the year (or on the date of separation, if separated during the year)				
SI.No 9	<b>Share holder's Name</b> Rajababu Sampatrao Bandela	Shareholding at the beginning of the year		Cumulative Shareholding during the year
		No. of Shares 3,427,580	% of total Shares of the Company 2.71	
At the beginning of the Year				
At the end of the year (or on the date of separation, if separated during the year)				
SI.No 10	<b>Share holder's Name</b> Manphool Export Ltd.	Shareholding at the beginning of the year		Cumulative Shareholding during the year
		No. of Shares 3,562,127	% of total Shares of the Company 2.82	
At the beginning of the Year				
At the end of the year (or on the date of separation, if separated during the year)				



**V. INDEBTEDNESS**

in INR '000s

Indebtedness of the Company including interest outstanding/accrued but not due for payment		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the Financial Year</b>					
i) Principal Amount		3128.75	2287.059	-	5415.809
ii) Interest due but not paid		-	-	-	-
iii) Interest accrued but not due		27.268	-	-	27.268
<b>Total (i+ii+iii)</b>		<b>3156.018</b>	<b>2287.059</b>	-	<b>5443.077</b>
<b>Change in Indebtedness during the financial year</b>					
Addition		600			600
Reduction		3259.349	689.517	-	3948.866
<b>Net Change</b>		<b>-2659.349</b>	<b>689.517</b>		<b>-3348.86</b>
<b>Indebtedness at the end of the Financial year</b>					
i) Principal Amount		496.669	1597.542	-	2094.211
ii) Interest due but not paid		-	-	-	-
iii) Interest accrued but not due		-	-	-	-
<b>Total (i+ii+iii)</b>		<b>496.669</b>	<b>1597.542</b>	-	<b>2094.211</b>

v) Shareholding of Directors and Key Managerial Personnel

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>Directors</b>					
At the beginning of the Year					
1	Arihant Baid	100	00	100	00
2	T M Gopalakrishnan	100	00	100	00
3	Y Ravinder Reddy	00	00	00	00
4	Sadhana Bhansali	00	00	00	00
5	Dipankar Dasgupta	00	00	00	00
6	Laxmipat Baid (CFO)	100	00	100	00

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A Remuneration to Managing Director, Whole time Directors and / or Manager:

Sl.No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Arihant Baid	T M Gopalakrishnan	
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,400,000	1,290,000	3,690,000
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800	454,764	483,564
c)	Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...			
5	Others, Please specify			
	Sbi Insurance	200,000		200,000
	PF contribution	21,600	21,600	43,200
	Total (A)	2,650,400	1,786,364	4,436,764
	Ceiling as per the Act	-	-	-

**B. Remuneration to Other Directors**

Sl.No	Particulars of Remuneration	Name of Directors				Total Amount
		Y Reddy	Sadhana	Dipankar		
1	Independent Directors					
	Fee for attending board/committee meetings	1,500	1,500	1,500		4,500
	Commission	-	-	-		-
	Others, please specify	-	-	-		-
	Total (1)	1,500	1,500	1,500		4,500
2	Other Non-Executive Directors					
	Fee for attending board/committee meetings	NIL	NIL	NIL		NIL
	Commission	-	-	-		-
	Others, please specify	-	-	-		-
	Total (2)	-	-	-		-
	Total (B)=(1 + 2)	1,500	1,500	1,500		4,500
	Total Managerial Remuneration	-	-	-		-
	Overall Ceiling as per the Act	-	-	-		-

**C. Remuneration paid to Key Managerial Personnel other than MD, Whole time Directors**

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount Rs.
		CFO	Laxmipat Baid	
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of	978,810		978,810
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-
c)	Profits in lieu of salary under section 17(3) Income-	-		-
2	Stock option	-		-
3	Sweat Equity	-		-
4	Commission			
5	Others, Please specify			
	Total	1,015,410		1,015,410

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

## A. COMPANY

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## B. DIRECTORS

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## C. OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL



**Annexure - VI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report on the Business of the Company as applicable and to the extent relevant is given below:

**Industry Structure and Development**

Gennex Laboratories Limited is in the business of Manufacturing of Bulk Drugs, Intermediates and Biotech Products. The Company is having a professionally managed team at every stage of its operations.

**Opportunities**

Multipurpose and Multi product production facilities having ISO 9001:2008 and TUV Certificate 44 100 124194-E3 further the Company has obtained ISO 14001 and OSHAS 18000.

- The Management depth and ability to manage client relationships.
- Enhanced presence in the international market.

**Threats**

Large number of Pharmaceutical companies losing their drug patents, thereby increasing the scope of outsourcing to countries that offer a low cost manufacturing base.

The Pharma sector is expected to witness further consolidation by way of mergers and acquisitions this augurs for growth of the Industry. This would result in better price realization and growth.

The Indian Pharma Industry will have to meet the following challenges:

- i. Multinational Companies are setting up large plants in India.
- ii. Competition in the global market that offer low manufacturing base.
- iii. Uncertainties on account of global socio economic environment.

**Outlook for the Company**

Your Company is on the verge of completion of the expansion plans undertaken. Your Company has planned its business strategy taking the ground realities into account. The Company has introduced new products which are very competitive and beneficial to the Company.

**Segment-wise/Product-wise Performance**

As the company has only one line of product i.e. Pharmaceutical Products, segment-wise or product-wise performance is not applicable for the year 2015-16

**Risks and concerns**

Any Government policy intervention or any change in the Pharma sector benefits and unforeseen adverse market conditions are issues of concern and may put pressure on the performance of the Company.

**Internal Control System and their adequacy**

The Company has Internal Control System which is adequate and commensurate with the size of the Company.





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**Discussion on financial performance with respect to operational performance****A. Financial Conditions:****1. Capital Structure:**

The Authorized Share Capital of the Company as at 31st March, 2016 is Rs. 1600 Lakhs divided into 1600 Lakhs Equity Shares of face value of Rs. 1/- each. The Share Capital of the Company consists of only Equity Shares. The Paid-up Capital of the Company as on 31st March, 2016 is at Rs. 1265.03 Lakhs comprising of 12,65,03,000 Equity Shares of Rs. 1/- each fully paid-up.

**2. Reserves and surplus:**

The Reserves and Surplus of the Company as on 31st March, 2016 stands at Rs. 1558.66 Lakhs

**3. Secured Loans:**

The Working Capital Advances as at 31st March, 2016 stand at Rs. 226.84 Lakhs

**4. Unsecured Loans:**

The Deferred Sales Tax amount as at 31st March 2016 stand at Rs.15.97 Lakhs.

**5. Fixed Assets:**

The Gross Block stood at Rs.2722.56 Lakhs and the net block stood at Rs.1557.92 Lakhs as at 31st March, 2016 compared to Rs. 2620.23 Lakhs and Rs. 1470.20 Lakhs as at 31st March, 2015 respectively. The decrease in the value of the Fixed Assets is on account of depreciation of plant and Machinery.

**6. Revenue (Gross):**

During the year, the Company achieved sales Rs.4033.63Lakhs compared to Rs. 3335.80 Lakhs in the previous year ended 31st March 2015.

**Environment and Safety**

The company maintains and effects continual improvement in environmental standards and complies with the safety requirements. The company cares for the safety of its employees and safety training is imparted to the employees in the factory. Personal Protective Equipment is provided to the employees in conformity with statutory requirement.

**Human Resources**

The company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunity to equip them with skills, which would enable them to adapt contemporary technological advances.

**Cautionary Statement**

Statement in this "Management Discussion & Analysis" may be considered to be "Forward Looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, increased installed capacity, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, besides other factors.



**Annexure - VII**

Form No. MR-3

**Secretarial Audit Report**

For the Financial Year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
GENNEX LABORATORIES LIMITED,  
CIN: L24230TG1990PLC011168,  
Sy. No. 133, IDA Bollaram, Jinnaram,  
Medak District - 502 325.  
Telangana.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. GENNEX LABORATORIES LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of M/s. GENNEX LABORATORIES LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act,

1956 ('SCRA') and the rules made thereunder;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable to the Company during the Financial Year under review;
  - d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (effective 28th October 2014) - Not applicable to the Company during the Financial Year under review;
  - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities;
  - f. Securities and Exchange Board of India (Registrars to an Issue and Share

Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year under review;

- g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the Financial Year under review; and
- h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back / proposed to buyback any of its securities during the Financial Year under review.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India which was notified by the Central Government on April 23, 2015 and which was effect from July 1, 2015; and
- ii. The erstwhile Listing Agreement entered into by the Company with stock exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from 1st December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, the Company has not appointed Company Secretary as required under the Provisions of section 203 of the Companies Act, 2013 and Regulation 6 of the Listing Regulation, 2015 entered with Stock Exchange(s). As per information provided by the company, the company is in the process to appoint the suitable person as Company Secretary of the company, and there were instances of delaying in filing of Forms with Stock Exchanges as required under SEBI (PIT) Regulations, 2015 and SEBI (SAST) Regulations, 2011.

We further report that, on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of Quarterly Compliance Reports by respective Department Heads/Chief Financial Officer/ Whole-time Director taken on record by the Board of Directors of the Company. In our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

We further report that, the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the Directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman of the Meeting, the decisions of the Board were unanimous and there were no dissenting views. We further report that, there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period no event has occurred during the year which has a major bearing on the Company's affairs.

For **B S S & Associates**  
Company Secretaries

**S. Srikanth**  
Partner

ACS: 22119 CP: 7999

Place: Hyderabad

Date: August 22, 2016



To,  
The Members,  
GENNEX LABORATORIES LIMITED,  
CIN: L24230TG1990PLC011168,  
Sy. No. 133, IDA Bollaram, Jinnaram,  
Medak District - 502 325.  
Telangana.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B S S & Associates**  
Company Secretaries

**S. Srikanth**  
Partner  
ACS: 22119 CP: 7999

Place: Hyderabad  
Date: August 22, 2016



## REPORT ON CORPORATE GOVERNANCE

In India, the Securities and Exchange Board of India (SEBI) regulates Corporate Governance for Listed Companies through Clause 49 of the Listing Agreement (up to 30 November 2015) and through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (with effect from 1 December 2015). Gennex Laboratories Limited's is in full compliance with all the applicable provisions of the SEBI's corporate governance norms are set out below:

### 1. Company's Philosophy on Code of Governance

Gennex Laboratories Limited ("GLL"/the "Company") is committed to implement sound Corporate Governance practices with a view to bring about transparency in its operations and maximize shareholder value. The Company's core philosophy on the code of Corporate Governance is to ensure:

- Fair and Transparent Business Practices;
- Accountability for performance;
- Compliance of applicable statute;
- Ethical business conduct by the Board, Management and Employees;
- Transparent and timely disclosure of Financial and Management Information;
- Effective Management Control and Monitoring of executive performance by the Board; and
- Adequate representation of Promoter, Executive and Independent Directors on the Board.

### 2. Board of Directors

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with Regulation 17 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act 2013 ("Act"). All the Directors have made the requisite disclosures regarding Directorships and Committee positions held by them in other Companies.

- i- As on March 31, 2016, the Board of the Company consists of Five (5) Directors comprising of two (2) Executive Directors, and Three (3) is Non-Executive Directors. The Non-Executive Directors comprise of Three (3) Independent Directors. The Company has Executive Chairman and 3 (Three) Independent Directors, comprise half of the total strength of the Board.

S. No.	Name of the Director	Designation	Category	In other Directorship	Companies Committee Membership
1	Mr. Arihant Baid (Promoter)	Chairman & MD	Executive Director/ Promoter	10	NIL
2	Mr. T. M. Gopalakrishnan	Whole Time Director	Executive Director (Non Promoter)	NIL	1
3	Mr. Y. Ravinder Reddy	Director	Independent Director	2	4
4	Ms. Sadhana Bhansali	Director	Independent Director (Woman Director)	1	4
5	Mr. Dipankar Dasgupta	Director	Independent Director	1	NIL

Notes:

- a. Other directorships exclude Foreign Companies, Private Limited Companies and alternate Directorships.
- b. Only membership in Audit Committee and Stakeholders' Relationship Committee has been reckoned for other committee memberships.



ii- None of the Independent Directors on the Board holds directorships in more than Seven Listed companies. Further, none of the Directors was a member of more than ten committees or Chairman of more than five Committees across all the Public Companies in which he was a Director. Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2016 have been made by the Directors. All the Directors mentioned as part of the Promoter Group in the above list are related to each other in the following manner:

iii- Independent Directors are non-executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet with the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act

iv- During the year ended March 31, 2016, five Board Meetings were held as against the minimum requirement of four meetings. The maximum time gap between any of two consecutive meetings did not exceed four months.

The dates on which the said meetings were held are: 30.05.2015, 14.08.2015, 14.11.2015, 22.01.2016, 13.02.2016

v- Board Familiarization and Attendance of Directors at the meetings

The attendance of each Director at the Board Meetings and last Annual General Meeting held during the year under review are as under:

Name of Director	No. of Board Meetings		Attendance at AGM held Sept 30, 2015
	Held	Attended	
Mr. Arihant Baid	5	3	Yes
Mr. T.M. Gopalakrishnan	5	5	Yes
Mr. Y. Ravinder Reddy	5	3	Yes
Ms. Sadhana Bhansali	5	2	Yes
Mr. Dipankar Dasgupta	5	3	Yes

vi- Details of equity shares of the Company held by the Directors as on March 31, 2016 are given below:

Name of the Director	Category	No. of equity Shares
Mr. Arihant Baid - MD	Executive - Promoter Group	100
Mr. T.M. Goopalakrishnan - WTD	Executive - Non-Promoter Group	100
Mr. Y. Ravinder Reddy	Independent	NIL
Ms. Sadhana Bhansali	Independent	NIL
Mr. Dipankar Dasgupta	Independent	NIL

The Company has not issued any convertible instruments. None of the Non-Executive Directors are holding any shares in the company as on 31st March 2016.

vii-Board Independence

Based on the confirmation/ disclosures received from the Directors, all Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. There are no material pecuniary relationships or transactions between the Independent Directors and the Company, except for sitting fees and commission drawn by them for attending the meeting of the Board and Committee(s) thereof. None of the Non-Executive Directors hold any shares or convertible instruments in the Company.

**3. Committees of the Board**

The Company currently has the following Committees of the Board:

- a. Audit Committee;
- b. Nomination and Remuneration Committee; and
- c. Stakeholders Relationship Committee.

**a. Audit Committee**

- i- The Audit Committee of the Company has been constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- ii- The terms of reference of the Audit Committee is as per the Schedule II Part C of the SEBI (LODR) which include:
  - Overseeing of the Company's Financial Reporting Process and the disclosure of its Financial Information to ensure that the Financial Statement is correct, sufficient and credible;
  - Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
  - Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
  - Reviewing with the management, the Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
    - ρ Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Act.
    - ρ Changes, if any, in Accounting Policies and Practices and reasons for the same.
    - ρ Major accounting entries involving estimates based on the exercise of Judgment by Management.
    - ρ Significant adjustments made in the Financial Statements arising out of Audit findings..
    - ρ Compliance with listing and other legal requirements relating to Financial Statements.
    - ρ Disclosure of any Related Party Transactions
    - ρ Qualifications in the draft Audit Report.
  - Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;
  - Reviewing and monitoring the Auditors' independence and performance, and effectiveness of Audit process;
  - Approval or any subsequent modifications of transactions of the Company with Related Parties;
  - Scrutiny of Inter-Corporate Loans and Investments;
  - Examination of the Financial Statement and the Auditors' Report thereon;
  - Evaluation of Internal Financial Controls;
  - Establishment of vigil mechanism for Directors and employees to report genuine concerns.
  - Calling for the comments of the Auditors about Internal Control Systems, the scope of Audit, including the observations of the Auditors and review of Financial



Statement before their submission to the Board and discussions on any related issues with the Internal and Statutory Auditors and the Management of the Company;

iii- Review of the information required as per SEBI Listing Regulations.

iv- The previous Annual General Meeting (“AGM”) of the Company was held on September 30, 2015 and was attended by Mr. Y. Ravinder Reddy, Chairman of the Audit Committee.

The composition of the Audit Committee and the details of attendance at its meetings are given below:

Composition of the Audit Committee and the details of meetings held and attended by its members are given below:

Name of Director	Designation	No. of Meetings during the Financial Year 2015-16	
		Held	Attended
Mr. Y. Ravinder Reddy	Chairman	4	4
Ms. Sadhana Bhansali	Member	4	2
Mr. T.M. Gopalakrishnan	Member	4	4
Mr. Dipankar Dasgupta	Member	4	2

**Terms of Reference:**

The terms of reference of the Audit Committee are as under:

1. Overseeing of the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for





- purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of Internal Financial Controls and Risk Management Systems;
  12. Reviewing, with the management, performance of statutory and Internal Auditors, adequacy of the Internal Control Systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with Internal Auditors of any significant findings and follow up thereon;
  15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the board;
  16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower Mechanism;
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
  21. Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
  22. Examination of the Financial Statement and the Auditors' Report thereon;
  23. Monitoring the end use of funds raised through public offers and related matters;
  24. The Audit Committee may call for the comments of the Auditors about Internal Control Systems, the scope of audit, including the observations of the Auditors and review of financial



statement before their submission to the Board and may also discuss any related issues with the Internal and Statutory Auditors and the management of the company;

- 25. The Audit Committee shall have authority to investigate into any matter in relation to the items specified (as mentioned at S.No. 21 to 28 above) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company; and
- 26. The Auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the Auditor’s Report but shall not have the right to vote.
  - v. Audit Committee met 4 times during the year and the dates of such Meetings are: 30.05.2015, 14.08.2015, 14.11.2015 and 13.02.2016
  - vi. The Auditors of a Company and the Key Managerial Personnel shall have a right to be heard in the Meetings of the Audit Committee when it considers the Auditor’s Report but shall not have the right to vote.

**b. Nomination and Remuneration Committee**

**I. Composition:**

- The Nomination and Remuneration Committee was constituted by the Board with 3 Independent Directors with Independent Director as its Chairman.
- The Minutes of the Meetings of the Nomination and Remuneration Committee are circulated to all the members of the Board.

**II. Brief description of terms of reference is for:**

- A. appointment of the Directors, and Key Managerial Personnel of the Company; and
- B. fixation of the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

**III. Composition of Committee**

The Committee is chaired by Mr. Y. Ravinder Reddy, Independent Director and includes Ms. Sadhana Bhansali and Mr. Dipankar Dasgupta, Independent Directors as other members.

**IV. Attendance of each Director at Nomination & Remuneration Committee Meeting**

Name of Director	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Y. Ravinder Reddy	Chairman	4	4
Ms. Sadhana Bhansali	Member	4	2
Mr. Dipankar Dasgupta	Member	4	2

This Committee recommends the appointment/reappointment of Executive Directors and the appointments of employees from the level of Vice President and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry.

**Criteria for Performance evaluation:**

**V. Remuneration Policy:**

The Policy inter alia provides for the following:

- a. attract, recruit, and retain good and exceptional talent;
- b. list down the criteria for determining the qualifications, positive attributes, and

independence of the Directors of the Company;

- c. ensure that the remuneration of the Directors, Key Managerial Personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- d. motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- e. ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- f. fulfil the Company's objectives and goals, including in relation to Good Corporate Governance, transparency, and sustained long-term value creation for its stakeholders.

#### VI. Criteria for making payments to Non- Executive Directors:

The Company has not made any payments to the Non-Executive Directors except sitting fees for attending Board of Directors meetings.

#### VII. Remuneration paid to Directors

##### Remuneration to Non-Executive Directors

Presently, the Non-Executive Directors do not receive any remuneration from the company and are paid sitting fees for attending the meetings of the Board and Committees thereof.

#### a) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2015-2016

Name of the Director	Fee Paid During the Year ₹
Mr. Y. Ravinder Reddy (Chairman)	16,500
Ms. Sadhana Bhansali	9,000
Mr. Dipankar Dasgupta	10,500

##### Remuneration to Executive Directors:

The Remuneration paid to the Managing and Whole-time Directors during the year is as follows:

Name of the Director and Designation	Salary ₹	Bene-fits	Bonuses	Pension	Commis-sion	Service Contracts	Notice Period
Mr. Arihant Baid Managing Director	2,400,000	250,400	—	—	—	Appointed for a period of 3 years w.e.f. 18th May, 2015	As per the Rules of the Company
Mr. T.M. Gopalakrishnan Whole Time Director	1,290,000	496,364				Appointed for a period of 3 years w.e.f. 18th May, 2015	As per the rules of the Company

There were no severance fees, stock option plan or performance linked incentive for the Executive/Non-Executive Directors. The appointment of Managing Director is made for a period of 3 years on the terms and conditions contained in the respective resolutions passed by the Members in the General Meetings.

**c. Stake Holders Relationship, Grievance and Share Transfer Committee****Composition**

The Committee consists of the following Directors:

Name of the Director	Designation
Mr. Y. Ravinder Reddy	Chairman
Ms. Sadhana Bhansali	Member
Mr. T.M. Gopalakrishnan	Member

**Terms of Reference**

- Stakeholders Relationship, Grievance and Share Transfer Committee oversees and reviews all matters connected with the securities transfers and also looks into redressing of shareholders complaints like Transfer of Shares, Non-receipt of Annual Reports, Dividends etc.
- The Committee oversees the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

**Name and designation of Compliance Officer:**

Mr. K.V.L.N. Bhaswanth, Chief Operating Officer & Compliance Officer

Email-id for Investor Grievances: investorrelations@gennexlab.com

**Number of Shareholders complaints received so far::**

Complaints received and redressed during the year 2015-2016

S.No.	Nature of Complaints	Number of Complaints Received	Number of Complaints Solved	Number of Complaints Pending
1.	Regarding annual report	—	—	—
2.	Revalidation of dividend warrant	—	—	—
3.	Issue of duplicate share certificate	—	—	—
4.	Issue of duplicate dividend warrant	—	—	—
5.	Procedure for transmission	—	—	—
6.	General queries	—	—	—
7.	Non receipt of dividend	—	—	—
8.	Correction in share certificate	—	—	—
9.	Change of address	—	—	—
10.	Unclaimed dividend	—	—	—
11.	Correction in dividend cheque	—	—	—

**TOTAL**

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr. K.V.L.N. Bhaswanth is the Compliance Officer of the Company. For any clarification / complaint the shareholders may contact Mr. K.V.L.N. Bhaswanth, Compliance Officer at the Registered Office of the Company



### III. Attendance of each Director at Stakeholders Relationship Committee Meeting

Name of Director	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Y. Ravinder Reddy	Chairman	4	4
Ms. Sadhana Bhansali	Member	4	4
Mr. T.M. Gopalakrishnan	Member	4	4

### 5. Meeting of Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules under it mandate that the Independent Directors of the Company hold at-least one meeting in a year, without the attendance of Non-independent Directors and members of the Management. It is recommended that all the Independent Directors of the Company be present at such meetings. These meetings are expected to review the performance of the Non-independent Directors and the Board as a whole, as well as the performance of the Chairman of the Board, taking into account the views of the Executive Directors and Non-Executive Directors; assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties and the Independent Directors of the Company had met during the year on 13.02.2016

### 6. General Body Meetings

The details of date, location and time of the last three Annual General Meetings held are as under:

Financial Year ended March 31	Date	Time	Venue
2015	30.09.2015	11.00 a.m.	Sy. No. 133, IDA Bollaram, Jinnaram Mandal Medak Dist - 502 325
2014	30.09.2014	11.30 a.m.	Sy. No. 133, IDA Bollaram, Jinnaram Mandal Medak Dist - 502 325
2013	30.09.2013	11.30 a.m.	Sy. No. 133, IDA Bollaram, Jinnaram Mandal Medak Dist - 502 325

- Special Resolutions passed during the previous three Annual General Meetings:
  - i. 30th Annual General Meeting – September 30, 2015
    - a. Re-appointment of Mr. Arihant Baid (DIN 01171845), as Managing Director of the Company for a further period of three years with effect from May 18, 2015
    - b. Re-appointment of Mr. T.M. Gopalakrishnan (DIN 03137458), as Whole Time Director of the Company for a further period of three years with effect from May 18, 2015
  - ii. 29th Annual General Meeting – September 30, 2014
    - a. Authorisation to the Board of Directors to borrow monies beyond the Paid-up Capital and Free Reserves pursuant to Section 180(1)(c) of the Companies Act, 2013.
    - b. Authorisation to the Board of Directors to create Mortgage/Charge/Pledge/Hypothecation on the Properties of the Company for securing loans etc., pursuant to Section 180(1)(a) of the Companies Act, 2013
  - iii. 28th Annual General Meeting - September 30, 2013: No Special Resolutions were passed
  - iv. Whether Special Resolutions were put through Postal Ballot last year, details of voting pattern: No Special Resolutions were passed by the Shareholders of the Company through Postal Ballot during the Year 2015-2016.



- v. Whether any Resolutions are proposed to be conducted through Postal Ballot:  
No Special Resolution is proposed to be conducted through Postal Ballot.

**7. Whistle Blower Policy**

The company has an established mechanism for Directors / Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The Company affirms that no personnel have been denied access to the Audit Committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee at e-mail id info@gennexlab.com. The key Directions/ actions will be informed to the Executive Director of the Company

**8. Disclosures**

a. Related Party Transaction:

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management or relatives which may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the Notes to Accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of Directors were taken wherever required in accordance with the Policy.

b. Accounting Treatment:

In the preparation of the Financial Statements, the Company has followed the Accounting Policies and practices as prescribed in the Accounting Standards.

c. Management Discussion and Analysis

Management Discussion and Analysis Report is set out in a separate Section included in this Annual Report and forms part of this Report

d. Compliances:

There were few instances of non-compliance by the company on matters related to the Stock Exchange, MCA and other Statutory Authority.

e. CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2016 in compliance with the Listing Regulation.

f. Reconciliation of Share Capital Audit

A quarterly audit was conducted by a Practicing Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of Shares held by Investors in physical form and in the depositories and the said Certificates were submitted to the Stock Exchanges within the prescribed time limit. As on 31st March 2016 there was no difference between the issued and listed capital and the aggregate of Shares held by Investors in both Physical Form and in Electronic Form with the depositories. 12,44,41,570 Equity Shares representing 98.37% of the Paid up Equity Capital have been dematerialized as on 31st March 2016.

**1. General Shareholders Information:****a. Company Registration details:**

The Company is registered in the State of Telangana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24230TG1990PLC011168

**b. Date, time and venue of AGM**

Annual General Meeting Day      Friday, 30th September, 2016  
Time    11.00 A.M  
Venue    Sy. No. 133, Bollaram, Jinnaram Mandal,  
Medak District – 502 325, Telangana  
Book Closure Date                      26.09.2016 to 30.09.2016 (both days inclusive)  
Financial Year                              1st April to 31st March

**c. Registered Office:**

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

**d. Financial Year**

Financial year is 1st April to 31st March and Financial Results will be declared as per the following schedule.

Calendar for the Financial year 2016–17 (Tentative)

Financial Year Ending	31.03.2017
Quarter ending on 30th June, 2016	on 13.08.2016
Quarter ending on 30th September, 2016	on or before 14.11.2016
Quarter ending on 31st December, 2016	on or before 13.02.2017
Quarter ending on 31st March, 2017 & Annual Results of 2016-2017	on or before 30.05.2017
Date of Book Closure	26.09.2017 to 30.09.2017 (both days inclusive)

**e. Listing on Stock Exchanges**

Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal, Street, Mumbai – 400001

Listing fee is to be paid for the year 2016-17 to the Bombay Stock Exchange, Mumbai

**f. Stock Code**

Bombay Stock Exchange Ltd, Mumbai- 531739



## g. Stock Price Data

Monthly high and low price of shares traded on Bombay Stock Exchange during the year from 01.04.2015 to 31.03.2016 is given below:

Amount in Rs.

	Month	High Price	Low Price
1	Apr-15	3.30	1.85
2	May-15	2.89	02.29
3	Jun-15	2.47	1.70
4	Jul-15	3.20	2.00
5	Aug-15	3.85	2.50
6	Sep-15	3.35	2.55
7	Oct-15	6.06	3.15
8	Nov-15	8.38	5.61
9	Dec-15	9.72	7.29
10	Jan-16	14.84	8.30
11	Feb-16	10.77	6.41
12	Mar-16	11.50	6.00

## h. Address of Demat Registrars &amp; Share Transfer Agents:

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

E mail id: investors@rdinfotech.in

Share Transfer System: Transfer of Securities in Physical Form are registered and duly transferred Share Certificates are dispatched within 30 days of receipt provided transfer documents are in order.

Distribution of Share Holdings as on 31.03.2016

Range in No. of Shares	Value in No. of Shares	No. of Shareholders	% of Total	No. of Shares	% to Total
01 – 500	01 – 5000	3683	30.213 %	897688	0.71 %
501 – 1000	5010 – 10000	4195	34.422 %	4036544	3.19 %
1001 – 2000	10001 – 20000	1374	11.272 %	2358373	1.86 %
2001 – 3000	20001 – 30000	650	5.332 %	1763175	1.39 %
3001 – 4000	30001 – 40000	337	2.765 %	1258929	1.00 %
4001 – 5000	40001 – 50000	492	4.036 %	2405671	1.90 %
5001 – 10000	50001 – 100000	722	5.923 %	5837335	4.61 %
10001 – 50000	100001 – 500000	601	4.930 %	13361115	10.56 %
50001 – 100000	500001 – 1000000	72	0.591 %	5078134	4.01 %
100001 and Above	1000001 and Above	63	0.517 %	89506036	70.75 %
<b>GRAND</b>	<b>TOTAL</b>	<b>12189</b>	<b>100.00 %</b>	<b>126503000</b>	<b>100.00 %</b>

Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity.

There were no such outstanding instruments as on 31st March, 2016



**Dematerialization of Shares:**

98.37% of Shares issued by the company have been dematerialized as on 31.03.2016. Trading in Equity Shares of your Company on any Stock Exchange is permitted only in Dematerialized mode. Demat ISIN Number allotted by NSDL & CDSL: INE509C01026

**5. Disclosures****b. Details of non-compliance etc.,**

A Statement of Compliance with all Laws and Regulations as certified by the Managing Director and Whole Time Director is placed at periodic intervals for review by the Board. There were instances of delayed compliance with Listing Agreement, penalty imposed on the Company by Stock Exchange, the same were paid and communicated with Bombay Stock Exchange, during the last three years.

**c. Board Disclosures - Risk Management**

The Company has constituted Risk Management Committee and Risk Management Policy which has been adopted by the Board of Directors. Currently, the Company's Risk Management approach comprises of the following:

- Governance of Risk
- Identification of Risk
- Assessment and control of Risk

The risks have been prioritized through a company-wide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company had appointed a Risk Officer and also put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions. The details of Risks identified and mitigation measures undertaken are presented to the Board of Directors and the Audit Committee on a quarterly basis. The Board and the Audit Committee provides oversight and review the Risk Management Policy periodically.

A detailed note on the risks is included in the Management Discussion and Analysis annexed to the Directors' Report.

**k. Related Party Transactions policy.**

In terms of Clause 49 of the Listing Agreement, the Board of Directors of the Company has adopted a policy to determine Related Party Transactions.

The policy is placed on the website of the company <http://www.gennexlab.com>

**6. Means of Communication****a. Quarterly Results**

The quarterly results of the Company are published in accordance with the requirements of the Listing Agreement, in widely circulated newspapers namely Business Standard (English daily) and Andhra Prabha (Telugu daily).

**b. News releases, presentations, etc.**

Official news releases along with Quarterly Results are displayed on the Company's website: [www.gennexlab.com](http://www.gennexlab.com)

The Company presentations made to the investors/ analysts are placed on the Company's website: [www.gennexlab.com](http://www.gennexlab.com)

**c. Management Discussion and Analysis (MDA) Report**

The report on MDA is annexed to the Directors' Report and forms part of this Annual Report.



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
GENNEX LABORATORIES LIMITED

We have examined the compliance of conditions of Corporate Governance by GENNEX LABORATORIES LIMITED ("the Company") for the Year Ended on March 31, 2016, as stipulated in Clause 49 of the Listing Agreement of the company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S

**Sharada G Patil**  
Partner  
**Membership No. 015332**

Place: Hyderabad  
Date : May 30, 2016



**Certification by Managing Director and Chief Financial Officer (CFO) to the Board**

We, Arihant Baid, Managing Director and Laxmipat Baid, Chief Financial Officer of Gennex Laboratories Limited, certify that:

1. We have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements together present a true and fair view of the state of affairs of the company and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and Statutory Auditors and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We indicate to the Auditors and to the Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year;
  - b. Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the Financial Statements; and
  - c. Instances of significant fraud of which we have become aware of and which involve management or other employees having significant role in the Company's Internal Control System and Financial Reporting. However, during the year there was no such instance.

**For Gennex Laboratories Limited**

Place: Hyderabad  
Date : May 30, 2016

**Arihant Baid**                      **Laxmipat Baid**  
Managing Director              Chief Financial Officer

**Declaration by Managing Director**

I, Arihant Baid , Managing Director of Gennex Laboratories Industries Limited hereby declare that the members of Board, Key Managerial Personnel and other senior level employees of the Company are adhering to the code of conduct adopted by the Board which is posted on the website of the Company.

**Arihant Baid**  
Managing Director

Place: Hyderabad  
Date: May 30, 2016



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## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
GENNEX LABORATORIES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of GENNEX LABORATORIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto in which are incorporated the Return of Kolkata Branch Audited by Branch Auditor, M/s Sibsankar & Associates, Chartered Accountants, Membership No. 052745 and a Summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion:

The balances of Loans and Advances, Deposits, Unsecured loans, Other Current liabilities, Trade Receivables and Trade Payables are subject to confirmations as indicated in Note



No. 33.3. The impact of the same is unascertained.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described on the Basis for Qualified opinion paragraph, the financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In case of the Balance Sheet, of the state of affairs of the company as at March 31, 2016
- b. In case of the statement of profit and loss, of the Profit for the year ended on that date and
- c. In case of the Cash flow statement, of the Cash flows for the year ended on that date.

**Emphasis of matter**

- We draw attention to Note No. 33.4 to the financial statement which describes pending registration formalities for land acquired. Our opinion is not qualified in respect of this matter.

**Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure I" a statement on matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c. The Balance Sheet, the Statement of Profit and Loss and Cash flows statement

dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2".
- g. With respect to the other matters included in the Auditor's Report and in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S  
**Sharada G Patil**  
Partner  
Membership No. 015332

Place : Hyderabad  
Date: 30th May, 2016



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**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

**"Annexure 1"**

**Annexure to the Independent Auditor's Report of even date on Financial Statements of GENNEX LABORATORIES LIMITED ("the Company").**

Re: GENNEX LABORATORIES LIMITED

- i. a. According to the information and explanations furnished to us, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. According to the information and explanations furnished to us, all the assets have not been physically verified by the Management during the year but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. According to the information and explanations furnished to us, all the Immovable properties are held in the name of the company except Land as specified in Note No. 33.4.
- ii. a. According to the information and explanations furnished to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b. According to the information and explanations furnished to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material
- iii. According to the information and explanations given to us, the Company has not granted any Loans to any of the parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees, and security; provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii.a. According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities including provident fund, employees state insurance, income tax, sales tax, service tax, duty of custom, duty of excise , Value added tax ,cess and any other statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, duty of custom, duty of excise, Value added tax or cess and any other statutory dues applicable to it were in arrears as at 31st March 2016

for a period more than six months from the date they became payable, except Income tax of Rs. 32.60 Lacs.

- c. According to the information and explanations given to us, there are no dues of Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which are not deposited on account of dispute except Income Tax of Rs. 56.67 Lacs, (under the Income Tax Act, 1961) and Sales Tax of Rs.14.57 Lacs for which appeal/Petition are pending before Appellate Authorities/ courts.
- viii. According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the Balance sheet date.
- ix. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Accounting Practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.
- xi. According to the records of the Company examined by us and the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by

the provisions of Section 197 read with Schedule V of Companies Act 2013.

- xii. In our opinion, the company is not a Nidhi company. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- xiii. According to the records of the Company examined by us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the amounts raised have been used for the purposes for which the funds were raised.
- xiv. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. According to the information and explanations given to us, in our opinion the company is not required to get registration under section 45-IA of the Reserve Bank of India Act, 1934.

**For Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S

**Sharada G Patil**  
Partner

Hyderabad  
30th May, 2016



“Annexure 2”

**Annexure to the Independent Auditor’s Report of even date on Financial Statements of GENNEX LABORATORIES LIMITED (“the Company”).**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

To the Members of  
GENNEX LABORATORIES LIMITED  
 (“the Company”)

We have audited the internal financial controls over financial reporting of as of GENNEX LABORATORIES LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the

Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally





accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, have an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S

**Sharada G Patil**  
Partner

Hyderabad  
30th May, 2016

**BALANCE SHEET AS AT 31ST MARCH, 2016**

	Note No.	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a. Share Capital	2	126,503,000	126,503,000
b. Reserves and Surplus	3	155,865,860	128,755,197
		<u>282,368,860</u>	<u>255,258,197</u>
<b>2 Non-Current Liabilities</b>			
a. Long-term borrowings	4		
- Secured		305,249	2,182,642
- Unsecured		1,172,184	1,597,542
b. Deferred Tax liabilities (net)	5	9,830,924	7,758,917
c. Long-term provisions	6	—	—
		<u>11,308,357</u>	<u>11,539,101</u>
<b>3 Current Liabilities</b>			
a. Short-term borrowings	7		
- Secured		22,379,220	33,955,302
- Unsecured		425,358	689,517
b. Trade payables	8	70,465,023	67,561,465
c. Other current liabilities	9	23,387,392	18,494,028
d. Short-term provisions	10	7,578,000	4,546,000
		<u>124,234,993</u>	<u>125,246,312</u>
<b>TOTAL</b>		<u>417,912,210</u>	<u>392,043,610</u>
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
a. Fixed Assets	11		
i. Tangible Assets		155,791,744	147,019,789
ii. Intangible Assets		—	—
		<u>155,791,744</u>	<u>147,019,789</u>
b. Non-Current investments	12	70,100,000	70,100,000
c. Other non-current assets	13	2,397,479	1,823,954
		<u>72,497,479</u>	<u>71,923,954</u>
<b>2 Current Assets</b>			
a. Inventories	14	29,420,141	12,679,357
b. Trade receivables	15	69,593,385	61,903,634
c. Cash and Cash equivalents	16	8,477,699	5,564,815
d. Short-term loans and advances	17	81,738,264	92,709,040
e. Other current assets	18	393,498	243,021
		<u>189,622,987</u>	<u>173,099,867</u>
<b>TOTAL (1+2)</b>		<u>417,912,210</u>	<u>392,043,610</u>

Significant Accounting Policies and Notes on Financial Statement 1 to 33

Per our report attached  
For **Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S

**Sharada G Patil**  
Partner

**Membership No. 015332**

Place: Hyderabad

Date: 30th May, 2016

For and on behalf of the Board

**Arihant Baid**  
Managing Director

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016**

	Note No.	Year Ended 31st March, 2016 ₹	Year Ended 31st March, 2015 ₹
<b>INCOME</b>			
I <b>Revenue from Operations</b>	19	403,363,423	333,579,584
Less: Excise Duty		17,803,305	14,610,046
		<u>385,560,118</u>	<u>318,969,538</u>
II <b>Other Income</b>	20	2,142,973	1,857,243
III <b>Total Revenue (I + II)</b>		<u>387,703,091</u>	<u>320,826,781</u>
<b>IV Expenses:</b>			
Raw Material Consumed	21	235,836,674	195,523,747
Purchase of Stock-in-trade		6,577,998	7,349,526
Change in Inventories	22	(161,105,777)	924,662
Manufacturing Expenses	23	41,766,479	33,922,133
Employee Benefits Expenses	24	41,156,199	33,623,397
Other Expenses	25	34,361,250	27,387,935
Total Expenses		<u>343,592,823</u>	<u>298,731,400</u>
V <b>Profit before Interest, Depreciation &amp; Tax</b>		<u>44,110,268</u>	<u>22,095,381</u>
VI Finance Cost	26	5,037,974	4,763,495
VII Depreciation Expense	11	8,360,601	8,860,679
VIII Exceptional Items	27	377,758	—
IX <b>Profit before Tax</b>		<u>30,333,935</u>	<u>8,471,207</u>
<b>X Tax Expense</b>			
Tax for earlier year		(40,910)	(638,420)
Current Tax		(6,700,000)	(3,760,000)
Deferred Tax		(223,904)	2,467,936
XI <b>Net Profit after Tax</b>		<u>23,369,121</u>	<u>6,540,723</u>
<b>XII Earning Per Share (having a face value of Rs. 1 each)</b>			
- Basic and Diluted		0.185	0.052

Significant Accounting Policies and Notes on Financial Statement 1 to 33

Per our report attached

For and on behalf of the Board

For **Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S

**Arihant Baid**  
Managing Director

**Sharada G Patil**  
Partner  
**Membership No. 015332**

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director

Place: Hyderabad  
Date : 30th May, 2016



	31.03.2016 (₹ in Lacs)	31.03.2015 (₹ in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items:	303.34	84.71
Adjustment for:		
Depreciation	83.61	88.61
Finance Charges	50.38	47.63
Loss on Fixed Assets	3.78	0.00
Interest Received	-4.70	-4.20
<b>Operating Profit before Working Capital Changes</b>	<b>436.41</b>	<b>216.75</b>
Adjustment for:		
Trade and Other Receivables	25.57	-144.55
Inventories	-167.41	61.36
Trade Payables	78.89	-75.54
<b>Cash generated from operations</b>	<b>373.46</b>	<b>58.02</b>
Adjustments for:		
Interest/Other Income Received	0.00	0.00
Prior Period Adjustments	-0.41	-6.38
Income-tax	-37.60	-31.00
<b>Net Cash from Operating Activities</b>	<b>335.45</b>	<b>20.64</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-125.31	-24.35
Purchase of Investments	0.00	0.00
Sale of Assets	6.10	0.00
Interest/Other Income received	4.70	4.20
<b>Net Cash used in Investing Activities</b>	<b>-114.51</b>	<b>-20.15</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank borrowings	-134.53	69.77
Finance Charges	-50.38	-47.63
Issue of Equity Shares/Warrants	0.00	0.00
Increase/(Decrease) in Unsecured Loans	-6.90	-3.81
Net Cash from Financing Activities	-191.81	18.33
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT(A+B+C)</b>	<b>29.13</b>	<b>18.82</b>
<b>Cash and Cash Equivalents as on 01.04.2015</b>	<b>55.65</b>	<b>36.83</b>
<b>Cash and Cash Equivalents as on 31.03.2016</b>	<b>84.78</b>	<b>55.65</b>

Per our report attached  
For **Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S  
**Sharada G Patil**  
Partner  
**Membership No. 015332**  
Place: Hyderabad  
Date : 30th May, 2016

For and on behalf of the Board  
**Arihant Baid**  
Managing Director

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director



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**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES:**

1. ACCOUNTING POLICIES:

a. BASIS OF ACCOUNTING:

Financial Statement are prepared under historical cost convention and in accordance with the normally accepted accounting standards.

b. FIXED ASSETS:

a) Fixed Assets are stated at Cost less depreciation & inclusive of expenses upto commissioning/putting the assets to use.

b) DEPRECIATION:

Depreciation is systematically allocated over the useful life of the asset as specified in Schedule- II of the Companies Act, 2013.

c) INVESTMENTS:

Investments are valued at Cost. Provision for diminution in the value of Long Term Investments is made only if, such a decline is other than temporary in the opinion of the Management.

d) REVENUE RECOGNITION:

All the Items of Income and expenditure are accounted on accrual basis except as stated otherwise.

e) FOREIGN EXCHANGE TRANSACTIONS

Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of transaction.

Monetary items ( Assets & Liabilities) denominated in foreign currency are translated into rupees at the Exchange rates prevailing on the Balance Sheet date. Exchange Differences in translation of foreign currency assets and liabilities and realised gains and losses on foreign exchange translations are recognised in the Profit and Loss Account.

f) VALUATION OF INVENTORIES:

i. Stores & Spares are valued at cost or at net realisable value, whichever is lower. Cost is arrived at Weighted Average Basis.

ii. Raw Material, Semi Finished Goods, Finished Goods are valued at cost or market value whichever is lower. Cost is arrived at FIFO method.

iii. Obsolesence and Damaged materials are valued at realisable value.



g) **CENTRAL EXCISE**

Central Excise account is treated as current account by making adjustment of the debit & credit given to/taken from the department including relief.

h) **EMPLOYEE BENEFITS**

a) Provident Fund is administered through Regional Provident Fund Commissioner. The contribution to the Provident Fund is charged against revenue.

b) Gratuity Liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected unit credit method. The company has created an approved gratuity fund, and has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC) for future payment of gratuity to the employees.

c) Leave Encashment is accounts for on actuarial basis.

i) **SEGMENT REPORTING**

Segments are identified having regard to the dominant source and nature of risks and returns and the internal organisation and management structure. Revenues, Expenses and assets which relates to the enterprise as a whole and are not attributable to segments are included under “Unallocable Corporate Expenses/Revenues”

j) **TAXES ON INCOME**

Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent Liabilities are not recognized but are disclosed, while Contingent Assets are neither recognized nor disclosed, in the financial statements.



	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>2 SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
<b>Equity Shares</b>		
160,000,000 Equity Shares of ₹ 1/- each		
( Previous Year 160,000,000 Equity Shares of ₹ 1/- each)	<u>160,000,000</u>	<u>160,000,000</u>
Total	<u>160,000,000</u>	<u>160,000,000</u>

**2.1 ISSUED, SUBSCRIBED & PAID-UP****Equity Shares**

126,503,000 Equity Shares of ₹ 1/- each

(Previous Year 126,503,000 Equity Shares of ₹ 1/- each) 126,503,000 126,503,000Total 126,503,000 126,503,000

2.2.1 All Equity Shares issued by the company carry equal voting and participatory rights.

2.2.2 The details of share holders holding more that 5% shares:

	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	%	No. of Shares	%
Premier Fiscal Services (P) Ltd	25,000,000	19.76	*25,000,000	19.76
*(Pledge with Bank of India 2014-15)				

**2.2.3 The reconciliation of the no. of shares outstanding is set out below:**

Equity Shares at the beginning of the year	126,503,000	126,503,000
Equity Shares at the end of the year	126,503,000	126,503,000

	As at 31st March, 2016 ₹	As at 31st March, 2017 ₹
<b>3 RESERVES AND SURPLUS</b>		
Share Premium	60,000,000	60,000,000
Investment Subsidy	2,000,000	2,000,000
General Reserve	7,222,892	7,222,892
Capital Reserve (Forfeit of warrant)	7,250,000	7,250,000
Retained Profit on Fixed Assets net of defer tax	(5,148,906)	
Less: Excess transferred to retained earning during FY 2014-15 and now reversed (Note No. 34)	3,741,539	
	(1,407,366)	(5,148,906)
Balance in Profit & Loss		
Balance at the beginning of the year	57,432,213	50,890,489
Add: Profit for the year	23,369,121	6,540,724
Balance at the Closing of the year	<u>80,800,334</u>	<u>57,431,213</u>
Total	<u>155,865,860</u>	<u>128,755,197</u>



	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>4 LONG TERM BORROWINGS</b>		
<b>4.1 Loan - Secured</b> (Secured against the hypothecated assets procured out of Loan)		
HDFC Bank Ltd.	305,249	—
ICICI Bank Ltd.	—	2,182,642
Total	<u>305,249</u>	<u>2,182,642</u>
<b>4.2 Unsecured</b>		
Sales Tax Deferment	1,172,184	1,597,542
Total	<u>1,172,184</u>	<u>1,597,542</u>
4.3 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under:		
Year of Repayment		
2016-17	—	425,358
2017-18	171,099	171,099
2018-19	174,207	174,207
2019-20	277,545	277,545
2020-21	394,431	394,431
2021-22	154,902	154,902
Total	<u>1,172,184</u>	<u>1,597,542</u>
<b>5 DEFERRED TAX (LIABILITY)/ASSETS</b>		
a. Diff. between Book & Tax Depreciation (Liability)	11,113,021	8,874,795
b. Others	<u>(1,115,878)</u>	<u>(1,115,878)</u>
Total	<u>9,997,143</u>	<u>7,758,917</u>
Net Deferred Tax Liability/(Assets)	<u>9,997,143</u>	<u>7,758,917</u>
<b>6 LONG TERM PROVISIONS</b>		
Provision for leave encashment	—	—
Total	<u>—</u>	<u>—</u>





	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>7 SHORT TERM BORROWINGS</b>		
<b>a. Secured</b>		
From Banks - Secured		
State Bank of Hyderabad	15,112,780	33,009,194
(The due to State Bank of Hyderabad - Secured by means of Hypothecation of Stocks of Raw Material, Semi Finished & Finished Goods, Stores & Spare parts and Book-debts and First Charge on the Fixed Assets of the Company and personal guarantee of One Director)		
State Bank of Hyderabad - Term Loan - Secured (Exclusive First charge on Fixed Assets of the Company)	7,075,020	
<b>Loan - Secured</b> (Secured against the hypothecated assets procured out of Loan)		
HDFC Bank Ltd.	191,420	—
ICICI Bank Ltd.	—	946,108
Total	<u>22,379,220</u>	<u>33,955,302</u>
<b>b. Unsecured</b>		
Sales Tax Deferment	<u>425,358</u>	<u>689,517</u>
Total	<u>425,358</u>	<u>689,517</u>
<b>8 TRADE PAYABLES</b>		
Trade Payable	<u>70,465,023</u>	<u>67,561,465</u>
Total	<u>70,465,023</u>	<u>67,561,465</u>
8.1 Dues to Micro, Small and Medium enterprises has been determined to be ₹ -Nil- to the extent such parties have been identified on the basis of information available with the company.		
<b>9 OTHER CURRENT LIABILITIES</b>		
Creditors for Capital Goods	551,574	455,264
Advances from Customers	307,143	272,000
Other Liabilities	<u>22,528,675</u>	<u>17,766,764</u>
Total	<u>23,387,392</u>	<u>18,494,028</u>
9.1 Other liabilities consist of PF, ESI, Service Tax, TDS and TCS payable etc.		
<b>10 SHORT-TERM PROVISIONS</b>		
Provision for Current Tax	6,700,000	3,760,000
Provision for Leave Encashment	<u>878,000</u>	<u>786,000</u>
Total	<u>7,578,000</u>	<u>4,546,000</u>



**NOTE 11**

**FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as on 01-04-2015 ₹	Additions during the year ₹	Sale or adjust- ment ₹	Total as on 31-03-2016 ₹	Ason 01-04-2015 ₹	Adjust- ments ₹	For-the year 2015-16 ₹	Total Upto 31-03-2016 ₹	As on 31-03-2016 ₹	As on 31-03-2015 ₹
Land	84,181,540	—	—	84,181,540	—	—	—	—	84,181,540	84,181,540
Building	16,978,278	—	—	16,978,278	8,402,841	—	491,742	8,894,583	8,083,695	8,575,437
Plant & Machinery	123,939,876	9,894,399	—	133,834,275	77,107,352	—	5,404,340	82,511,692	51,322,583	46,832,524
Furniture & Fixtures	24,244,157	294,225	—	24,538,382	24,258,286	(5,589,642)	1,080,374	19,749,018	4,789,364	(14,129)
Motor Vehicles	12,679,116	1,168,448	2,297,930	11,549,634	5,234,699	1,310,172	1,384,145	5,308,672	6,240,962	7,444,417
Capital Work in Progress	—	1,173,600	—	1,173,600	—	—	—	—	1,173,600	—
<b>Total</b>	<b>262,022,967</b>	<b>12,530,672</b>	<b>2,297,930</b>	<b>272,255,709</b>	<b>115,003,178</b>	<b>(6,899,814)</b>	<b>8,360,601</b>	<b>116,463,965</b>	<b>155,791,744</b>	<b>147,019,789</b>
Previous Year	259,588,371	2,434,596	-	262,022,967	98,520,702	7,621,797	8,860,679	115,003,178	147,019,789	—



	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>12 NON CURRENT INVESTMENTS</b>		
<b>Unquoted</b>		
1000 Equity Shares of ₹ 100/- each fully paid up in Progressive Effluent Treatment Limited	100,000	100,000
5500000 Equity Shares of ₹ 10/- each fully paid up in Deccan Remedies Limited	70,000,000	70,000,000
Total	<u>70,100,000</u>	<u>70,100,000</u>
<b>13 OTHER NON CURRENT ASSETS</b>		
Loans, Advances to Related Parties	—	—
Security Deposit	1,740,349	1,660,977
Prepaid Expenses	657,130	162,977
Total	<u>2,397,479</u>	<u>1,823,954</u>
<b>14 INVENTORIES (As valued and certified by Management)</b>		
Stores & Spares	809,291	1,052,470
Packing Material	401,843	242,637
Coal & Diesel	103,649	255,274
Raw Materials	5,450,060	4,579,455
Finished Goods	19,158,233	3,076,442
Work-in-process	3,497,065	3,473,079
Total	<u>29,420,141</u>	<u>12,679,357</u>
<b>15 TRADE RECEIVABLES</b>		
Unsecured and Considered Good		
Outstanding for more than 6 months	3,168,412	470,169
Others	66,424,973	61,433,465
Total	<u>69,593,385</u>	<u>61,903,634</u>
<b>16 CASH AND CASH EQUIVALENTS</b>		
a. Cash on hand	316,377	1,493,444
b. Balances with Banks		
i. In Current Accounts	360,964	136,765
ii. In Deposit Accounts (Margin Money against LCs/BG)	7,800,358	3,934,606
Total	<u>8,477,699</u>	<u>5,564,815</u>



	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>17 SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good, recoverable in cash or in kind for value to be received)		
a. Loans and advances to related parties Unsecured, considered good	—	—
b. Loans and advances to employees Unsecured, considered good	12,107,018	9,035,544
c. Prepaid Expenses Unsecured, considered good	82,513	369,753
d. Balances with Government Authorities Unsecured, considered good		
i. CENVAT credit receivable	3,981,236	6,458,716
ii. Balances with Central Excise Deptt	24,963	23,963
iii. VAT credit receivable	7,368,208	5,082,796
iv. Service Tax	2,384,629	1,004,311
e. Advances to Contractors, Suppliers Unsecured, considered good	843,953	341,709
f. Advances recoverable cash or in kind	54,945,744	70,392,248
 Total	 <u>81,738,264</u>	 <u>92,709,040</u>
 <b>18 OTHER CURRENT ASSETS</b>		
Advance Income Tax/TDS	46,267	41,765
Accrued Interest	347,231	201,256
 Total	 <u>393,498</u>	 <u>243,021</u>



	Year ended 31st March, 2016 ₹	Year ended 31st March, 2015 ₹
19 Revenue from Operation		
Sale of Products	403,124,792	333,246,794
Other Operating Revenues	238,631	332,790
	<b>403,363,423</b>	<b>333,579,584</b>
Less: Excise Duty	17,803,305	14,610,046
Net Revenue from Operation	<b>385,560,118</b>	<b>318,969,538</b>
20 Other Income		
Interest Income (TDS ₹ 46,267; Previous Year ₹ 41,765)	469,810	419,909
Insurance Claim Received	186,996	224,705
Sundry Balances Written Back (Net)	—	30,087
Miscellaneous Income	800	60,066
Exchange Rate Fluctuation	46,141	60,328
Duty Draw Back	1,439,226	1,062,148
Total	<b>2,142,973</b>	<b>1,857,243</b>
21 Raw Material Consumed		
Opening Stocks	4,579,455	10,044,497
Add: Purchases	236,707,279	190,058,705
Total	<b>241,286,734</b>	<b>200,103,202</b>
Less: Closing Stocks	5,450,060	4,579,455
Consumption	<b>235,836,674</b>	<b>195,523,747</b>
22 Changes in Inventories (other than RM)		
Opening Stocks		
Work in Progress	3,473,079	5,811,271
Finished Goods	3,076,442	1,662,912
Total	<b>6,549,521</b>	<b>7,474,183</b>
Closing Stocks		
Work in Progress	3,497,065	3,473,079
Finished Goods	19,158,233	3,076,442
Total	<b>22,655,298</b>	<b>6,549,521</b>
Changes in Stock	<b>(16,105,777)</b>	<b>924,662</b>
23 Manufacturing Expenses		
Stores, Spares & Others	8,493,389	6,605,404
Packing Material	7,751,113	6,793,856
Power & Fuels	20,921,422	17,797,644
Repairs & Maintenance - Buildings	1,068,906	974,344
Repairs & Maintenance - Plant & Machinery	1,429,207	900,647
Repairs & Maintenance - Others	629,317	596,388
Job Work Charges	1,473,125	253,850
Total	<b>41,766,479</b>	<b>33,922,133</b>



	Year ended 31st March, 2016 ₹	Year ended 31st March, 2015 ₹
<b>23.1 Stores and Spares Consumption</b>		
Opening Stocks	1,052,470	956,302
Add: Purchases	8,250,210	6,701,572
Less: Closing Stocks	809,291	1,052,470
Total	<u>8,493,389</u>	<u>6,605,404</u>
<b>23.2 Packing Material Consumption</b>		
Opening Stocks	225,261	225,261
Add: Purchases	7,910,319	6,811,232
Less: Closing Stocks	401,843	242,637
Total	<u>7,733,737</u>	<u>6,793,856</u>
<b>24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	36,436,092	29,976,661
Contributions to Provident and other funds	1,912,636	1,597,968
Gratuity	550,478	100,000
Staff Welfare expenses	2,256,993	1,948,768
Total	<u>41,156,199</u>	<u>33,623,397</u>
<b>25 OTHER EXPENSES</b>		
Pollution Expenses	5,939,251	2,321,376
Consultancy & Legal Expenses	3,222,738	1,674,482
Rent & Facilities	1,454,401	1,311,521
Electricity Charges	1,215,933	869,232
Security Charges	850,213	664,269
Printing & Stationery	694,897	715,206
Communication Expenses	1,354,276	1,320,102
Insurance	620,167	582,630
Travelling & Conveyance Exp.	8,612,193	6,760,870
Selling Expenses	2,622,912	5,148,259
Carriage Outwards	3,516,053	3,407,501
Auditors' Remuneration	295,968	193,900
Vehicle Maintenance	244,830	259,389
Sales Tax	391,515	9,058
Miscellaneous Expenses	3,149,837	2,150,140
Sundry Balances Written Off (Net)	176,066	—
Total	<u>34,361,250</u>	<u>27,387,935</u>



	Year ended 31st March, 2016 ₹	Year ended 31st March, 2015 ₹
<b>26 FINANCE COST</b>		
Interest on Working Capital	1,952,286	2,974,077
Interest on Term Loan	1,111,703	424,445
Bank Charges	1,973,985	1,364,973
Total	<u>5,037,974</u>	<u>4,763,495</u>
<b>27 EXCEPTIONAL ITEMS</b>		
Profit/Loss on Sale of Fixed Assets	377,758	—
<b>28 EARNING PER SHARE</b>		
Net Profit the basic EPS	23,369,121	6,540,723
Weighted Average No. of Shares	126,503,000	126,503,000
Annualized Basic Earning per share	0.18	0.05
<b>29 AUDITORS REMUNERATION</b>		
i. Audit Fees	137,400	84,270
ii. Tax Audit Fees	34,350	28,090
iii. Certification & Other	122,118	79,440
iv. Audit Fees - Branch	2,100	2,100
Total	<u>295,968</u>	<u>193,900</u>
<b>30 CONTINGENT LIABILITY</b>		
i. Income-tax where appeals/petitions are pending with Various Authorities	*56.67	*56.67
ii. Sales Tax where Appeal is pending	*111.04	*111.04
*Company is hopeful of complete relief, hence no provision is made.		
<b>31 Additional information pursuant to paragraphs 5 (viii) of part II of Schedule VI to the Companies Act, 1956 are as follows:</b>		
A. C.I.F. value of imports by the Company (Excluding imported items purchased locally)		
Raw Materials	2,591,960	3,684,639
Fixed Assets	609,453	—
B. Expenditure in foreign currency during the year:		
a. Foreign Travel Expenses	1,481,762	2,713,631
b. Sales Commission	851,350	2,798,709
c. Bank Charges	166,203	86,444
C. Details of consumption of imported and indigenous items		
	Year ended 31st March, 2016 ₹	Year ended 31st March, 2016 %
Imported		
Raw Material	2,592,433	1%
	(3,684,639)	2%
Indigenous		
Raw material	233,244,241	99%
	(191,839,108)	98%
Stores, Spares Parts & Components	8,493,389	100%
	(6,605,404)	100%
Total	<u>244,330,063</u>	
	<u>(202,129,151)</u>	
Note: Figures/percentages in brackets relates to the previous year.		



D. Segment Details

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard- 17 issued by the Institute of Chartered Accountants of India is considered as a single segment.

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Geographic Segment	Revenues for the	Segment Assets
	Year ended 31st March, 2016	As at 31st March, 2016
Dubai	0.00	0.00
	(28.74)	—
Germany	79.73	—
	(29.99)	—
Netherland	0	—
	(11.33)	—
Iran	58.17	23.07
	(225.30)	(28.10)
Peru	231.22	25.75
	(126.78)	—
Colombia	13.53	—
	—	—
Spain	9.41	3.05
	(141.91)	—
Guatemala City	114.86	4.25
	(200.76)	(13.27)
El Salvador	17.59	—
	(36.84)	(28.64)
Cuba	324.44	—
	—	—
Export Others	232.36	46.19
	(254.28)	(26.87)
India	2,774.29	593.62
	(2133.77)	(522.16)

Note: Figures in brackets relates to the previous year.

Particulars	Year ended	Year ended
	31st March, 2016	31st March, 2015
	₹	₹
E. Earning in Foreign Currency on F.O.B. basis		
Export of Goods	103,387,741	99,374,255

32 RELATED PARTY TRANSACTIONS (Accounting Standard-18)

Name & Relationship	Nature of Transaction	Amount (₹)
1 Mr. Arihant Baid Managing Director	Remuneration	2,400,000

33 EMPLOYEES BENEFITS:

33.1 Company has obtain Group Gratuity Scheme with LIC and contributing the same. The assumption taken are discount rate @ 8% and salary escalation @ 4 % etc.

33.2 Defined Contribution Plan:

Contribution to defined contribution plan, recognized as expenses for the year are as under:





Employer's Contribution to Provident/Pension Fund - ₹ 1,257,277/-

The Company contributes applicable rates of salary of all eligible employees towards Provident Fund managed by the Central Government.

Leave Encashment:

The Company has provided a sum of ₹ 878,000/- towards Leave encashment based on actuarial valuation.

33.3 Balance in Advances, Deposits, Unsecured loans, other Liabilities, Trade Receivables, Trade Payables and advances against suppliers are subject to confirmation by respective parties.

33.4 Fixed Assets includes land for which Registration formalities are yet to be completed.

33.5 The Company's Lease Agreement in respect of Building at Srinagar Colony. The Lease Rentals payable are charged as "Lease Rental Charges" under "Other Expenses" in Note No - 25. This leasing arrangement is for longer period and renewable by mutual consent on mutually agreeable terms. Future lease rental payable are as under: (₹ in Lakhs)

Particulars	as at March 31, 2016*
Payables:	
Not later than one year	15.22
Later than one year but not later than 3 years	2.58
Later than 3 years	0.00

\* The above figures are given without discounting at present value

33.6 Investment includes ₹ 70,000,000 in Shares of Deccan Remedies Limited for the Company's expansion plans.

33.7 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

33.8 In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the fixed assets during the year ended 31st March, 2016.

33.9 Investment Subsidy received from Andhra Pradesh Government is shown under Reserve and Surplus.

34.0 Pursuant to enactment of Companies Act, 2013, the company has applied the estimate useful life as specified in Schedule II.

Accordingly the unamortised carrying value is being depreciated/ammortised over the revised/remaining useful life.

The written down value net off Deferred Tax amounting to Rs. 14.07 Lakhs of Fixed Assets whose lives has expired as at 01.04.2014 has been adjusted, in opening balance of Profit & Loss Account in Financial year 2014-15.

While adjusting the closing balances, retained earnings was excess adjusted earlier and now it is reversed in Financial Year 2015-16.

Per our report attached  
For **Laxminiwas & Jain**  
Chartered Accountants  
Firm Regn. No. 001859S

**Sharada G Patil**  
Partner  
**Membership No. 015332**  
Place: Hyderabad  
Date : 30th May, 2016

For and on behalf of the Board

**Arihant Baid**  
Managing Director

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director



**GENNEX LABORATORIES LIMITED**

Regd. Office: Sy. No. 133, IDA Bollaram Jinnaram Mandal, Medak Dist.- 502 325. Telangana  
Corporate Office: “Akash Ganga”, 3rd Floor, Plot # 144, Srinagar Colony, Hyderabad - 500 073. Telangana

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies vide its circular no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who have not yet registered their email address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the company or to its Registrar and Share Transfer Agent. Shareholders are requested to fill the consent form below and send it to the Registrar and Share Transfer Agent, R&D Infotech Pvt. Ltd or to the company

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE**

(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)

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

Dear Sir,

I/We shareholder(s) of GENNEX LABORATORIES LIMITED, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication in electronic mode (through email). I/We request you to kindly register my / our below mentioned email id in the Company’s records for sending such communication through email.

Folio No. ....../DPID No.\*..... and Client ID No.\*.....

\*Applicable for members holding shares in Electronic Form.

Name of the Sole / First Shareholder: \_\_\_\_\_

Name of the Joint Shareholders (if any): \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

E-mail id for receipt of documents in: \_\_\_\_\_

Electronic mode: \_\_\_\_\_

Date:

Place:

Signature: \_\_\_\_\_

(Sole / First Shareholder)

- Note:
- Shareholders are requested to inform the Company’s Registrar and Share Transfer Agent R&D Infotech Pvt. Ltd, as and when there is change in their registered email-id.
  - for shares held in demat form, shareholders are also requested to inform /update their email-ids to their respective Depository Participants.





**GENNEX LABORATORIES LIMITED**

Regd. Office: Sy. No. 133, IDA Bollaram Jinnaram Mandal, Medak Dist.- 502 325. Telangana  
Corporate Office: "Akash Ganga", 3rd Floor, Plot # 144, Srinagar Colony, Hyderabad - 500 073. Telangana

Form No. MGT- 11

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No/ Client Id: \_\_\_\_\_

DP ID: \_\_\_\_\_

I/ We, being the member (s) of ..... shares of the above named company, hereby appoint

Name: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

Name: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

Name: \_\_\_\_\_

E-mail \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 31st Annual General Meeting of the Company, to be held on Friday, 30th September, 2016 at 11 a.m. IST at the Registered Office of the Company situated at Sy.No. 133, IDA Bollaram, Jinnaram Mandal, Medak District - 502 325, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To Appoint a Director in the place of Mr. T.M. GOPALAKRISHNAN (DIN 03137458), who retires by rotation and being eligible, offers himself for re-appointment
3. To re-appointment of M/s. Laxminiwas & Jain, Chartered Accountants as Statutory Auditors of the Company.
4. To re-appointment of M/s. Sibsankar & Associates, Chartered Accountants as Branch Auditors

Signed this ..... day of ..... 2016

Signature of Proxy holder(s) .....

Signature of shareholder.....

Affix ₹ 1  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at Registered Office of the Company, not less than 48hours before the commencement of the Meeting.





**GENNEX LABORATORIES LIMITED**

Regd. Office: Sy. No. 133, IDA Bollaram Jinnaram Mandal, Medak Dist.- 502 325. Telangana  
Corporate Office: "Akash Ganga", 3rd Floor, Plot # 144, Srinagar Colony, Hyderabad - 500 073. Telangana

**ATTENDANCE SLIP**

Folio No. .... DP ID No./Client ID .....

Name of the Member ..... Signature .....

Name of Proxy Holder ..... Signature .....

No. of Shares held ..... E-mail ID .....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 31st Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2016 at 11.00 A.M. at the Registered Office of the Company at Sy.No.133., IDA Bollaram, Jinnaram Mandal, Medak District – 502 325 (Telangana).

1. Only Member/Proxy-holder can attend the Meeting.
2. Member/Proxy-holder should bring his/her copy of the Annual Report for reference at the Meeting.

Note: Please fill this Admission Slip and hand it over at the entrance. Shareholders who come to attend the meeting are requested to bring the copies of the Annual Report also with them.

**GENNEX LABORATORIES LIMITED**

Regd. Office: Sy. No. 133, IDA Bollaram Jinnaram Mandal, Medak Dist.- 502 325. Telangana  
Corporate Office: "Akash Ganga", 3rd Floor, Plot # 144, Srinagar Colony, Hyderabad - 500 073. Telangana

**Registration of E-mail address for future communication**

Name of the Member ..... Signature .....

Folio No. .... DP ID No. .... Client ID .....

Registered Address .....

Signature .....

E-mail ID .....







Form No. MGT- 12

**POLLING PAPER**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: Gennex Laboratories Limited  
Registered Office: Sy.No. 133, IDA Bollaram, Jinnaram Mandal, Medak District,  
Telangana - 502 325  
CIN: L24230TG1990PLC011168

**BALLOT PAPER**

Sl. No.	Particulars	Details
1.	Name of the first named Shareholder (In Block Letters)	
2.	Postal address	
3.	Registered Folio No./ *Client ID No. (*applicable to investors holding shares in dematerialized form)	
4.	Class of Share Equity Shares	

I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:

No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1	To receive, consider and adopt the audited Financial Statements for the Financial Year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon			
2	To appoint a Director in the place of Mr. T.M. Gopalakrishnan (DIN 03137458), who retires by rotation and being eligible, offers himself for re-appointment			
3	To ratify the appointment Auditors and fix their remuneration.			
4	To ratify the appointment of M/s. Sibsankar & Associates, Chartered Accountants (Firm Registration No. 323691E) as Branch Auditors			

Place:

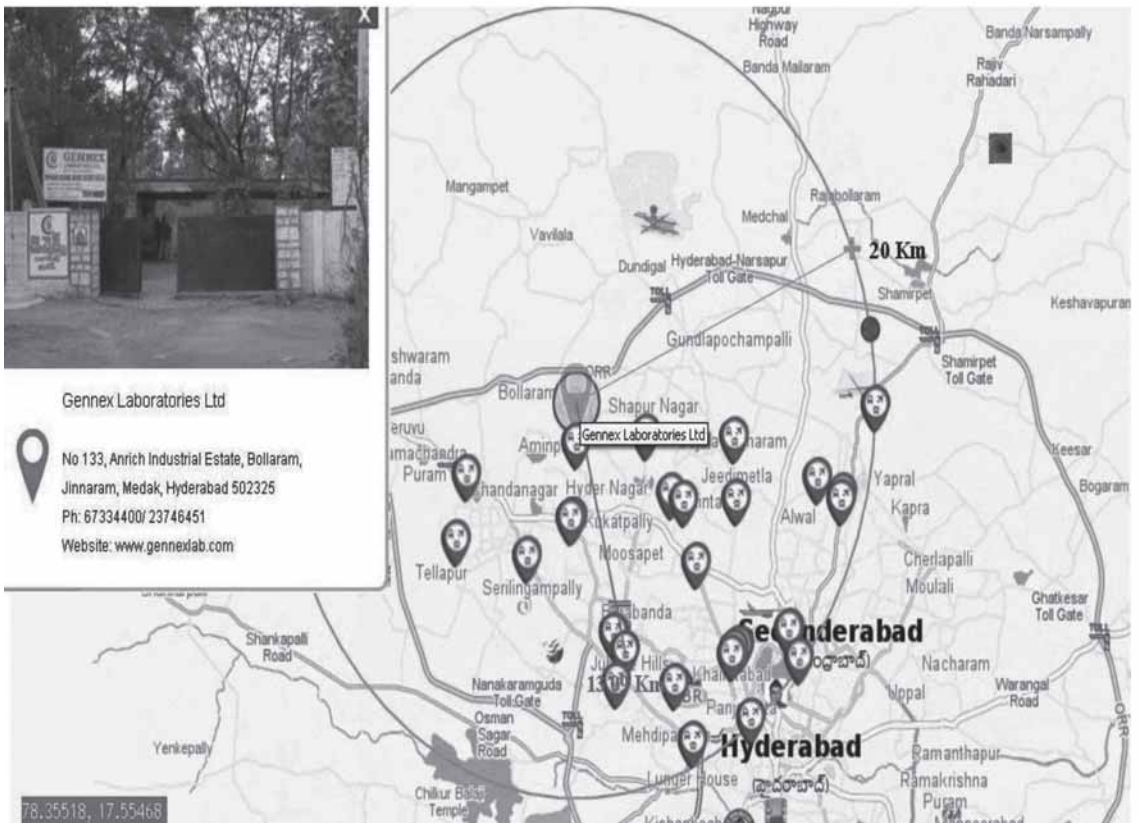
Date:

(Signature of the shareholder\*)

(\*as per Company Records)



In terms of the requirements of the Secretarial Standard on General Meetings (SS-2) issued by the Institute of the Company Secretaries of India, route map for the location of the venue of the 31st Annual General Meeting is given below.



*If undelivered, please return to:*

**GENNEX LABORATORIES LIMITED**

“AKASH GANGA”, 3rd Floor, Plot No. 144,  
Srinagar Colony, Hyderabad - 500 073.  
Telangana, INDIA.