

INDOVATION TECHNOLOGIES LIMITED

(And Reduced)

**29th ANNUAL REPORT
2012-2013**

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CORPORATE INFORMATION

Board of Directors:

| | | |
|--------------------------|---|----------|
| Mr. N Suryanarayana Raju | - | Director |
| Mrs.N Satyavathi | - | Director |
| Mr. N Raju Sanyasi | - | Director |
| Mrs. B Jagavathi Devi | - | Director |
| Mr. B Satyanarayana Raju | - | Director |
| Mrs. K Jayalakshmi | - | Director |
| Mr. K Chaitanya Varma | - | Director |

Registered Office:

D.No:50-63-03, Gayatri Nilayam,
1st Floor, Rajendra Nagar,
Seethammapeta, Vishakhapatnam,
Andhra Pradesh - 530016

Auditors:

M/s Chanamolu & Co.,
Chartered Accountants, Hyderabad

Listing:

BSE Limited

Registrar & Share Transfer Agents:

Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda,
Hyderabad - 500 029.
Ph: 040-27638111, 27634445
Fax:040-27632184
info@aarthiconsultants.com

Indovation Technologies Limited

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held on Saturday, 28th September, 2013 at 11.00 a.m. At the Registered office of the Company at D.No:50-63-03, Gayatri Nilayam, 1st Floor, Rajendra Nagar, Seethammapeta, Vishakhapatnam, Andhra Pradesh-500016 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31 March, 2013 and Profit & Loss Account for the year ended on that date along with the report of Directors and Auditors thereon.
2. To appoint M/s.Chanamolu & Co., Chartered Accountants as Statutory auditors to hold office up to the conclusion of next Annual General Meeting.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. N Suryanarayana Raju who was appointed as an additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. 20.10.2012 and who holds office up to date of ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”
4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mrs. N Satyavathi who was appointed as an additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. 15.04.2013 and who holds office up to date of ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing her as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”
5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. N Raju Sanyasi who was appointed as an additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. 15.04.2013 and who holds office up to date of ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”
6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Ordinary Resolution:

“RESOLVED THAT Mrs. B Jagavathi Devi who was appointed as an additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. 15.04.2013 and who holds office up to date of ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing her as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

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

“RESOLVED THAT Mr. B Satyanarayana Raju who was appointed as an additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. 15.04.2013 and who holds office up to date of ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

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

“RESOLVED THAT Mrs. K Jayalakshmi who was appointed as an additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. 15.04.2013 and who holds office up to date of ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing her as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

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

“RESOLVED THAT Mr. K Chaitanya Varma who was appointed as an additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. 15.04.2013 and who holds office up to date of ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

For and on behalf of the Board
INDOVATION TECHNOLOGIES LIMITED

Sd/-

N. Suryanarayana Raju
Director

Place: Vishakhapatnam
Date: 14.08.2013

NOTES:

1. An Explanatory statement pursuant to section 173(2) of the companies Act, 1956 in relation to the Special business of the meeting is annexed hereto and forms part of this notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will be closed from 26.09.2013 to 28.09.2013 (Both days inclusive).
4. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.
6. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
8. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
9. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

For and on behalf of the Board
INDOVATION TECHNOLOGIES LIMITED

Sd/-

N. Suryanarayana Raju
Director

Place: Vishakhapatnam
Date: 14.08.2013

EXPLANATORY STATEMENT

(Pursuant To Section 173(2) of the Companies Act, 1956)

Item No. 3

The members may note that Mr. N Suryanarayana Raju was inducted into Board as an Additional Director of the company, with effect from 20.10.2012 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. N Suryanarayana Raju may be deemed to be concerned or interested in the resolution.

Item No. 4

The members may note that Mrs .N Satyavathi was inducted into Board as an Additional Director of the company, with effect from 15.04.2013 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mrs .N Satyavathi may be deemed to be concerned or interested in the resolution.

Item No. 5

The members may note that Mr. N Raju Sanyasi was inducted into Board as an Additional Director of the company, with effect from 15.04.2013 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. N Raju Sanyasi may be deemed to be concerned or interested in the resolution.

Item No. 6

The members may note that Mrs.B Jagavathi Devi was inducted into Board as an Additional Director of the company, with effect from 15.04.2013 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mrs.B Jagavathi Devi may be deemed to be concerned or interested in the resolution.

Item No. 7

The members may note that Mr. B Satyanarayana Raju was inducted into Board as an Additional Director of the company, with effect from 15.04.2013 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. B Satyanarayana Raju may be deemed to be concerned or interested in the resolution.

Item No. 8

The members may note that Mrs. K Jayalakshmi was inducted into Board as an Additional Director of the company, with effect from 15.04.2013 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

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None of Directors except Mrs. K Jayalakshmi may be deemed to be concerned or interested in the resolution.

Item No. 9

The members may note that Mr. K Chaitanya Varma was inducted into Board as an Additional Director of the company, with effect from 15.04.2013 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for our approval

None of Directors except Mr. K Chaitanya Varma may be deemed to be concerned or interested in the resolution.

For and on behalf of the Board
INDOVATION TECHNOLOGIES LIMITED

Place: Vishakhapatnam
Date: 14.08.2013

Sd/-
N. Suryanarayana Raju
Director

DIRECTORS' REPORT

To,
The Members,
Indovation Technologies Limited

Your Directors, present the Annual Report and the Audited Accounts for the financial year ended March 31, 2013.

The working results of the Company are:

(Rs. in lakhs)

| Particulars | Year Ended March 31 | |
|--|---------------------|-------|
| | 2013 | 2012 |
| Sales | 46.65 | 30.69 |
| Profit Before Interest and Depreciation | 4.16 | 2.94 |
| Interest & Finance Charges | 0.00 | 0.00 |
| Profit /(loss) After Interest But Before Depreciation | 4.16 | 2.94 |
| Depreciation | 0.97 | 2.55 |
| Profit/(Loss) for the Year | 3.19 | 0.39 |
| Other Income | 0.00 | 0.00 |
| Net Profit/(Loss) | 3.19 | 0.39 |

REVIEW OF OPERATIONS:

During the year under review, the company made a turnover of Rs.46.65 lakhs and net profit of Rs.3.19 lakhs against a turnover of Rs.30.69 lakhs and net profit of Rs.0.39 lakhs during the previous year.

CHANGE IN THE REGISTERED OFFICE BY THE COMPANY

During the year the registered office of the company is shifted to D.No:50-63-03, Gayatri Nilayam, 1st Floor, Rajendra Nagar, Seethammampeta, Vishakhapatnam, Andhra Pradesh-500016.

LISTING

The equity shares of your company are listed on the BSE Limited

CONVERSION OF UNSECURED LOAN INTO EQUITY, REDUCTION OF CAPITAL AND INFUSION OF FUNDS:

Pursuant to the petition filed by the Company with Hon'ble High Court of Andhra Pradesh, the Hon'ble Court vide its order dated 31.12.2012 approved the scheme of arrangement and allowed for conversion of unsecured loan into equity, reduction and consolidation of share capital and infusion of fresh capital in the following manner:

- The unsecured loans amounting to Rs.7,17,79,915/- standing in the books of the Company as on 31st March, 2011 were converted into Equity Shares (i.e) Rs.7,17,79,900 divided into 71,77,990 Equity Shares of Rs.10/- each .
- Upon conversion of unsecured loans in to equity shares, the accumulated losses

Indovation Technologies Limited

of Rs.8,77,12,110/- shall be set off and neutralized against its paid up capital of Rs.9,74,57,900/- resulting in a reduction of Rs.8,77,12,110/- against its paid-up capital.

- c) Upon setting off the accumulated losses, the issued, subscribed and paid up capital shall be Rs.97,45,790/- divided into 97,45,790 equity shares of Re 1/- each. The said issued, subscribed and paid up share capital of the company shall be consolidated into Rs. 97,45,790/- divided into 9,74,579 Equity Shares of Rs.10/- each.
- d) The Company allotted 15,00,000 Equity Shares of Rs.10/- each for cash at par aggregating to Rs.1,50,00,000 to Strategic Investors as per the scheme.

DIVIDEND:

Your directors express their inability to recommend any dividend for the financial year 2012-2013.

DIRECTORS:

During the year, Mr. G.B.K. Reddy, Mr. B.V. Ratnam, Mr. E. Manoj Kumar Reddy, Mr. A. Ramesh Babu, Mrs. K. Sandhya and Mrs M. Ramanamma resigned from the Board.

The Board wishes to place on record its deep appreciation and gratitude for the valuable services rendered by them during their tenure, as directors of the company.

During the year, Mr. N Suryanarayana Raju, Mrs. N Satyavathi, Mr. N Raju Sanyasi, Mrs. B Jagavathi Devi, Mr. B Satyanarayana Raju, Mrs. K Jayalakshmi, Mr. K Chaitanya Varma were appointed as Additional Directors to hold office up to the date of ensuing annual general meeting.

Your directors recommend their appointment.

AUDITORS:

To appoint Auditor M/s. Chanamolu & Co., Chartered Accountants as statutory Auditors of the Company and to hold office up to the conclusion of next Annual General Meeting and to authorise the board to fix their remuneration.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement Under Section 217 (2AA) of the Companies Act 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed by the Board that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) Appropriate accounting policies have been selected and applied consistently and judgment and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company at the end of the

financial year and of the loss of the company for the financial year ended 31st March, 2013.

- iii) Proper and sufficient care has been taken 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) The Directors had prepared the annual accounts on a going concern basis;

COMPLIANCE CERTIFICATE :

Your company has obtained a secretarial certificate under proviso to subsection (1) of section 383A of Companies Act, 1956 from a Practising Company Secretary, Hyderabad and same is enclosed to this report as Annexure.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 with respect to these matters is given in Annexure – 1 and form part of this report.

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code of Conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. Code of Conduct has also been placed on the website of the company. A declaration signed by the Managing Director is given in Annexure.

CORPORATE GOVERNANCE:

The provisions relating to Clause 49 on corporate governance are not applicable to the Company since the paid up capital of the Company is less than Rs. 3 crores.

ACKNOWLEDGEMENTS:

Your Directors are pleased to place on records their sincere appreciation to the Company's Bankers, employees, customers, suppliers and shareholders for their valuable support and co-operation.

For and on behalf of the Board
INDOVATION TECHNOLOGIES LIMITED

Sd/-

N. Suryanarayana Raju
Director

Place: Vishakhapatnam
Date: 14.08.2013

ANNEXURE – I

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) As such there was no major consumption of energy during financial year 2012-13.
- b) Energy conservation measures taken: None, since there was no major consumption of energy during the financial year.
- c) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. None, since there was no major consumption of energy during the financial year.
- d) impacts of the measures at (a) and (b) above for reduction of energy consumption and subsequent impact on the cost of production of goods are shown in item (b) of Form 'A'
- e) Total energy consumption per unit of production nil as there were no production operations.

For and on behalf of the Board
INDOVATION TECHNOLOGIES LIMITED

Place: Vishakhapatnam
Date: 14.08.2013

Sd/-
N. Suryanarayana Raju
Director

COMPLIANCE CERTIFICATE

CIN : L72200AP1984PLC004380
Authorised Capital : Rs. 3,00,00,000/-
Paid up Capital : Rs. 2,47,45,790/-

To
The Members of
M/s .INDOVATION TECHNOLOGIES LIMITED
D.No:50-63-03, Gayatri Nilayam, 1st Floor, Rajendra Nagar,
Seethammapeta, Vishakhapatnam, Andhra Pradesh.

We have examined the Registers, Records, Books and papers of **M/s. INDOVATION TECHNOLOGIES LIMITED**, as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of association of the Company for the Financial Year ended on 31st day of March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial Year:

1. The Company has kept and maintained all the Registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 7 times respectively on 07.05.2012, 14.08.2012, 20.08.2012, 20.10.2012, 14.11.2012, 14.02.2013 and 22.03.2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the Circular resolutions passed in the minutes Book maintained for the purpose.
5. The Company had closed its Register of Members from 26.09.2012 to 29.09.2012.
6. The Annual General meeting for the financial year ended on 31st March, 2012 was held on 29.09.2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra -Ordinary General Meeting was held during the financial year 2012-13.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into contracts falling within the purview of the provisions of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.

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11. As there were no instances falling within the purview of section 314 of the Act, the Company was not required to obtain necessary approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate Share Certificates during the financial Year.
13. The Company:
 - i) has delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) the company was not required to post any warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and there is no interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and protection Fund – Not Applicable.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the Financial Year.
17. The Company has obtained all necessary approvals from Hon'ble High Court of Andhra Pradesh, Regional Director, Registrar of Companies and/ or such authorities prescribed under various provisions of the Act during the financial year for reduction of the capital of the company, conversion of loan into equity and issue of shares on preferential basis.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 15,00,000 shares on preferential basis to strategic investors pursuant to Hon'ble High Court of Andhra Pradesh Orders dated 31.12.2012 during the Financial Year.
20. The Company has not bought back any shares during the financial year.
21. The Company has so far not issued any redeemable preference shares/ debentures.

22. During the year under review, the Company has not declared any dividend, rights shares and bonus shares and hence the question of keeping in abeyance right to dividend, rights shares and bonus shares pending registration of transfer of shares does not arise.
23. The Company has not invited /accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March 2013.
25. The Company has not made any loans or advances or given Corporate Guarantees or provided Securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association with respect to Board meetings and General Meetings and participation through video conference after obtaining approval of the members in the general meeting held on 29.09.2012 and the amendment to the Articles of Association have been duly filed with the Registrar of Companies.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the Year.
33. The Company was not required to deduct any contribution towards Provident Fund during the financial year.

Place: Hyderabad
Date : 14.08.2013

Sd/-
S. Sarveswar Reddy
Practicing Company Secretary
C.P. No: 7478

ANNEXURE 'A'

Registers as maintained by the Company:

Statutory Registers:

- | | |
|---|------------------------|
| 1. Register of Members | u/s 150 of the Act. |
| 2. Register of Directors | u/s 303 of the Act. |
| 3. Register of Directors' Shareholding | u/s 307 of the Act. |
| 4. Minutes of the General Meetings | u/s 193 of the Act. |
| 5. Minutes of the Board Meetings | u/s 193 of the Act. |
| 6. Register of Charges | u/s 143 of the Act. |
| 7. Register of Contracts | u/s 301 of the Act. |
| 8. Register of Share Transfers | |
| 9. Register of Contracts, Companies And Firms in which Directors, etc. are Interested | u/s 301(3) of the Act. |
| 10. Register of Fixed Assets | u/s 49(7) of the Act |
| 11. Investments Register | u/s 372(5) of the Act. |

Other Registers:

1. Attendance Register of General Meetings.
2. Attendance Register of Board Meetings.

Place: Hyderabad

Date : 14.08.2013

Sd/-

S. Sarveswar Reddy

Practicing Company Secretary

C.P. No: 7478

Annexure —B

As per the records and information provided to us, Forms and Returns have been filed by the Company with the Registrar of Companies, Regional Director, Central government or other authorities during the financial Year ending 31st day of March, 2012.

FORMS / RETURNS FILED WITH REGISTRAR OF COMPANIES, A.P:

| Sl. No | Form No/ Return | Filed under Section | Purpose | Date of Registration | Whether filed with in prescribed Period YES/NO | If delay in filing whether requisite additional Fee paid YES/NO |
|--------|------------------|---------------------|--|----------------------|--|---|
| 01 | 32 | 303(2) | Regularization of Mr.A.Ramesh Babu as Director | 28.04.2012 | Yes | No |
| 02 | 62 | | Calender of events | 24.08.2012 | Yes | No |
| 03 | 18 | 149(2) | Shifting of Registered office | 28.09.2012 | Yes | No |
| 04 | 32 | 303(2) | Regularization of Mrs.K.Sandhya and Mrs.M.Ramanamma as Directors | 04.10.2012 | Yes | No |
| 05 | 23 | 31 | Alteration of Articles of Association | 04.10.2012 | Yes | No |
| 06 | 20B | 210 | Filing of Annual return for fy 2011-12 | 20.10.2012 | Yes | No |
| 07 | 32 | 303(2) | Appointment of Mr.N.S.N.Raju as Director and Resignation of Mr.G.Bala Krishna Reddy from the Board | 20.10.2012 | Yes | No |
| 08 | 66 | 383A | Filing of compliance certificate for fy 2011-12 | 25.10.2012 | Yes | No |
| 09 | 23ACA & ACA XBRL | 210 | Filing of Balance sheet and P & L A/c for the fy 2011-12 | 08.01.2013 | Yes | No |
| 10 | 21 | 391 to 394 | Filing of certified copies of Hon'ble High court dated 31.12.2012 | 26.02.2013 | Yes | No |
| 11 | 5 | 97 | Reduction and consolidation of paid up capital pursuant to High court order Dated 31.12.2012 | 13.03.2013 | Yes | No |

Sd/-

Place: Hyderabad
Date : 14.08.2013

S. Sarveswar Reddy
Practicing Company Secretary
C.P. No: 7478

Auditors' Report

To
The Members of
INDOVATION TECHNOLOGIES LIMITED
(Formerly Known as Priyadarshini Thread Limited)
Hyderabad.

We have audited the attached Balance Sheet of Indovation Technologies Limited (Formerly Known as Priyadarshini Thread Limited) as at March 31, 2013, the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies Auditors' Report order (CARO) 2003 as amended by the Companies (Auditors report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, We enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of information and explanations given to us and representations received from the Directors of the company as on 31st March, 2013 and taken on record by the Board of Directors, We report that none of the Directors are disqualified as on 31st March, 2013 from being appointed as Director of

the company under Section 274 (1) (g) of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
- (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2013,
 - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For CHANAMOLU & CO.,
Chartered Accountants
Firm Registration No.010000S

Sd/-

P. Sriram

Partner

Membership No. 227395

Place: Hyderabad

Date : 30.05.2013

**ANNEXURE REFERRED TO IN PARAGRAPH
1 OF OUR REPORT OF EVEN DATE**

(Annexure to the Auditors' Report (referred to in paragraph 3 of our Report of even date to the Members of M/s. Indovation Technologies Limited (Formerly Known as Priyadarshini Thread Limited for the year ended March 31, 2013)

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us, fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. In our opinion and according to the information and explanations given to us, the Company is not having any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company.
3. (a) The Company has taken unsecured loans amounting to Rs.3,51,118/- from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and the terms and conditions of the loans are reasonable.
4. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the company and the nature of its business; for the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Section 209 (i) (d) of the of the Companies Act, 1956 in respect of the Company's nature of business.
9. (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income Tax, Wealth Tax, Customs Duty, Excise duty, cess and other material statutory dues applicable at the end of the year for a period of

more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are some disputes and pending tax payments with Income tax department. Except the given below there were no dues on account of cess under 441A of the Companies Act 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

| S.No. | Particulars | Situation | Amount |
|-------|---|-----------------------------|--------------|
| 1 | Asst. Commissioner of Income Tax, Circle - 2(3) | Penalty order U/S.271(1)(c) | Rs.41,80,872 |

10. The company has incurred accumulated losses of Rs. 1,56,40,303 /- as at the end of the financial year 2012-13 and it has not incurred any cash losses during the current financial year covered by our audit and has not incurred any cash losses in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company did not have any outstanding dues to financial Institutions, Banks or Debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. The company is not in the business of dealing or trading in shares, securities, debenture and other instruments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company has not taken term loans from banks.
17. Based on our examination of the balance sheet of the company as at 31.03.2013, since there is no loans availed by the company, the utilization of funds does not arise.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year covered by our audit report, the Company does not have any outstanding debentures during the year.
20. During the year the company has not raised money through the Public Issue, the utilization of funds does not arise.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For CHANAMOLU & CO.,
Chartered Accountants
Firm Registration No.010000S

Sd/-

P. Sriram

Partner

Membership No. 227395

Place: Hyderabad
Date : 30.05.2013

Balance Sheet As at 31st March, 2013

(All amounts in Indian Rupees except for share data or otherwise stated)

| PARTICULARS | Note No's | AS AT Mar'31, 2013 | AS AT Mar' 31,2012 |
|----------------------------------|------------------|---------------------------|---------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 24,745,790 | 25,678,000 |
| Reserves and Surplus | 3 | (13,298,053) | (101,222,964) |
| Preference Share Warrant | | — | — |
| | A | 11,447,737 | (75,544,964) |
| Non - current liabilities | | | |
| Long - term borrowings | 4 | 351,103 | 72,131,018 |
| Deferred tax liabilities (Net) | | 45,367 | — |
| Long term provisions | | — | — |
| | B | 396,470 | 72,131,018 |
| Current liabilities | | | |
| Short - term borrowings | | — | — |
| Trade Payables | 5 | 6,614,548 | 5,734,921 |
| Short - term provisions | 6 | 78,678 | 17,906 |
| | C | 6,693,226 | 5,752,827 |
| Total | (A+B+C) | 18,537,433 | 2,338,881 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Net block | | | |
| Capital work- in- progress | 7 | 4,245,981 | 487,857 |
| | A | 4,245,981 | 487,857 |
| Deferred tax assets (Net) | | — | — |
| Long - term loans and advances | | — | — |
| Non-current investments | | — | — |
| Other Non- Current Assets | | — | — |
| | B | — | — |
| Current assets | | | |
| Inventories | | — | — |
| Trade receivables | 8 | 4,665,200 | 1,218,000 |
| Cash and cash equivalents | 9 | 1,253,074 | 60,463 |
| Short - term loans and advances | 10 | 8,373,179 | 572,561 |
| Other current assets | | — | — |
| | C | 14,291,453 | 1,851,024 |
| Total | (A+B+C) | 18,537,433 | 2,338,881 |

The notes referred to above form an integral part of the Balance Sheet.

As per our report of even date

For **CHANAMOLU & CO.,**

Chartered Accountants

Firm Registration No.010000S

Sd/-

(P. Sriram)

Partner

Membership No.227395

Place: Hyderabad

Date :30.05.2013

For and on behalf of the Board of Directors

INDOVATION TECHNOLOGIES LIMITED

Sd/-

N. Suryanarayana Raju

Director

Sd/-

K. Chaitanya Verma

Director

Place: Vishakhapatnam

Date :30.05.2013

Profit & Loss Account for the year ended 31st March, 2012

(All amounts in Indian Rupees except for share data or otherwise stated)

| PARTICULARS | Note No's | Year Ended Mar'31, 2013 | Year Ended Mar' 31,2012 |
|---|------------------|--------------------------------|--------------------------------|
| INCOME | | | |
| Turnover (Gross) | | | |
| Revenue from operations | | 4,665,200 | 3,069,481 |
| Other Income | | — | — |
| Total Revenue | | 4,665,200 | 3,069,481 |
| EXPENDITURE | | | |
| Operating Expenses | 11 | 2,008,947 | 2,515,427 |
| Administration expenses | 12 | 2,240,413 | 259,380 |
| Depreciation/amortization | 6 | 96,899 | 255,234 |
| Total | | 4,346,259 | 3,030,041 |
| Profit / (Loss) before tax | | 318,941 | 39,440 |
| Exceptional items (Refer note no. 18 of Schedule 20) | | | |
| Profit before tax | | | |
| Provision for taxation | | | — |
| - Current Year Tax | | 60,772 | — |
| - Deferred tax | | 45,368 | — |
| Total tax expense | | 106,140 | — |
| Profit/(Loss) from continuing operations | | 212,801 | 39,440 |
| Balance brought forward from previous year | | (103,565,214) | (103,604,654) |
| Less : Accumulated Losses written off as per Capital reduction Scheme | | 87,712,110 | — |
| Balance carried to Balance Sheet | | (15,640,303) | (103,565,214) |
| Earnings per share | | | |
| Basic | | 0.09 | 0.02 |
| Weighted Number of Shares | | 2,474,579 | 2,567,800 |
| Nominal value | | 10 | 10 |
| Notes to accounts | 13 | | |

The notes referred to above Form an integral part of the Profit and Loss Account

As per our report of even date
For **CHANAMOLU & CO.**,
Chartered Accountants
Firm Registration No.010000S
Sd/-
(P. Sriram)
Partner
Membership No.227395
Place: Hyderabad
Date :30.05.2013

For and on behalf of the Board of Directors
INDOVATION TECHNOLOGIES LIMITED
Sd/-
N. Suryanarayana Raju
Director
Sd/-
K. Chaitanya Verma
Director
Place: Vishakhapatnam
Date :30.05.2013

Cash Flow Statement for the year ended 31st March, 2012

(All amounts in Indian Rupees except for share data or otherwise stated)

| | As at Mar'31, 2013 | As at Mar' 31,2012 |
|---|-----------------------|-----------------------|
| A. Cash flow from operating activities | | |
| Net profit / (Loss) before tax | 318,941 | 39,440 |
| Adjustments for: | | |
| Preliminary Expences Written Off | — | — |
| Depreciation | 96,899 | 255,234 |
| Dividend Income | — | — |
| Interest expense | — | — |
| Operating profit before working capital changes | 415,840 | 294,674 |
| Movements in working capital : | | |
| (Increase)/ Decrease in sundry debtors | (3,447,200) | (1,068,628) |
| (Increase)/ Decrease in inventories | — | — |
| (Increase) / Decrease in loans and advances | (7,800,618) | (208,005) |
| (Increase) / Decrease in other current assets | — | — |
| Increase /(Decrease) in current liabilities | 940,384 | 1,231,678 |
| Cash generated from /(used in) operations | (9,891,594) | 249,719 |
| Taxes paid | 60,772 | — |
| Net cash used in /(generated from) operating activities | (9,952,366) | 249,719 |
| B. Cash flows from investing activities | | |
| Purchase of fixed assets | (3,855,023) | (405,000) |
| Sale of fixed assets | — | — |
| Fixed deposits | — | — |
| Dividends received | — | — |
| Net cash used in investing activities | (3,855,023) | (405,000) |
| C. Cash flows from financing activities | | |
| Proceeds Share capital | 15,000,000 | — |
| Other Short term Borrowings(Net) | — | — |
| Other Short term Unsecured Loans (Net) | — | — |
| Interest received | — | — |
| Interest paid | — | — |
| Net cash generated from /(used in) financing activities | 15,000,000 | — |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 1,192,611 | (155,280) |
| Cash and cash equivalents at the beginning of the year | 60,463 | 215,743 |
| Cash and cash equivalents at the end of the year | 1,253,074 | 60,463 |

As per our report of even date
 For **CHANAMOLU & CO.,**
 Chartered Accountants
 Firm Registration No.010000S
 Sd/-
(P. Sriram)
 Partner
 Membership No.227395
 Place: Hyderabad
 Date :30.05.2013

For and on behalf of the Board of Directors
INDOVATION TECHNOLOGIES LIMITED
 Sd/-
N. Suryanarayana Raju
 Director
 Sd/-
K. Chaitanya Verma
 Director
 Place: Vishakhapatnam
 Date :30.05.2013

NOTE : 1

I. Significant Accounting Policies

1. Basis of preparation of financial statements

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the basis of a going concern basis, while revenue, expenses, assets and Liabilities accounted/recognized on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956. Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Management evaluates all recently issued or revised accounting standards on an ongoing basis. The financial statements are prepared under the historical cost convention. Recognition of income and expenses, accrual basis of accounting is followed.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Management periodically assessed using external and internal sources whether there is an indication that an asset may be impaired. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

3. Revenue Recognition

During the year the company has generated Revenue from operating activities of selling and trading of cotton threads and cotton materials.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns and sales tax. Where there is no uncertainty as to measurement of collect ability has been recognized.

4. Expenditure

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities.

5. Depreciation and amortization

Depreciation on fixed assets is applied on written down value method, pro-rata for the period of usage, in accordance with the rates prescribed under schedule XIV of the Companies Act, 1956.

6. **Income tax**

Income taxes are computed using the tax effect accounting method, in accordance with the Accounting Standard (AS 22) "Accounting for Taxes on Income" which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and the relevant timing difference of earlier years. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

7. **Earnings per Share**

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per share is the weighted average shares outstanding during the period.

8. **Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

| | As at Mar'31, 2013 | As at Mar' 31,2012 |
|--|-----------------------|-----------------------|
| Note 2 : Share Capital | | |
| Authorised: | | |
| 30,00,000 Equity Shares of Rs. 10/- each | 30,000,000 | 30,000,000 |
| Issued, Subscribed and Paid up | | |
| 26,70,300 equity shares of Rs. 10/- each | 26,703,000 | 26,703,000 |
| Paid-up Capital | | |
| 24,74,579 Equity Shares of Rs. 10/- each fully paid | 24,745,790 | 25,678,000 |
| | 24,745,790 | 25,678,000 |
| Reconciliation of shares outstanding at the beginning and at the end of the reporting period | | |
| Equity Shares outstanding at the beginning of the year | 2,567,800 | 2,567,800 |
| Add: allotment of shares on conversion of unsecured loans pursuant to court order | 7,177,990 | — |
| | 9,745,790 | 2,567,800 |
| Less: Reduction of capital pursuant to court order | 8,771,211 | — |
| | 974,579 | 2,567,800 |
| Add: Additional shares issued during the year | 1,500,000 | — |
| Equity Shares outstanding at the closing of the year | 2,474,579 | 2,567,800 |
| Terms/rights attached to equity shares | | |
| The company has only one class of equity shares having a par value of ' 10/- per share. Each holder of equity shares is entitled to one vote per share. | | |
| In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held | | |
| Names of shareholders holding more than 5 % shares | No of Shares | No of Shares |
| Equity Shares | | |
| M.Ramanamma | 300,000 | — |
| Akhil Avenues Pvt.Ltd | 200,000 | — |
| P.Pushpalatha | 200,000 | — |
| K.Sandhya | 300,000 | — |
| K.Chaitanya Varma | 300,000 | — |
| N.Suryanarayana Raju | 200,000 | — |
| N. Radha Krishna Reddy | — | 530,708 |
| N. Indira Reddy | — | 394,750 |
| N. Sujit Kumar Reddy | — | 315,800 |

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

| | As at Mar'31, 2013 | As at Mar' 31,2012 |
|--|-----------------------|-----------------------|
| Note 3 : Reserves and Surplus | | |
| General Reserve | | |
| Balance as per last account | 2,342,250 | 2,342,250 |
| Capital Reserve | | |
| Forfeiture of shares on Capital Reduction | — | — |
| Profit & Loss A/c Surplus | | |
| Balance in the statement of profit & loss | (103,565,214) | (103,604,654) |
| Capital reduction pursuant to court order | 87,712,110 | |
| | <u>(15,853,104)</u> | |
| Additions during the year | 212,801 | 39,440 |
| | <u>(15,640,303)</u> | |
| | <u>(13,298,053)</u> | <u>(101,222,964)</u> |
| Note 4 : Long term Liabilities: | | |
| Un Secured Loans from directors | — | 71,779,915 |
| Dealers Deposits | 351,103 | 351,103 |
| Total | <u>351,103</u> | <u>72,131,018</u> |
| Note 5 : Trade Payables | | |
| Expenses payable | 574,186 | 991,976 |
| Sundry Creditors | 6,040,362 | 4,742,945 |
| | <u>6,614,548</u> | <u>5,734,921</u> |
| Note 6 : Short - term provisions | | |
| Provision for Income tax | 78,678 | 17,906 |
| Others Provisions | — | — |
| | <u>78,678</u> | <u>17,906</u> |
| Note 8 : Trade receivables | | |
| (Unsecured, considered good, unless otherwise stated) | | |
| Debts outstanding for a period exceeding six months | | |
| Considered good | | |
| Considered doubtful | | |
| Other debts | | |
| Considered good | | |
| | 1,218,000 | 1,218,000 |
| | <u>1,218,000</u> | <u>1,218,000</u> |
| Add : Other debts | 3,447,200 | — |
| | <u>4,665,200</u> | <u>1,218,000</u> |

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

| | As at Mar'31, 2013 | As at Mar' 31,2012 |
|--|-----------------------|-----------------------|
| Note 9 : Cash and cash equivalents | | |
| Cash on hand | 55,500 | 34,224 |
| Balances with scheduled banks | | |
| On current accounts | 1,197,574 | 26,239 |
| On deposit accounts | — | — |
| | <u>1,253,074</u> | <u>60,463</u> |
| Note 10 : Short - term loans and advances | | |
| Advances for purchases / rendering services | 7,680,618 | 64,235 |
| EMD and other deposits | — | 211,680 |
| Other advances | 4,92,561 | 62,400 |
| TDS and Advance Tax | 2,00,000 | 234,246 |
| | <u>8,373,179</u> | <u>572,561</u> |
| Note 11 : Operating Expenses | | |
| Direct Expenses | 1,590,000 | 2,007,779 |
| Staff Cost and Other Direct Expense | 418,947 | 507,648 |
| | <u>2,008,947</u> | <u>2,515,427</u> |
| Note 12 : Administration expenses | | |
| Office Maintenance | 180,500 | 52,426 |
| Travelling Expenses | 664,800 | 48,236 |
| Rent | 84,000 | — |
| Telephone & Postage Expense | 134,750 | 28,413 |
| Auditors Fee | 50,000 | 25,000 |
| Bank charges | 8,823 | — |
| Tender fess | 51,721 | — |
| Other expenses | 728,135 | — |
| Postage & courier | 54,850 | — |
| Book &Periodicals | 5,500 | 2,796 |
| Transportation charges | 141,254 | 45,621 |
| Electricity charges | 85,615 | 42,733 |
| Printing &stationary | 50,465 | 14,155 |
| | <u>2,240,413</u> | <u>259,380</u> |

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

7. FIXED ASSETS**(Amount in Rupees)**

| Particulars | Gross Block | | | Depreciation/Amortization | | | Net Block | |
|------------------------------|------------------------|------------------|-------------------------|---------------------------|-----------------|-------------------------|-------------------------|-------------------------|
| | As at April 1, 2012 | Additions | As at March 31, 2013 | As at April 1, 2012 | For the year | As at March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| 1. Computers | 455,240 | 2,154,369 | 2,609,609 | 244,192 | 73,794 | 317,986 | 2,291,623 | 211,048 |
| 2. Furniture and Fixtures | 247,540 | 1,296,367 | 1,543,907 | 76,034 | 15,669 | 91,703 | 1,452,204 | 171,506 |
| 3. Office Equipments | 156,540 | 404,287 | 560,827 | 51,237 | 7,436 | 58,673 | 502,154 | 105,303 |
| Total | 859,320 | 3,855,023 | 4,714,343 | 371,463 | 96,899 | 468,362 | 4,245,981 | 487,857 |

II. NOTES ON ACCOUNTS:

13. Contingent Liabilities: Income tax due : NIL
14. The Company has no Subsidiaries.
15. Directors Remuneration: Nil
16. The Company's Loans and Advance are other than Hire Purchase Advances.
17. Auditors Remuneration : Rs.50,000/- (Last Year: Rs.25,000/-)
18. No outstanding amounts payable to micro, small and medium enterprises.
19. **Segment information:** Revenue of the Company comes from a single segment of operating activities, as also economic environment in the whole of country is one, Segment Reporting as required under Accounting Standard – 17 has not been given.
20. CIF value of import in respect of capital goods: Nil.
Expenditure and Earnings in Foreign Currency: Nil (Previous Year: Nil)
21. Retirement benefits / Gratuity will be considered in accounts on payment basis. However no employee qualifies for the same.
22. **Earnings per share:** In determining earnings per share, the company considers the net profit after tax and includes the past tax effect of any extraordinary/ exceptional item.

| Particulars | Amounts in Rupees | |
|---|-------------------|------------------|
| | 31.03.2013 | 31.03.2012 |
| Weighted average number of shares outstanding | 2,474,579 | 25,67,800 |
| Face value of equity shares | 10 | 10 |
| Net Profit after tax | 318,926 | 39,440 |
| Earnings per share | 0.09 | 0.02 |

23. Related party transactions:

- As per AS-18 issued by The Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are NIL.
24. There were no employees in respect of remuneration of Rs. 24 00 000/- or more per annum or Rs. 2 00 000/- or more per month, if employed for part of the year.
 25. Additional information pursuant paragraphs 3, 4C and 4D of part II of schedule of VI of the companies Act, 1956 is not applicable to the Company.
 26. Figures for the previous year are regrouped and rearranged, wherever necessary.

As per our report of even date
 For **CHANAMOLU & CO.,**
 Chartered Accountants
 Firm Registration No.010000S
 Sd/-
(P. Sriram)
 Partner
 Membership No.227395
 Place: Hyderabad
 Date :30.05.2013

For and on behalf of the Board of Directors
INDOVATION TECHNOLOGIES LIMITED
 Sd/-
N. Suryanarayana Raju
 Director
 Sd/-
K. Chaitanya Verma
 Director
 Place: Vishakhapatnam
 Date :30.05.2013

Indovation Technologies Limited

INDOVATION TECHNOLOGIES LIMITED

(Formerly Priyadarshini Thread Limited)

Regd. Office : D.No:50-63-03, Gayatri Nilayam,1st Floor, Rajendra Nagar,
Seethammapeta, Vishakhapatnam, Andhra Pradesh-530016

PROXY FORM

| | | | |
|---------------------------|--|------------|--|
| Regd. Folio No. | | DP ID* | |
| No. of equity shares held | | Client ID* | |

I/We _____ of _____ being a member(s) of Indovation Technologies Limited (Formerly Priyadarshini Thread Limited) hereby appoint _____ of

_____ or failing him _____ As my/our proxy to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting of the Members of the Company to be held on Saturday, 28th September, 2013 at 11.00 A.M. at the Registered Office of the Company.

Signed thisday of 2013.

Affix
Re. 1/-
Revenue
Stamp

Note:

- 1) The Proxy need not be a member of the Company.
- 2) The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

INDOVATION TECHNOLOGIES LIMITED

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Seethammapeta, Vishakhapatnam, Andhra Pradesh-530016

ATTENDANCE SLIP

| | | | |
|---------------------------|--|------------|--|
| Regd. Folio No. | | DP ID* | |
| No. of equity shares held | | Client ID* | |
| Name of the Shareholder | | | |
| Name of Proxy | | | |

I/We hereby record my/our presence at the 29th Annual General Meeting of Indovation Technologies Limited at Register Office. D.No:50-63-03, Gayatri Nilayam,1st Floor, Rajendra Nagar, Seethammapeta, Vishakhapatnam, Andhra Pradesh-530016 on Saturday, 28th September, 2013 at 11.00 A.M.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING.

If Member, Please sign here _____

If Proxy, Please sign here _____

Note: This form should be signed and handed over at the Meeting Venue.

**Applicable for investors holding shares in electronic form*

PRINTER MATTER
BOOK - POST

If undelivered please return to :

INDOVATION TECHNOLOGIES LIMITED

(Formerly Priyadarshini Thread Limited)

Regd. Office : D.No. 50-63-03, Gayatri Nilayam, 1st Floor,
Rajendra Nagar, Seethammapeta, Vishakhapatnam - 5300016