



zenotech

LABORATORIES LTD.

Annual Report 2016-17

ZENOTECH LABORATORIES LIMITED
CIN: L27100AP1989PLC010122**Board of Directors**

Azadar Hussain Khan	:	Non Executive Director
Jignesh Anantray Goradia	:	Non Executive Director
Kavita Rakesh Shah	:	Independent Director
Chintan Jitendra Shah	:	Independent Director

Key Managerial Personnel

Dinesh Kapoor	:	Chief Executive Officer
Poly K V	:	Chief Financial Officer
Abdul Gafoor Mohammad	:	Company Secretary & Compliance Officer

**Manufacturing facilities &
Registered Office**

:	Survey No. 250-252, Turkapally Village Shameerpet Mandal, Ranga Reddy District Hyderabad, Telangana-500 078 Telephone Nos. : +91 040-23480430/0435 +91 90320 44584/585/586 Fax No. : +91 040-23480429 E-mail : abdul.gafoor@zenotech.co.in Website : www.zenotechlab.com
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Registrar and Transfer Agents

:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serlingampally, Hyderabad-500 008 Telephone Nos. : 1800-3454-001 (Toll Free) E-mail : einward.ris@karvy.com
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Statutory Auditors

:	M/s. PKF Sridhar & Santhanam LLP Golden Edifice, 105, 1 st floor, D No: 6-3-639/640, Khairatabad, Hyderabad-500 004, India
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Secretarial Auditors

:	Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, Telephone No. : +91 40 6455 7764
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28th Annual General Meeting

10:00 AM, Saturday, September 23, 2017

Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road
Shameerpet Mandal, R.R. District, Telangana-500 078

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Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants.

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of Zenotech Laboratories Limited (the Company) will be held on Saturday, September 23, 2017 at 10:00 A.M. at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal,, R. R. District, Telangana – 500 078, India, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To re-appoint Mr. Azadar Hussain Khan (DIN: 01219312), who retires by rotation and being eligible, offers himself for re-appointment as a Director.
3. To ratify the appointment of statutory auditors of the Company, and to fix their remuneration and to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) pursuant to the recommendations of the Audit Committee and the Board of Directors and pursuant to the resolution passed by the members at the 26th Annual General Meeting held on September 28, 2015, the appointment of M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Hyderabad, as the statutory auditors of the Company to hold office from the conclusion of this 28th Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2018, as per the recommendation of the Audit Committee.”

Special Business:

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

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 and the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘the SEBI (LODR) Regulations, 2015), including any statutory modification(s) or re-enactment thereof for the time being in force, approval/ ratification of the shareholders of the Company be and is hereby accorded for transactions entered /to be entered with Sun Pharmaceutical Industries Limited, a ‘Related Party’ as defined under the provisions of Regulation 2(zb) of the SEBI (LODR) Regulations, 2015 and Section 2(76) of the Companies Act, 2013, including transactions entered prior to the date of notification of SEBI (LODR) Regulations, 2015 in terms of Regulation 23(8) of SEBI (LODR) Regulations, 2015, which are existing and material in nature and undertaken on the terms and conditions as agreed upon between the Company and Sun Pharmaceutical Industries Limited for the purposes as set out in the explanatory statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution as may be deemed necessary in the best interest of the Company.”

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

“RESOLVED THAT pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 read with relevant rules prescribed thereunder, including statutory modification(s) or re-enactment(s) thereof for the time being in force, a document may be served on any member of the Company by sending it by post, by registered post, by speed post, by electronic mode or any other mode as may be prescribed, consent of the members of the Company be and is hereby accorded to charge from a member such fees in advance, equivalent to the estimated actual expenses of delivery of the documents delivered through aforesaid mode of service or through such particular mode of service as requested by a member provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of documents by the Company to the member.

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

By order of the Board of Directors
For **Zenotech Laboratories Limited**

Place : Mumbai
Date : August 10, 2017

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer

Registered Office:

Survey No.250-252, Turkapally Village, Shameerpet Mandal,
Ranga Reddy District, Hyderabad, Telangana-500 078
CIN: L27100AP1989PLC010122,

Telephone Nos. : +91 040-23480430/0435, +91 90320 44584/585/586, Fax No. : +91 040-23480429
E-mail: abdul.gafoor@zenotech.co.in Website: www.zenotechlab.com

Notes:

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to Special Business is annexed hereto.
2. **A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Details as required in sub-regulation (3) of Regulation 36 of the SEBI LODR Regulations and Secretarial Standard-2 (SS-2) in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. Requisite declarations have been received from the Directors for his appointment/ reappointment.
4. In case of Joint Holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per Register of members will be entitled to vote.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the resolution of the Board of Directors or there governing body of the body corporate authorizing their representative(s) to attend along with specimen signature of authorized representative(s) and vote on their behalf at the Meeting.
6. Members/proxies/Authorized representative(s) are requested to bring their attendance slip duly filled in along with their copy of Annual Report to the meeting.
7. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act 2013 will be available for inspection at the AGM.
9. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act 2013 will be available for inspection at the AGM.
10. The Register of Members and Transfer Books of the Company will be closed from Saturday, September 16, 2017 to Saturday, September 23, 2017 (both days inclusive) in connection with the Annual General Meeting to be held on Saturday, September 23, 2017.
11. Shareholders holding shares in physical form are requested to notify any change of their addresses timely to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Unit: Zenotech Laboratories Limited), Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad 500 008, Telangana. For members holding shares in electronic form, intimation needs to be made to the respective Depository Participant and not to the Company or the Registrar.
12. Members seeking any information with regard to accounts are requested to write to the Company at least seven (7) days before the Meeting.
13. The annual report for the financial year 2016-17 is being sent through electronic mode only to those shareholders, whose email addresses are registered with the Company /depository participants. The annual report is also available on our website, i.e. www.zenotechlab.com. The physical copy of the annual report is being sent to those members who have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2016-17 upon sending a request to the Company.

Members, who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses to receive all communication including Annual Report, Notices, Circulars, etc. from the Company in electronic mode in lieu of physical copy (in order to save usage of paper)

 - in respect of electronic shareholding – through their respective Depository Participants;
 - in respect of physical shareholding – by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and e-mail address.
14. All the documents referred to in the Notice and explanatory statement are open for inspection by the members at the Registered Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 3.00 P.M. up to the date of the Annual General Meeting.

15. Remote e-voting:

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, substituted by Companies (Management and Administration) Amendment Rules 2015, and Regulation 44 of the SEBI (LODR) Regulations 2015 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to the shareholders the facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through remote e-voting services provided by Karvy Computershare Private Limited.

- a) The facility for voting through poll will also be made available at the AGM and the members attending the AGM, who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM through poll. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not entitle to cast their votes again. The instruction for remote e-voting is annexed to the Notice.
- b) The Board of Directors of the Company has appointed Mr. Mahadev Tirunagari, Practicing Company Secretary as Scrutinizer to scrutinise the poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- c) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 16, 2017.
- 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, i.e. September 16, 2017, shall be entitled to avail the facility of remote e-voting / Poll.
- e) The remote e-voting facility will be available during the following period and shall be disabled by Karvy upon expiry of period: Commencement of remote e-voting : From 9.00 AM (IST) on September 20, 2017 End of remote e-voting : Up to 5.00 p.m. (IST) on September 22, 2017.
- f) The Scrutinizer, after scrutinising the votes cast at the meeting (Poll) and through remote e-voting, will, not later than two days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.zenotechlab.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- g) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 23, 2017.

16. Process for remote e-voting:

- A. The Company has made arrangements with Karvy Computershare Private Limited for facilitating remote e-voting to enable the Shareholders to cast their vote electronically. [for members whose e-mail addresses are registered with the Company / Depository] Participant(s):
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email: mahadev.pcs@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format " Corporate Name_Event No."
- B. In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- i. E-Voting Event Number – XXXX (EVEN), User ID and Password are provided in the AGM Notice form.
 - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- Voting at AGM:** The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.
- A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Rajeev Kumar, Deputy Manager, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 - 6716 1524 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on September 20, 2017 (9.00 A.M. IST) and ends on September 22, 2017 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 16, 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. September 16, 2017.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cutoff date for E-voting i.e., September 16, 2017, he/she may obtain the User ID and Password in the manner as mentioned below :
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
Example for NSDL:
MYEPWD <SPACE> IN12345612345678
Example for CDSL:
MYEPWD <space> 1402345612345678
Example for Physical: MYEPWD <SPACE> XXXX1234567890
 - iii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iv. Member may call Karvy's toll free number 1800-3454-001.
 - v. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

ANNEXURE TO THE NOTICE

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

Item no. 4: To approve the material Related Party Transactions with Sun Pharmaceutical Industries Limited

Since the financial years ended March 31, 2015, 2016 and 2017, the Company has made the following transactions with Sun Pharmaceutical Industries Limited "SPIL", being a promoter and holder of 57.56% of the share capital of the Company is a 'Related Party' within the meaning of Regulation 2 (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(Amount in Rs.)

Sales	7,12,50,685
Conversion Charges	3,27,17,667
Short-term borrowings taken	7,45,09,340
Interest on Short-term borrowings	20,21,77,467
Trade advance received	22,44,75,455
Reimbursement of Expenses	54,64,625
Total	61,05,95,239

The business of the Company depends majorly on Sun Pharmaceutical Industries Limited (SPIL) for marketing its product through their wide network spread across many countries.

The aforesaid transactions entered were on arm's length basis and in ordinary course of business as approved by the Audit Committee and the Board of Directors of the Company and have exceeded the threshold limit of 'materiality' as per Regulation 23(4) of SEBI (LODR) Regulations and related party transaction policy of the Company since the financial year 2014-15.

Pursuant to the provisions of Regulation 23(4) of SEBI (LODR) Regulations, 2015 all material Related Party Transactions require approval of the shareholders through Ordinary Resolution in which the concerned related parties are required to abstain from voting on such resolution.

The aforesaid material related party transactions with SPIL were put forth for ratification by the members of the Company at the Annual General Meeting of the Company held on 28th September 2015 and 24th September, 2016 for the financial years ended 31st March, 2015 and 31st March, 2016 respectively. However, the same could not be passed due to insufficient votes for requisite majority.

Thus, the transactions would require the approval of the members by way of an Ordinary Resolution.

It is therefore, in the interest of the Company, to continue working with SPIL. The Board, therefore, recommends the Ordinary Resolution set out in Item No. 4 of the Notice for the approval of the members.

Pursuant to the applicable provisions of the above said regulations, Mr. Azadar Hussain Khan and their relatives are deemed to be interested in the SPIL, since it is an investing Company of Zenotech Laboratories Limited, in which Mr. Azadar Hussain Khan is an employee of SPIL. Other than Mr. Azadar Hussain Khan and their relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

Item No. 5: To approve the service of documents on members

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the company in its Annual General Meeting. Accordingly, the Board of Directors in their meeting held on August 10, 2017 has proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by any member for delivery of such documents to him through such mode of service, be taken to cover the cost of such delivery.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financial or otherwise, in the said resolution.

The Board commends the Ordinary Resolution as set out at item No. 5 of the accompanying Notice for approval of the Members.

BOARD'S REPORT

Your Directors take pleasure in presenting the Twenty Eighth Annual Report and audited accounts of the Company for the financial year ended March 31, 2017.

Financial Results

(Rs. In Lakhs)

Particulars	2016-17	2015-16
(i) Revenue from operations (net)	225.42	218.72
(ii) Other income	5.52	4.38
(iii) Total Revenue (i+ii)	230.94	223.10
(iv) Depreciation	387.41	396.23
(v) Loss before tax	(2,166.99)	(1,910.81)
(vi) Exceptional Items	(182.94)	-
(vii) (Loss) after tax (v-vi)	(1,984.05)	(1,910.81)
(viii) Loss brought forward from previous year	(19,692.59)	(17,781.78)
(ix) Profit/(Loss) carried forward to Balance Sheet (vii+viii)	(21,676.64)	(19,692.59)

Operations

During the year under review, the Company's revenue stood at Rs.225.42 Lakhs. Even though there was marginal increase in revenue as compared to the previous year, the Company reported a loss of Rs.1,984.05 Lakhs. The Company evaluated the facility and assessed the business opportunities to draw a way forward for the Company by utilizing its resources to its maximum. Accordingly minor modifications in the facility and utilities were carried out towards upkeep to expand operations from the then level of occupancy. Oral Solid Dosage division was commissioned and a new line for Eye Care products got installed during the year. All these renovations and revamping resulted in increase in operational cost including increased manpower deployed as per the projected business plans. Still, the Company succeeded in restricting its EBT losses to Rs. 1,984.05 Lakhs as against Rs. 1,910.81 Lakhs in the previous year. During the year, the Company had written back assets worth Rs. 182.94 Lakhs under exceptional items related to Oral Solid Dosage division which was impaired during the year 2010-11, commissioned and put to use in the F.Y. 2016-17.

As a way forward to sustain the Company by itself, the Company restored its operations after revamping its facilities and utilities for manufacture of products under loan licensing for Sun Pharmaceutical Industries Limited (SPIL), one of its current promoters. Oral Solid Dosage division was commissioned during the year and manufacturing license for the facility was granted in January, 2017. Regular production of designated oral solids has been carried out from that division which contributed to add on revenues from operations of the Company to a greater extent. Additional manufacturing line for Eye Care Gel products was installed at Unit-II facility and supplies got effected since last quarter of the year. However, the year continued to be challenging due to legacy issues that inhibit your Company from delivering commercially viable products. As reported in earlier years, most vital technical information and essential lab records are still have not been accessible and all the DNA clones relating to the biotech products and projects on which your Company was working upon have been unavailable. To control the costs against the uncertain outcome which was affecting the financial health of the company, the suspension of activities in biotech unit continued during the year too.

In the meantime, your Company is constantly striving to optimize its installed capacities, control costs to remain competitive which would help to improve the operational efficiency.

During the year under review, the Company received GMP & GLP approvals for the range of products manufactured in the Company's facility.

Dividends

In view of loss incurred during the year, your Directors do not recommend any dividend for the year under review.

Reserves

In view of loss incurred during the year under review, your Directors do not propose any amount to carry to any reserves.

First - time adoption of IND AS

The financials for the year ended March 31 2017 are the financial statements prepared by the Company in accordance with IND AS. For the periods up to and inclusive of year ended March 31, 2016, the Company prepared its financial statement in accordance with accounting standards specified in section 133 of the Companies Act 2013 read together with rule 7 of Companies (Accounting Standards) Rules 2014 (Previous GAAP). Reconciliation and description of the effect of transition

from previous GAAP to IND AS on equity, profit and cash flow are provided in note 30. The Balance Sheet as on the date of transition has been prepared in accordance with IND AS 101 first adoption of Indian Accounting standards and accordingly, figures of previous years have regrouped to confirm to the current year's presentation.

Subsidiaries, Joint Ventures or Associates

The Company does not have any joint venture or associate company. All three Overseas subsidiaries are reported defunct and no information with regard to their operations are available with the Company and hence your Directors have decided to wind up the subsidiaries in Brazil and Nigeria. For more information on subsidiaries, please refer to section "Consolidated financial statements" in this Report.

Extract of Annual Return:

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013, in prescribed form MGT-9 is appended herewith as Annexure 1 to this Report.

Internal Control Systems

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. They have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The internal control system is supplemented by extensive internal audits, conducted by independent firm of chartered accountants.

Human Resources & Industrial Relations

The Company believes that Human Resource is its most valuable resource which has to be nurtured well and equipped to meet the challenges in the Industry the Company operates. The staff is highly motivated with good work culture, training, remuneration packages and the values. The total number of people employed in the company as on March 31, 2017 is 62. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the employees.

Remuneration Policy

In terms of the provisions of Section 178(3) of the Act and Regulation 19 read with Schedule II Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee is responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director.

The Nomination and Remuneration Committee is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management.

The purpose of the Remuneration Policy is to establish and govern the procedure applicable: a) To evaluate the performance of the members of the Board. b) To ensure remuneration payable to Directors, KMP & other senior Management strike appropriate balance and commensurate, among others, with the functioning of the Company and its long term objectives. c) To retain, motivate and promote talent within the Company and to ensure long term sustainability of the managerial persons and create competitive advantage.

The Board, on recommendation of the Nomination and Remuneration Committee has adopted a policy for selection, appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management.

Particulars of Employees

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure 2 to this Report.

Further, the information pertaining to Rule 5(2) and 5(3) of the aforesaid Rules, a statement showing the names and other particulars of the top ten employees in terms of remuneration drawn is available for inspection at the Registered Office of the Company and pursuant to the proviso to Section 136(1) of the Companies Act, 2013, the report and the accounts are being sent to the members of the Company excluding this information. Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office address of the Company. During the year under review, none of the employees was in receipt of remuneration in excess of the limits as stipulated in the Rule 5(2) of the aforesaid Rules.

Employee Stock Option Scheme

Disclosures as on March 31, 2017 is appended herewith as Annexure 3 to this Report.

Evaluation of performance of the Board, its Committees and individual directors

Pursuant to the provisions of the Companies Act, 2013 and the Corporate Governance requirements as prescribed under Regulation 17(10), 25(4) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of the Board's performance, its Committees and individual Directors.

Board performance evaluation, evaluation of Committees and individual Directors were carried out through a questionnaire encompassing upon various areas that provide an insight and feedback into the functioning of the Board, its Committees, individual Directors and areas of development.

The following are some of the broad issues that are considered in performance evaluation:

Criteria for evaluation of Board and its Committees:

- Setting up of performance objectives and performance against them
- Board's contribution to the growth of the Company
- Whether composition of the board and its committees is appropriate with the right mix of knowledge and skills sufficient to maximize performance in the light of future strategy
- Board's ability to respond to crisis
- Board communication with the management team
- Flow of quality information to the Board
- Whether Board procedures are conducive to effective performance and flexible enough to deal with all eventualities

Criteria for evaluation of Independent Directors:

- Quality and value of their contributions at Board meetings
- Contribution to development of strategy and risk management policy
- Exhibits understanding of policies of the Company
- Level of attendance and participation in the Board and Committee Meetings

Criteria for evaluation of Non-Independent Directors:

- Demonstrates knowledge of the sector in which the company operates
- Knowledge of industry issues and exhibition of diligence in leading the organization
- Level of attendance at the Board and Committee meetings
- Effectiveness in working with the Board of directors to achieve the desired results
- Providing direction and support to the Board regarding its fiduciary obligations and governance role
- Provides well-balanced information and clear recommendations to the Board as it establishes new policies

The Directors expressed their satisfaction with the evaluation process.

In a separate meeting of Independent Directors, performance of Non-Independent Directors and performance of the Board as a whole was evaluated based on the aforesaid criteria which was further summarised at the Board Meeting that followed the meeting of Independent Directors.

Familiarization programme for Independent Directors

In compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarisation Programme for the independent and non-executive Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of such programme are available on the website of the Company www.zenotechlab.com.

BIFR

During the year under review, the Company's reference to the Board of Industrial and Financial Reconstruction (BIFR) which was registered with BIFR as case No.115/2015 under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 was listed for hearing in November 2016. However, Government of India vide a notification dated November 25, 2016 repealed the SICA and therefore all proceedings pending before the BIFR stand abated w.e.f 01.12.2016. Further, under the provisions of Companies Act, 2013 read with the Insolvency and Bankruptcy Code, 2016, a company in respect of which a reference to BIFR stands abated may make a reference to NCLT within 180 days from 1st Dec 2016. As at March 31, 2017, the Company has not opted to make reference to NCLT.

Share Capital & Rights Issue

During the year under review, the Company planned to generate funds for sustenance of business and proposed for raising of funds through rights issue which your Directors approved to proceed.

Post March 2017, based on the approval of your Directors, the Company had issued 2,66,03,068 fully paid-up equity shares of face value of Rs.10 each ("rights issue equity shares") for cash at a price of Rs. 45 per equity share including a

share premium of Rs. 35 per equity share aggregating upto Rs. 11,971.38 lakhs to the existing equity shareholders on a rights basis in the ratio of 17 fully paid-up equity shares for every 22 fully paid-up equity shares held by the existing equity shareholders on the record date, i.e. June 2, 2017 (“the issue”).

The Issue was opened for subscription from June 30, 2017 to July 14, 2017. The Board of Directors at its meeting held on July 25, 2017 approved the allotment of 2,66,03,068 rights equity shares to the successful applicants, based on the ‘basis of allotment’ approved by BSE Limited, the designated Stock Exchange for the issue. The shares were listed on BSE Limited and was admitted for dealing by the stock exchange with effect from July 28, 2017. Consequent to the allotment made by the Company on Rights basis, the paid-up share capital of the Company have increased from Rs. 34,42,75,000/- to Rs. 61,03,05,680/-. However, there was no increase in share capital during the year under review.

Auditors and their Reports

Statutory Auditors

At the Annual General Meeting held on September 28, 2015, M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Hyderabad, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2020. In terms of the first proviso to Section 139 of the Act, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. PKF Sridhar & Santhanam LLP, as statutory auditors of the Company, was placed for ratification by the shareholders.

M/s. PKF Sridhar & Santhanam LLP have confirmed their eligibility under Section 141 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014. As required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

The Audit Committee and the Board of Directors recommended the appointment of M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, as statutory auditors of the Company from the conclusion of the 28th Annual General Meeting till the conclusion of the 29th Annual General Meeting, to the shareholders for ratification.

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

Regarding the Basis for Qualified Opinion of the Audit report:

Books and records, supplementary documents and statutory registers up till the period November 12, 2011 are still not in the possession of the Company. Non resolution of the differences between the Company and the then Co-Managing Director, Dr. Jayaram Chigurupati, the auditors were unable to determine the adjustments/disclosures arising out of the outcome of ongoing legal proceedings. As reported in the annual reports for the previous years, it is reiterated that your Company, had already initiated appropriate steps to recover various missing assets and properties, valuable information and records of the Company and the matters are currently being investigated or sub-judiced.

Post November 12, 2011, the reconstruction of the books of account for the years ended March 31, 2011 and March 31, 2012 were carried out by the present management based on the available limited records, statutory returns filed, supplementary documents, invoices, external corroborative evidences to the best of its ability within the constraints. Any further adjustments/disclosures to the financial statements, if required, would be made in the financial statements as and when the outcome of the uncertainties related to those years become known and the consequential adjustments/disclosures are identifiable /determinable.

With regard to the Emphasis of matter, the financial statements have been prepared on a going concern basis, considering the rights issue planned by the company with which it will be able to meet its business operations for growth and revival.

Point no. (vii) (b) of Annexure-A to Independent Auditors Report with regard to dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, which have not been deposited on account of any dispute, the Company had already filed necessary applications with the concerned appellate authorities and sufficient provisions in this regard had already been made in the Financial Statements. The Company has been regular in depositing undisputed statutory dues with the appropriate authorities.

Point no. (viii) of Annexure-A to Independent Auditors Report with regard to, the Company has defaulted in repayment of loans and borrowings to financial institutions, Government, Interest and loan taken from Technology Development Board (TDB) and Biotech Consortium (India) Ltd (BCIL), due to poor financial status of the Company. However, it is further informed that as on date, the Company has no other outstanding loans from any Bank/Financial institutions.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017, is appended herewith as Annexure 4 to this Report.

Secretarial Audit Report:

With regard to Observations/remarks contained in the Secretarial Auditors' Report, your directors' wish to state as under:

Observation no.1 (a): As you are aware that there are ongoing litigations between Dr. Jayaram Chigurupati and the Company and it was only pursuant to the Order of the Company Law Board, Chennai (CLB) that the Company could gain access and took over the possession of the factory premises in the month of November 2011. However, the Company could never get access to the Registered Officer of the Company which was then situated at Plot no. 8-2-120/88-89, Park View Estate, 4th Floor, Road No. 2, Banjara Hills, Hyderabad, and whereat, among others, all statutory documents and records of the Company were maintained. Until the takeover of the factory, Dr. Jayaram Chigurupati was in complete control of the Company and was responsible for the overall affairs of the Company as the Managing Director of the Company. Therefore, the Company has initiated appropriate actions against him including filing a criminal complaint vide FIR no. 357 of 2012 and the matter is currently under investigation. Further, CLB on August 8, 2012 passed an order directing him to return all the properties and other assets of the Company to which he has so far remained non compliant.

Observation no. 1 (b): In light of the non availability of records of the Company as well its subsidiaries, the Company is unable to prepare consolidated accounts. In an effort to recover these missing related records, appropriate actions have already been initiated against the previous Managing Director, Dr. Jayaram Chigurupati who was in control over the affairs of the Company during the period of offence including filing of criminal complaint under the provisions of Section 630 of the erstwhile Companies Act, 1956 before the Economic Offence Court, Nampally, Hyderabad, and the matter is sub-judiced.

Observation no. 1 (c): Due to technical issues related to requisite number of Directors as on March 31, 2015, Annual Return and Balance Sheet (MGT-7 and AOC-4 in XBRL) could not upload in Ministry of Corporate Affairs (MCA) website. The Company has requested the Registrar of Companies, Hyderabad for A.P. & Telangana vide its letter dated December 23, 2015 to resolve the technical issue and upload the same.

Observation no.1(d) (i): Responded at observation no. 1(b) supra.

Observation no 1(d)(ii): The reason for the non-compliance have been indicated in the Auditor's observation and there is nothing more to respond.

Consolidated financial statements

Books of accounts and other related records/documents of the overseas subsidiaries of the Company were missing and due to non-availability of those records/information, the Company is unable to prepare consolidated accounts and attach the required statements and particulars in terms of the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The facts of the case had already been reported in earlier years.

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

The Company had filed a complaint before the Hon'ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 against the former Managing Director, Dr. Jayaram Chigurupati, who was in complete control over the Company affairs during the period of these events. The matter is currently sub-judiced.

During the year under review the Company has decided to wind-up its subsidiaries in Brazil and Nigeria. The Company has initiated to file the winding-up applications adhering to the laws of the countries concerned.

Directors' Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, directors of your Company hereby state and confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had 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 at the end of the financial year ended March 31, 2017 and of the loss of the Company for that period;
- (c) they had 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;

- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Report on Corporate Governance & Management Discussion and Analysis

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled 'Report on Corporate Governance' and 'Management Discussion and Analysis' forms part of this Annual Report.

The compliance certificate of Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, confirming compliance with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as Annexure to the Report of Corporate Governance.

Public Deposits

The Company has not accepted any deposit from the public during the year under review, under the provisions of the Companies Act, 2013 and the rules framed thereunder.

Directors & Key Managerial Personnel

In accordance with the provisions of the Act, Mr. Azadar Hussain Khan, Director retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends his re-appointment.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

Mr. Dinesh Kapoor, Chief Executive Officer, Mr. Poly K.V., Chief Financial Officer and Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Act

Declaration by Independent Directors

The Company has received declaration from each independent director under Section 149(7) of the Act, that they meet the criteria of independence as prescribed under the applicable provisions of Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Number of Meetings of the Board

The Board of Directors of the Company met six (6) times during the financial year ended March 31, 2017 on May 21, 2016, August 6, 2016, September 24, 2016, November 9, 2016, December 30, 2016 and February 13, 2017. The attendance of the Directors at the said meetings are as detailed in Corporate Governance report that forms part of this Report. The intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also Secretarial Standard-1 (SS-1) on 'Meetings of the Board of Directors'.

Audit Committee

The details pertaining to composition and other particulars of Audit Committee are included in the Corporate Governance Report which forms a part of this Report.

Particulars of Loans, Guarantees or Investments

During the year under review, your company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under Section 185 and 186 of the Companies Act, 2013.

Related Party Transactions:

Related party transactions entered during the financial year ended March 31, 2017 are disclosed in Notes No. 26 of the Financial Statements of the Company. These transactions were entered in the ordinary course of business and at arm's length. Form AOC-2, containing the note on the aforesaid related party transactions is appended as Annexure 5 to this Report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the web link at <http://zenotechlab.com>.

The Company has entered into material Related Party Transactions during the year under review, i.e. transactions exceeding ten percent of the annual turnover as per the last audited financial statements with Sun Pharmaceutical Industries Limited, related party which is a promoter and holder of 57.56% of the shareholding of the Company. Further these transactions have been transacted since the financial year 2015-16, i.e. prior to date of notification of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which require approval of the shareholders. As per Regulation 23(4)

and 23(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an ordinary resolution for approving material related party transactions has been included in the Notice convening the 28th Annual General Meeting of the Company.

Risk Management Policy

The Company's policy for Risk Management is to apply best practice in identifying, evaluating and cost-effectively controlling risks to ensure that any residual risks are at an acceptable level. Whilst it is not possible to eliminate the risk absolutely, effort is underway to actively promote and apply best practices at all levels and to all its activities, including its dealing with external partners.

Corporate Social Responsibility

The Company does not come under the purview of the provisions of Section 135 of the Companies Act, 2013 and the rules made there under.

Prevention of Sexual Harassment Policy

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2016-17 no complaints were received by the Company related to sexual harassment.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is appended herewith as Annexure 6 to this Report.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism or 'Whistle Blower Policy' for directors and employees to report genuine concerns has been established.

A copy of the Policy is available on the website of the Company www.zenotechlab.com and may be accessed through the web link <http://zenotechlab.com/wp-content/uploads/2015/07/Vigil-Mechanism.pdf>.

Significant and Material Orders passed by the Regulators or Courts or Tribunals

No significant or material Orders were passed by the Regulators or Courts or Tribunals during the year under review, which may impact the Going Concern status of the Company's operations in the future.

Material Changes

Major material changes affecting the financial position of the Company since the closure of financial year ended March 31, 2017 had been disclosed under para Share Capital & Rights Issue above.

Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Acknowledgement

The Board of directors would like to express their grateful appreciation for the assistance and co-operation received from banks, various government authorities, customers and vendors of the Company during the period. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

Your directors also wish to place on record the sincere efforts and committed services put in by the employees across all levels, who continued to stand and support the Company and its management in the difficult times.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 10, 2017

Chairman

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2017

[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	L27100AP1989PLC010122
ii)	Registration Date	15/06/1989
iii)	Name of the Company	Zenotech 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	Survey no. 250 - 252, Turkapally Village, Shameerpet Mandal, Hyderabad, R.R. District, Telangana, Pin - 500 078 Ph. No. +91-40-23480430/35, +91-90320 44584/585/586
vi)	Whether listed company	Yes
vii)	Name, Address and contact details of the Registrar and Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph. No. +91-40-67162222 Fax: +91-40-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001

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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturer of pharmaceuticals	210	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON 31ST MARCH 2017*

S. No.	Name and address of the company	CIN/ GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Appli-cable Section
1	Zenotech Farmaceutica Do Brasil Ltda	-	Overseas Subsidiary	-	-
2	Zenotech Laboratories Nigeria Ltd	-	Overseas Subsidiary	-	-
3	Zenotech Inc., USA	-	Overseas Subsidiary	-	-

* **Note:** Please refer to the note provided under consolidated financial statements in the Directors' Report

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	16128078	0	16128078	46.85	16128078	0	16128078	46.85	0.01
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	16128078	0	16128078	46.85	16128078	0	16128078	46.85	0.01
(2) Foreign									
a) NRIs -Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	6886500	0	6886500	20.00	6886500	0	6886500	20.00	0
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	6886500	0	6886500	20.00	6886500	0	6886500	20.00	0
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	23014578	0	23014578	66.85	23014578	0	23014578	66.85	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	4414	0	4414	0.01	4414	0	4414	0.01	0
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	4414	0	4414	0.01	4414	0	4414	0.01	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	789645	0	789645	2.29	829930	0	829930	2.41	0.12
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	2033396	45997	2079393	6.04	2184934	45389	2230323	6.48	0.44

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2533007	5092630	7625637	22.15	2304711	5093238	7397949	21.49	-0.66
c) Others (specify)									
Clearing Members	431	0	431	0.00	3417	0	3417	0.01	0.01
Foreign Bodies	0	692791	692791	2.01	0	692791	692791	2.01	0
Non Resident Indians	69455	7468	76923	0.22	50851	7468	58319	0.17	-0.05
NRI Non Repatriation	-	-	-	-	5562	0	5562	0.02	0.02
NBFC	2000	0	2000	0.01	15374	0	15374	0.04	0.03
HUF	141688	0	141688	0.41	174843	0	174843	0.51	0.1
Sub-total (B)(2):-	5569622	5838886	11408508	33.14	5569622	5838886	11408508	33.14	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	5574036	5838886	11412922	33.15	5574036	5838886	11412922	33.15	0
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	28588614	5838886	34427500	100.00	28588614	5838886	34427500	100.00	0

 (ii) Shareholding of Promoter as on 31st March 2017:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	Sun Pharmaceutical Industries Limited	16128078	46.85	0	16128078	46.85	0	0
2	Daiichi Sankyo Company, Limited	6886500	20	0	6886500	20	0	0
	TOTAL	23014578	66.85	0	23014578	66.85	0	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Name	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Sun Pharmaceutical Industries Limited	16128078	46.85	-	-	-	16128078	46.85
2.	Daiichi Sankyo Company, Limited	6886500	20	-	-	-	6886500	20

(iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March 2017:

SN	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Jayaram Chigurupati	4222632	12.27	07.10.2016	30000	Sale	4192632	12.18
				14.10.2016	38001	Sale	4154631	12.07
				21.10.2016	8637	Sale	4145994	12.04
				28.10.2016	33767	Sale	4112227	11.94
				04.11.2016	1324	Sale	4110903	11.94
				11.11.2016	32379	Sale	4078524	11.85
				18.11.2016	3115	Sale	4075409	11.84
				25.11.2016	5230	Sale	4070179	11.82
				02.12.2016	26884	Sale	4043295	11.74
				09.12.2016	21149	Sale	4022146	11.68
				16.12.2016	37021	Sale	3985125	11.58
				23.12.2016	1096	Sale	3984029	11.57
				31.12.2016	25490	Sale	3958539	11.49
				06.01.2017	65560	Sale	3892979	11.31
				13.01.2017	65347	Sale	3827632	11.12
				20.01.2017	19383	Sale	3808249	11.06
				27.01.2017	2645	Sale	3805604	11.05
				03.02.2017	29667	Sale	3775937	10.97
				10.02.2017	20326	Sale	3755611	10.91
				17.02.2017	3925	Sale	3751686	10.89
24.02.2017	16420	Sale	3735266	10.85				
03.03.2017	8871	Sale	3726395	10.82				
10.03.2017	16065	Sale	3710330	10.78				
17.03.2017	9297	Sale	3701033	10.75				
25.03.2017	10249	Sale	3690784	10.72				
31.03.2017	13226	Sale	3677558	10.68				
2.	Padmasree Chigurupati	3060500	8.88	-	-	-	3060500	8.88
3.	Zenotech LLC	692791	2.01	-	-	-	692791	2.01
4.	Technology Development Board	600000	1.74	-	-	-	600000	1.74
5.	Shweta Anand Agrawal	81435	0.24	08.04.2015	1500	Purchase	82935	0.24
6.	Kantilal M. Vardhan (HUF)	53574	0.15	-	-	-	53574	0.15
7.	Lakshmi M	50000	0.15	09.09.2016	29	Purchase	50029	0.15
				14.10.2016	585	Purchase	50614	0.15
				04.11.2016	20426	Purchase	71040	0.21
				02.12.2016	8960	Purchase	80000	0.23
				16.12.2016	30000	Purchase	110000	0.32
8.	P. Lakshma Reddy	50000	0.15	28.10.2016	50000	Sale	0	0
9.	Rishra Investments Limited	48268	0.14	31.03.2017	1700	Sale	46568	0.14
10.	Milind Shashikant Nagare	46400	0.13	15.04.2016	9900	Purchase	56300	0.16
				15.04.2016	9900	Sale	46400	0.13
				22.04.2016	4500	Purchase	50900	0.15
				22.04.2016	4500	Sale	46400	0.13
				20.05.2016	500	Purchase	46900	0.14

SN	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
				12.08.2016	5	Purchase	46905	0.14
				26.08.2016	1002	Purchase	47907	0.14
				02.09.2016	481	Purchase	48388	0.14
				09.09.2016	219	Purchase	48607	0.14
				16.09.2016	5	Purchase	48612	0.14
				23.09.2016	5	Purchase	48617	0.14
				30.09.2016	5	Purchase	48622	0.14
				07.10.2016	5	Purchase	48627	0.14
				14.10.2016	78	Purchase	48705	0.14
				21.10.2016	922	Purchase	49627	0.14
				28.10.2016	1	Purchase	49628	0.14
				04.11.2016	332	Purchase	49960	0.15
				11.11.2016	136	Purchase	50096	0.15
				18.11.2016	3924	Purchase	54020	0.16
				25.11.2016	8	Purchase	54028	0.16
				02.12.2016	4	Purchase	54032	0.16
				09.12.2016	4	Purchase	54036	0.16
				16.12.2016	4	Purchase	54040	0.16
				23.12.2016	6	Purchase	54046	0.16
				30.12.2016	3	Purchase	54049	0.16
				06.01.2017	3	Purchase	54052	0.16
				20.01.2017	1	Purchase	54053	0.16
				27.01.2017	2	Purchase	54055	0.16
				03.02.2017	2	Purchase	54057	0.16
				10.02.2017	1	Purchase	54058	0.16
				17.02.2017	1	Purchase	54059	0.16
				24.02.2017	2	Purchase	54061	0.16
				03.03.2017	1	Purchase	54062	0.16

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Name of the Director/KMP	Shareholding at the beginning of the year 01.04.2016		Increase/Decrease in Shareholding			Cumulative Shareholding during the year 31.03.2017	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Mr. Azadar Hussain Khan – Director	0	0	-	-	-	0	0
2.	Smt. Kavita Rakesh Shah – Director	0	0	-	-	-	0	0
3.	Mr. Jignesh Anantray Goradia – Director	0	0	-	-	-	0	0
4.	Mr. Chintan Jitendra Shah – Director	0	0	-	-	-	0	0
5.	Mr. Dinesh Kapoor – Chief Executive Officer (KMP)	13	0	-	-	-	13	0
6.	Mr. Poly K.V. – Chief Financial Officer (KMP)	1	0	-	-	-	1	0
7.	Mr. Abdul Gafoor Mohammad – Company Secretary (KMP)	0	0	-	-	-	0	0

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,805,601	513,112,000	1,329,393	544,246,994
ii) Interest due but not paid	22,783,946	151,778,527	342,815	174,905,288
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	52,589,547	664,890,527	1,672,208	719,152,282
Change in Indebtedness during the financial year				
* Addition	4,289,080	63,493,108	-	67,782,188
* Reduction	-	-	-	-
Net Change	4,289,080	63,493,108	-	67,782,188
Indebtedness at the end of the financial year				
i) Principal Amount	29,647,545	513,112,000	1,329,393	544,088,938
ii) Interest due but not paid	27,231,082	215,271,635	342,815	242,845,532
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	56,878,627	728,383,635	1,672,208	786,934,470

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager for the year ended 31st March 2017:

S N.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		---	---	---	---	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(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	-	-	-	-	-
	Total (A)	-	-	-	-	-
	Ceiling as per the Act					

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Smt.Kavita Shah	Mr.Chintan Shah	
	Fee for attending board committee meetings*	30,000	30,000	60,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	30,000	30,000	60,000
2	Other Non-Executive Directors	Mr. Jignesh Goradia		
	Fee for attending board committee meetings*	30,000		30,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	30,000	-	30,000
	Total (B)=(1+2)	60,000	30,000	90,000
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	-

* sitting fee paid for attending Board Meetings only, w.e.f November 9, 2016.

C. Remuneration to key managerial personnel other than MD/Manager/WTD for the year ended 31st March 2017:

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total (in ₹)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,168,664	1,204,188	1,513,935	8,886,787
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(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	-	-	-	-
	Total	6,168,664	1,204,188	1,513,935	8,886,787

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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)
A. COMPANY --None--					
Penalty					
Punishment					
Compounding					
B. DIRECTORS --None--					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT --None--					
Penalty					
Punishment					
Compounding					

Annexure 2
Information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) Ratio of the remuneration* of each director to the median remuneration of the employees of the Company for the financial year 2016-17:

Name of the Director	Ratio of remuneration of each director/ to median remuneration of employees
Mr. Azadar Hussain Khan	N.A.
Smt. Kavita Rakesh Shah	N.A.
Mr. Jignesh Anantray Goradia	N.A.
Mr. Chintan Jitendra Shah	N.A.

* No Remuneration is being paid to the Directors of the Company

- (ii) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2016-17:

Name & Designation of Director & KMP	% increase* in Remuneration in the financial year 2016-17
Mr. Azadar Hussain Khan Non-Executive Director	N.A.
Smt. Kavita Rakesh Shah Independent Director	N.A.

Mr. Jignesh Anantray Goradia	Non-Executive Director	N.A.
Mr. Chintan Jitendra Shah	Independent Director	N.A.
Mr. Dinesh Kapoor	Chief Executive Officer	Nil
Mr. Poly K.V.	Chief Financial Officer	7%
Mr. Abdul Gafoor Mohammad	Company Secretary & Compliance Officer	N.A.

* No remuneration is being paid to Directors and hence increase in remuneration does not arise

- (iii) The percentage increase in the median remuneration of employees in the financial year 2016-17: 13%
- (iv) The number of permanent employees on the rolls of Company as on 31st March 2017: 62
- (v) Average percentile increase already made in the salaries of employees other than key managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: 15%
- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Key Managerial Personnel and other employees. It is also affirmed that no remuneration is being paid to Directors.

Annexure 3

Details of Stock Options granted under Zenotech Stock Option Scheme, 2005 (ZESOS, 2005) as on March 31, 2017* Pursuant to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

DESCRIPTION	PLAN 2
Number of Options available under the Scheme	42,500
Total number of Options granted	42,500
Options granted during the year	Nil
Pricing formula	The market price of the share quoted on the BSE as per SEBI (ESOS & ESOS) Guidelines, 1999 in vogue.
Options vested during FY 2016-17	Nil*
Options exercised during FY 2016 – 17	Nil
The total number of shares arising as a result of exercise of options	Nil
Options lapsed during FY 2015-16 which are subject to reissue	Nil
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Grant price (Face value of Rs.10)	Rs. 103.65
Total number of options in force as on March 31, 2014 (cumulative)	15,000*
Grant details of members of senior management team during the year 2016-17	Nil
Number of other employees who receives a grant in any one year options amounting to 5% or more of options granted during that year	Nil
Number of employees who are granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Diluted earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	Rs. (5.55)
Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options (in case the company has calculated the compensation cost using the intrinsic value of the Stock Options).	Not applicable as the Company is valuing the options at fair value of the options granted

* Information provided is as on March 31, 2017 and based on the inferred data. Since all employees to whom these options were granted either did not rejoin the company or have left the company and have not opted to exercise their options, the valuation has not been undertaken by the company.

Form No. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

To,

The Members,

Zenotech Laboratories Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Zenotech Laboratories Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Zenotech 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2017 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Zenotech Laboratories Limited for the financial year ended on 31 March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) 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;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The other laws as applicable specifically to the company are as under:
 - 1. Drugs and Cosmetics Act, 1940
 - 2. The patents Act, 1970
 - 3. The trade marks Act, 1999
 - 4. Indian Boilers Act, 1923
 - 5. Standards of Weights and Measures Act, 1976
 - 6. The Drugs Control Act, 1950 / DPCO, 2013 / rules;

7. Air (Prevention and Control of Pollution) Act, 1981
8. Water (Prevention & Control of Pollution) Act, 1974
9. Explosives Act, 1884
10. Apprentices Act, 1961
11. The Child Labour (Prohibition and Regulations Act), 1986
12. Contract Labour (Regulation and Abolition) Act, 1970
13. Employees Provident Funds and Miscellaneous Provisions Act, 1952
14. Employees State Insurance Act, 1948
15. Factories Act, 1948
16. Industrial Disputes Act, 1947
17. Minimum Wages Act, 1948
18. Payment of Bonus Act, 1965
19. Payment of Gratuity Act, 1972
20. Payment of Wages Act, 1936
21. The Sexual Harassment of women at Workplace (Prevention, Prohibition & Redressal) Act, 2013
22. General Sales Tax Laws of various states
23. The Central Sales Tax Act, 1956
24. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
25. Foreign Exchange Management Act, 1999
26. The Central Excise Act, 1944
27. Customs Act, 1962
28. Negotiable Instruments Act, 1881

I have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India effective from 01 July 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. As informed by the management /reported in the Annual Report for the financial year ended 31 March 2017 we report the following:
 - a) ***It is noticed that there are ongoing litigations between the erstwhile promoters and the present promoters of the Company. The present management of the Company took over the possession of the Company's premises effective from 11 November 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was found that, among others, various statutory books and records of the Company was missing. In order to recover the related missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. The matter is currently subjudiced.***
 - b) ***Due to the missing and non-availability of the books of account and other related records and documents of the overseas subsidiaries, the Company is unable to prepare consolidated financial statements and attach the required statements and particulars in terms of the provisions of Section 129 of the Companies Act, 2013 and relevant provision of the listing agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and also corresponding compliances under FEMA were not complied in relation to ODI etc., in subsidiaries.***
 - c) ***Annual Return and Balance Sheet have not been filed for the F.Y ended on 31 March 2015 due to technical issues related to requisite number of Directors for a period of 5 days from March 27, 2015 to March 31, 2015.***
 - d) ***The Company has complied with all the conditions of corporate governance code as envisaged under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except for***
 - i) ***Disclosures and compliance concerning subsidiaries of the Company due to the missing and non-availability of the books of account and other related records and documents of the subsidiaries as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015***

- ii) **Related Party Transactions: The Company had sought approval by way of special resolution from the Shareholders at the 27th AGM of the Company with regard to the Related Party Transactions, which were material in nature and under taken during the financial year ended 31 March 2016. The said Resolution was disapproved by the Shareholders as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Major Observations:

1. Due to the deteriorating financial health of the Company, it was led to notification of the case with Board for Industrial and Financial Reconstruction (BIFR) in the financial year 2015 and subsequently, the Company had filed a reference under section 15(1) of the Sick Companies (Special Provisions) Act, 1985 (SICA) with the BIFR on July 17, 2015 and was registered as case no. 115/2015 with BIFR vide order dated September 7, 2015. The Government of India vide a notification dated November 25, 2016 repealed the SICA and therefore all proceedings pending before the BIFR shall abate. As at March 31, 2017, the Company has not opted for making reference to NCLT.
2. The company has received a show cause notice dated 10 August 2016 issued by SEBI for alleged violations under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI Act, 1992. Further, SEBI has initiated adjudication proceedings against Promoters for alleged violation under these Act and Regulations. However the company has made an application for settlement of the proceedings on 04 October 2016.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the other Acts, Rules, Regulations, Guidelines, Standards, etc.

Mahadev Tirunagari
Company Secretary in Practice

FCS : 6681
CP No. : 7350

Place : Hyderabad
Date : 03 August 2017

Annexure to Secretarial Audit Report**SECRETARIAL AUDIT REPORT**

To
The Members
Zenotech Laboratories Limited
Survey No. 250-252, Turkapally Village,
Shameerpet Mandal, Hyderabad-500078

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
 2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I 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 responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the further viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Mahadev Tirunagari
Company Secretary in Practice

FCS: 6681
CP No. : 7350

Place : Hyderabad
Date: 03 August 2017

Form No. AOC-2

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

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:		
(a)	Name(s) of the related party and nature of relationship	Not applicable
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	
2. Details of material contracts or arrangement or transactions at arm's length basis:		
	(a) Name(s) of the related party and nature of relationship	*Please refer the note given below
	(b) Nature of contracts/arrangements/transactions	
	(c) Duration of the contracts / arrangements / transactions	
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
	(e) Date(s) of approval by the Board, if any:	
	(f) Amount paid as advances, if any:	

* NOTE: The details of names, nature of relations ship; nature of such contracts/ arrangements/ transactions are disclosed in Note No. 26 of the Financial Statements.

Annexure 6

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. Conservation of energy-

- i. the steps taken or impact on conservation of energy and the capital investment made thereon:
Measures are taken to reduce energy consumption by using energy-efficient equipments. The Company regularly reviews power consumption patterns and implement requisite improvements/ changes in the process in order to optimize energy/power consumption and thereby achieve cost savings.
- ii. the steps taken by the company for utilising alternate sources of energy and investment made thereon:

Disclosure of particulars with respect to Conservation of Energy:

a)	Power and fuel consumption	2016-17	2015-16
1	Electricity		
	i. Purchased		
	Units	1529280	778560
	Total amount(Rs)	12933575	7390265
	Rate/unit(Rs)	8.46	9.49
	ii. Own generation through diesel generation set		
	Units	49811	43264
	Total amount(Rs)	1445240	10,14,568
	Units per liter of diesel oil	2.99	2.58
	Rate/unit(Rs)	29.01	23.45
2	Diesel (used in boiler)		
	Quantity (tones)	803	217
	Total cost (Rs)	3888271	10,42,176
	Average rate (Rs)	4800	4802.65
b)	Consumption per unit of production		
	The company manufactures injectables of various forms and strengths. It is therefore, impractical to apportion the consumption and cost of utilities to each unit.		

B. Technology absorption-

- i. the efforts made towards technology absorption and the benefits derived there from:

The Company is continuously endeavoring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies.

- ii. Particulars of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

None

iii. EXPENDITURE INCURRED ON RESEARCH & DEVELOPMENT

- a. Expenditure on R&D:

No specific expenditure exclusively on R&D has been incurred. The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

- b. Specific areas in which R&D carried out by the Company: NA

- c. Benefits derived as a result of the above R&D : NA

- d. Future course of action: N.A.

C. FOREIGN EXCHANGE EARNINGS / OUTGO:

The details of foreign exchange earnings / outgo during the year 2016 - 2017 are as follows:

Total foreign exchange used and earned: (Rs. in thousands)

	31.03.2017	31.03.2016
Earnings in Foreign Currency		
Export of Goods (FOB Value)	-	-
CIF value of Imports		
Raw Materials	-	-
Components and Spare Parts	-	420
Capital Goods	-	-
Professional fees/ services	46	8,404

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans: Nil

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance.

Zenotech Laboratories Limited (herein after referred to as "Company") as an organisation, strongly believes that good corporate governance practices are vital tools in directing and controlling the affairs of the Company in a most effective and efficient manner. We further believe that by adoption of the best Corporate Governance practices, the Company would be able to achieve its long term goal of maximizing its value for all its stake holders.

Transparency, integrity, honesty and accountability are recognized as core values in discharging the responsibilities towards this end.

The report of the Company on Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein referred as "SEBI Listing Regulations"] is listed hereunder:

2. Board of Directors

- (a) The Board of Zenotech Laboratories Limited consists of eminent persons having professional expertise in fields such as business strategy and management, marketing, finance and governance. The Board consists of sufficient number of Independent Directors as stipulated under Companies Act, 2013 and SEBI Listing Regulations.

The Board of the Company plays a pivotal role in ensuring that good corporate governance practices are followed within the Company. The Board of Directors oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company.

The present strength of the Board of directors of your Company (hereinafter referred to as 'the Board' or 'the Board of Directors') is four directors which includes two Independent Directors including Woman Director.

Category of directors:

S.No.	Name of the Director	DIN	Category
1.	Mr. Azadar Hussain Khan	01219312	Non-Independent Non-Executive Director
2.	Smt. Kavita Rakesh Shah	02566732	Independent Director
3.	Mr. Jignesh Anantray Goradia	07229899	Non-Independent Non-Executive Director
4.	Mr. Chintan Jitendra Shah	07325664	Independent Director

- (b) Attendance of each director at the meetings of the board of directors and the last Annual General Meeting, during the financial year ended March 31, 2017 and other details provided hereunder:

Name of the Director	Designation & Category	No. of Board Meetings attended	Attendance at Previous AGM held on 24.09.2016	Number of Directorships held in other companies (#)	Number of Board Committee (#) memberships held in such companies	Number of Chairmanship of Board Committees (#) held in such companies
Mr. Azadar Hussain Khan	Non-Executive Director	6	Yes	1	-	-
Ms. Kavita Rakesh Shah	Independent Director	6	Yes	-	-	-
Mr. Jignesh Anantray Goradia	Non- Executive Director	6	Yes	-	-	-
Mr. Chintan Jitendra Shah	Independent Director	6	Yes	1	-	-

Notes:

"Other Companies" does not include directorships of private limited companies, Section 8 companies and of companies incorporated outside India. As required by Regulation 26 of SEBI Listing Regulations the disclosure includes membership/ chairpersonship of the Audit Committee and Stakeholders Relationship Committee in Indian public companies (listed and unlisted) excluding Zenotech Laboratories Limited;

- (c) During the year ended March 31, 2017, the Board of Directors of Zenotech Laboratories Limited met six times on the following dates: May 21, 2016, August 6, 2016, September 24, 2016, November 9, 2016, December 30, 2016 and February 13, 2017.
- (d) Necessary information as mentioned in Schedule II appended to Regulation 17(7) of the SEBI Listing Regulations has been placed before the Board for their consideration.

- (e) As per the information available with the Company, none of the Directors were related inter-se.
- (f) None of the Non-Executive Directors hold any shares or convertible instruments of the Company.
- (g) None of the Independent Directors has any material pecuniary relationship or transaction with the Company.
- (h) The Board members get updated on the Company's procedures and policies as per the familiarization program devised in that behalf by the Company.

3. Audit Committee

- (a) The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial reporting.

Apart from the matters provided in Regulation 18 of Listing Regulations read with Section 177(4) of the Companies Act, 2013, the Committee reviews Internal Audit Report, Secretarial Audit Report and the report of Statutory Auditors.

- (b) The terms of Reference of the Audit Committee are:
 - (1) Oversight 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. modified opinion(s) 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) Reviewing and monitoring 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 there on;
 - (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 chief financial officer 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.
- Further, the Audit Committee shall mandatorily review the following information:
- (1) Management discussion and analysis of financial condition and results of operations;
 - (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (4) Internal audit reports relating to internal control weaknesses; and
 - (5) Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (c) Composition, meetings and attendance particulars of the Audit Committee during the year ended March 31, 2017 is as follows:
- The Audit Committee met four times during the year on: May 21, 2016; August 6, 2016; November 9, 2016 and February 13, 2017.

The Audit Committee comprised of the following members during the four meetings held during the year and the details of attendance:

Meeting date	May 21, 2016	August 6, 2016	November 9, 2016	February 13, 2017
Composition and attendance	(1) Smt. Kavita Rakesh Shah Chairperson	(1) Smt. Kavita Rakesh Shah Chairperson	(1) Smt. Kavita Rakesh Shah Chairperson	(1) Smt. Kavita Rakesh Shah Chairperson
	(2) Mr. Chintan Jitendra Shah	(2) Mr. Chintan Jitendra Shah	(2) Mr. Chintan Jitendra Shah	(2) Mr. Chintan Jitendra Shah
	(3) Mr. Jignesh Anantray Goradia	(3) Mr. Jignesh Anantray Goradia	(3) Mr. Jignesh Anantray Goradia	(3) Mr. Jignesh Anantray Goradia

All the members of the committee attended the meetings.

The Company Secretary is the Secretary of the Committee.

The last Annual General Meeting of the Company was held on September 24, 2016 and the Chairperson of the Audit Committee attended the same.

4. Nomination and Remuneration Committee

- (a) The Nomination and Remuneration Committee comprises of the following members as on March 31, 2017:
- Smt. Kavita Rakesh Shah – Chairperson;
Mr. Jignesh Anantray Goradia - Member;
Mr. Chintan Jitendra Shah – Member.

- (b) Terms of reference:

The terms of reference of the Committee cover the matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013 and Regulation 19(4) of the SEBI Listing Regulations. The Committee has constituted to oversee, inter-alia, matters relating to the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (3) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (4) Devising a policy on diversity of board of directors;
- (5) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
- (6) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The committee shall carry out evaluation of performance of every director. The committee shall identify evaluation criteria which will evaluate directors based on knowledge to perform the role, time and level

of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of directors on the Board shall be subject to the outcome of the yearly evaluation process.

Details on evaluation on performance of the Board, its Committees and individual Directors, is provided in the Board's Report.

- (c) Meeting and attendance of members of the Committee during the year:

During the year, the Nomination and Remuneration Committee met one time on February 13, 2017.

Meeting date		February 13, 2017
Composition	(1)	Smt. Kavita Rakesh Shah – Chairperson
	(2)	Mr. Jignesh Anantray Goradia
	(3)	Mr. Chintan Jitendra Shah

All the members of the committee attended the meetings.

The Company Secretary is the Secretary of the Committee.

5. Remuneration of Directors:

- (a) During the year ended March 31, 2017, none of the non-executive directors have any pecuniary relationship or transactions with the Company.
- (b) No Director was paid remuneration for the financial year ended March 31, 2017. Hence, the disclosures with respect to remuneration under the Companies Act, 2013 does not arise. However, the Company has paid sitting fee to Directors for attending the Board Meetings held w.e.f. November 9, 2016.

6. Stakeholders' Relationship Committee

- (a) The Stakeholders' Relationship Committee comprised of the following members as on March 31, 2017

Mr. Jignesh Anantray Goradia – Chairman;

Mr. Chintan Jitendra Shah - Member

Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer is designated as the Compliance Officer for the SEBI listing regulations.

- (b) Powers of the Committee

- (1) To redress the grievances of shareholders, debenture holders and other security holders;
- (2) To resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non receipt of declared dividends; and
- (3) To approve share transfers, dematerialization, rematerialization and all other similar functions.

During the year ended March 31, 2017, the Stakeholders Relationship Committee met two times on September 3, 2016 and September 10, 2016. All the members of the Committee attended the meeting.

During the year there was no complaint received from any Shareholder of the Company.

7. Annual General Meetings

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2015-16	27 th AGM	Saturday, September 24, 2016 at 10:30 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	Special Resolution was passed for alteration of Articles of Association of the Company under Section 14 of the Companies Act, 2013.
2014-15	26 th AGM	Monday, September 28, 2015 at 11 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
2013-14	25 th AGM	Monday, September 29, 2014 at 10:30 AM	Hall: Ananda, Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	Special Resolution was passed for increasing the borrowing powers of the company under the provisions of Section 180 (1) (c) and other applicable provisions of the Company Act, 2013.

For past three years ended as on March 31, 2017; there was no ordinary or special resolution passed through postal ballot. Further, no Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

8. Disclosures

(i) Shareholding of Directors.

As on March 31, 2017, no Director of the Company held any share in the Company.

(ii) Materially significant related party transactions

Transactions with related parties as per requirements of Ind-AS "Related Party Disclosures" are disclosed in Note No. 26 to financial statements as at March 31, 2017.

(iii) Compliance

In view of the missing statutory and other records of the Company, the Company is unable ascertain and figure out whether there was any non-compliance, penalties, strictures imposed on the Company by BSE Ltd. or SEBI or any other statutory authority for the period prior to the takeover of factory premises by the current management on November 12, 2011. After the access and control over the factory premises, there has been no penalties nor strictures imposed on the Company by BSE Ltd or SEBI except as reported in this report. Further, the status on the statutory compliances, and penalties and strictures imposed on the Company are reported on regular basis in the annual reports of the Company apart from being communicated through other means, according to the requirements of applicable laws. As earlier reported in the annual reports, BSE Ltd has suspended the trading of the Shares of the Company in view of the non compliances of the listing agreement. However, the Hon'ble High Court of Andhra Pradesh, Hyderabad, was pleased to grant stay on the operation of the said Order, which remained in force. During the year, the Company was generally been compliant with all the Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) except the following;

Disclosures relating to subsidiaries;

Reasons for the non compliance and steps taken for remedying them are mentioned hereunder.

Overseas Subsidiaries

Due to the missing and non availability of related records, the Company was unable to adhere to and comply with the applicable provisions of Companies Act, 2013 (Companies Act, 1956) and Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. To recover them, appropriate actions have been initiated against the previous Managing Director who was in control over the affairs of the Company during the period of the events. The matter is currently sub-judice.

(iv) Vigil Mechanism (Whistle Blower Policy): The Company has a Vigil mechanism (Whistle blower policy) in place enabling the employees or other connected persons having interest in any transactions with the company to report any unethical or improper practices noticed in the organization. The Policy also provides the procedure of making such representation and dealing with the said representation and also provides protection from victimization. The Policy is available for view at <http://zenotechlab.com>.

(v) CEO & CFO Certificate

Certificate from the Chief Executive Officer and Chief Finance Officer were placed and noted by the Board of Directors in terms of SEBI Listing Regulations.

(vi) Management Discussion and Analysis

A report on the Management Discussion and Analysis forms part and annexed to this Annual Report;

(vii) Disclosure of accounting treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Schedule 1 to Notes to the Accounts.

(viii) During the year under report, no personnel of the Company was denied access to the Audit Committee.

(ix) There are no equity shares lying in the suspense account as on 31st March, 2017(x) Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and ensure compliance to the laid down ethical standards. The code is available on the Company's website <http://zenotechlab.com>

DECLARATION

In compliance with Regulation 26(3) of the SEBI Listing Regulations and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2017, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

Dinesh Kapoor

Chief Executive Officer

August 10, 2017

9. Means of communication

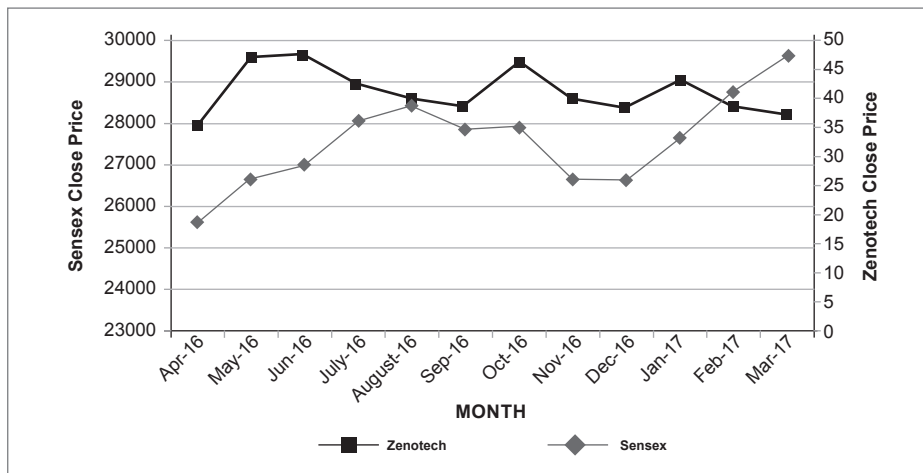
The quarterly, annual results and other statutory reports of the Company are communicated by disseminating the same to BSE Ltd. The Company also publishes its financial results, normally, in Financial Express and Nava Telangana apart from being displayed on the website of BSE Ltd and Company's website at <http://zenotechlab.com>

10. General Shareholder information

- i) Annual General Meeting
 - Date : Saturday, September 23, 2017
 - Time : 10:00 A.M.
 - Venue : Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Pin - 500078, Telengana, INDIA
- ii) Financial Year ending : March 31, 2017
- iii) Book Closure (Both days inclusive) : September 16, 2017 to September 23, 2017
- iv) Listing on Stock Exchange : BSE Limited
(listing fees has been paid up to financial year 2017-18)
- v) Stock Code / Symbol on BSE (Physical & Demat) : ZENOTECH / 532039
- vi) International Securities Identification Number (ISIN) allotted to the Company's Shares : INE486F01012
- vii) Market Price Data: Monthly High & Low during each month in the financial year ended March 31, 2017 and Company's closing share price as against BSE SENSEX closing on the BSE Ltd, Mumbai, is provided hereunder:

Month	High	Low	Close	BSE Sensex (Close)
April, 2016	37.30	33.20	35.40	25,606.62
May, 2016	48.60	33.45	47.00	26,667.96
June, 2016	51.80	43.00	47.20	26,999.72
July, 2016	48.70	39.35	42.25	28,051.86
August, 2016	44.00	36.40	40.10	28,452.17
September, 2016	42.00	35.65	38.50	27,865.96
October, 2016	49.70	36.60	46.20	27,930.21
November, 2016	48.30	37.50	39.80	26,652.81
December, 2016	41.50	36.55	37.85	26,626.46
January, 2017	48.95	36.55	43.45	27,655.96
February, 2017	43.85	38.00	39.00	28,743.32
March, 2017	40.95	36.25	37.25	29,620.50

(The information is sourced from BSE Limited website)

Performance of share price of the Company in comparison with BSE Sensex


	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Sensex	25607	26668	26999	28052	28452	27866	27930	26653	26626	27656	28743	29620
Zenotech	35.4	47	47.2	42.25	40.1	38.5	46.2	39.8	37.85	43.45	39	37.25

viii) Registrar and Transfer Agents

Name & Address

 : Karvy Computershare Private Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
 Hyderabad - 500 032. Phone: 040-67162222
 Fax: 040-23001153
 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001
 Website: www.karvy.com

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

x) Shareholding:

a) Distribution of shareholding as on March 31, 2017

Sl No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 – 5000	4,933	84.50	699783	2.03
2	5001 – 10000	421	7.21	346506	1.01
3	10001 – 20000	233	3.99	359131	1.04
4	20001 – 30000	85	1.46	217828	0.63
5	30001 – 40000	31	0.53	110907	0.32
6	40001 – 50000	42	0.72	197031	0.57
7	50001 – 100000	35	0.60	267240	0.78
9	100001 and above	58	0.99	32229074	93.61
	TOTAL:	5838	100	34427500	100

b) Categories of Shareholders as on March 31, 2017 as per Regulation 31 of SEBI (LODR) Regulations:

Sl. No.	Category	No. of Holders	No. of Shares	Percentage to equity
1	Indian Promoters	1	16128078	46.85
2	Foreign Promoters	1	6886500	20.00
3	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	2	4414	0.01
4	HUF	206	174843	0.51

Sl. No.	Category	No. of Holders	No. of Shares	Percentage to equity
5	NBFC	3	15374	0.04
6	Foreign Corporate Bodies	1	692791	2.01
7	Private Corporate Bodies	135	829930	2.41
8	Indian Public	5433	9628272	27.97
9	Non Resident Indians	37	58319	0.17
10	Non Resident Indians Non Repatriable	9	5562	0.02
11	Clearing members	10	3417	0.01
	TOTAL	5838	34427500	100

xi) Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 83.04 percent of the Company's Share Capital are dematerialized as on March 31, 2017. The Company's Shares are regularly traded on BSE Limited.

xii) As on March 31, 2017, the Company did not have any outstanding GDRs /ADRs / Warrants or any convertible instruments

xiii) Manufacture facility & Address for investor correspondence:

Zenotech Laboratories Limited
 Survey No. 250-252, Turkapally Village,
 Shameerpet Village, R. R. District 500 078, Telangana.

Certificate on Corporate Governance

To,
 The Members,
Zenotech Laboratories Limited

I have examined the compliance of conditions of Corporate Governance by Zenotech Laboratories Limited ('the Company'), for the year ended 31 March 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in applicable provisions of Listing Regulations, as applicable except for the following:

- Disclosures and compliance concerning subsidiaries of the Company due to the missing and non-availability of the books of account and other related records and documents of the subsidiaries as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Related Party Transactions: The Company had sought approval by way of special resolution from the Shareholders at the 27th AGM of the Company with regard to the Related Party Transactions, which were material in nature and under taken during the financial year ended 31 March 2016. The said Resolution was disapproved by the Shareholders as per SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

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

Mahadev Tirunagari
 Company Secretary in Practice

FCS : 6681
 CP No. : 7350

Date : 10 August 2017
 Place : Hyderabad

Certificate of the Chief Executive Officer and Chief Financial Officer

After the takeover of premises in November, 2011, Zenotech under the new management had prepared an inventory of all the documents, registers, machineries, and assets and goods of the Company. As an alternative, in the absence of the original records, new management pending disposal of the petitions/cases filed, embarked upon an exercise of reconstruction of books of accounts for the year ended 31 March 2011 based on a best effort basis and so far as practicable under the circumstances including obtaining photocopies/ duplicate copies, requisite information of relevant books and records from external sources including previous auditors, banks and financial institutions, customers, suppliers, tax authorities, Ministry of Corporate Affairs, employees and other relevant sources. The reconstructed financial statements for the year ended 31 March 2011 were duly approved by the shareholders.

In view of non-availability of all books and records necessary and in the event in future if actual data is found, the same may force to change the information contained in aforesaid financial statements, to the extent, it is different from the data provided in the said financial results.

Subject to the foregoing, we, Dinesh Kapoor, Chief Executive Officer and Poly K.V., Chief Financial Officer, of Zenotech Laboratories Limited (the Company), hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the quarter and year ended March 31, 2017 and that to the best of our knowledge and belief, we state that:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the quarter and year ended on March 31, 2017 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee that there are no deficiencies in the design or operation of such internal controls.
- D. We have indicated to the Auditors and the Audit Committee of the Board that during the period:
- (1) there are no changes in internal control over financial reporting;
 - (2) there are no changes in accounting policies and that the same have been disclosed in the notes to the financial statements; and
 - (3) there are no instances of frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Zenotech Laboratories Limited**

Place : Mumbai
Date : May 20, 2017

Dinesh Kapoor
Chief Executive Officer

Poly K.V.
Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL PHARMACEUTICAL INDUSTRY

The global pharmaceutical industry consists of businesses that are primarily engaged in manufacturing and processing medicinal substances into finished pharmaceutical products for human and veterinary use. Ethical brand name drugs, generic products and non-prescription or over-the-counter medication constitute the pharmaceutical industry sub-sectors. Research and Development in the pharmaceutical industry has helped companies to penetrate the markets and increase their exposure across the world. Global pharma industry is historically dominated by United States of America, Western Europe and Asia Pacific countries.

The global pharmaceutical industry is expected to grow revenues by between 4% and 7% and nearly US\$ 1.5 trillion by 2021. That will be an increase of US\$ 370 billion from the estimated spending level of 2016. A lower growth rate compared to what was witnessed in 2014 and 2015 is because these two years saw an unprecedented global surge in new hepatitis and cancer drugs. The US continues to be the world's largest pharmaceutical market. (Source: Equity Master)

The overall revenue growth will be powered by newer medicines in developed markets and significantly increased volume in the Emerging (or 'pharmerging') Markets. Faced with a growing population of the aged, developed countries will continue to offset increased costs from new medicines with the use of generics coupled with greater focus on pricing and access measures. Pharmerging markets will drive growth by trying to enhance the access of medicine across the population.

The new medicines which are expected to drive growth will be largely in the nature of 'specialty' products. Over the past decade, the share of specialty medicines has increased from 20% in 2006 to 30% in 2016, and is expected to exceed 35% by 2021. These drugs address significant unmet needs in cancer, autoimmune diseases, metabolic disorder, nervous system dysfunction and others. Specialty medicines will approach half the pharmaceutical spend in the US and the European countries plus Great Britain. Revenue growth in pharma industry is primarily expected from increase in sales of drugs for Oncology, Biotechnology and cardiovascular therapeutic class and continued increase in the demand of generic drugs. The industry is expected to grow to US \$1350 bn in 2019.

Indian Pharmaceutical Industry

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. The Indian pharma industry is expected to outperform the global pharma industry in growth and reach to a size of about US\$ 60 billions by 2021. India enjoys an important position in the global pharmaceuticals sector. Indian pharmaceutical exports have significantly increased from US\$ 2 billion in 2006 to about US\$ 15 billion in 2016. USA with about 30% is India's largest pharma export destination followed by European Union. It is estimated that 40% of the generics drugs sold in the USA are manufactured in India. The country also has a large pool of scientists and engineers who have the potential to steer this industry ahead to an even higher level. Indian pharma companies are focusing on global generic and API business, R&D activities, contract research and manufacturing alliances. India is also fast emerging as a preferred pharmaceuticals manufacturing location. Increasing use of pharmaceutical generics in developed markets to reduce healthcare cost will provide attractive growth opportunities to generics manufacturers and thus Indian pharmaceutical industry is poised for an accelerated growth in the coming years.

However, poor public healthcare funding and infrastructure, low per capita consumption of medicines in developing and under developed countries including India, currency fluctuations, regulatory issues, government mandated price controls, inflation and resultant all round increase in input costs are few causes of concern.

Market Size

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. The Indian Pharma market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues). India's pharmaceutical exports stood at US\$16.4 billion in 2016-17 and are expected to grow by 30% over the next three years to reach US\$20 billion by 2020. (Source: Pharmaceuticals Export Promotion Council of India/PHARMEXCIL)

Investments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions. The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 14.53 billion between April 2000 and December 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Overview on Oncology Industry

Oncology is the branch of medicine that deals with therapy related to cancer disease. The drugs used in various therapies include treatment options of the disease that comprise single or multiple therapies from amongst chemotherapy, immunotherapy, hormone therapy and radiation therapy. Except for radiation therapy, the other therapies are drug dependent and require quality formulations. Furthermore, oncologic treatment varies from patient to patient, depending upon the exact location, extent of spread, stage of diagnosis and general health condition.

Cancer is the second-most common cause of death in India, after cardiovascular diseases. According to IMS Health, by 2020, cancer will account for 11% of the patients spend on global pharmaceutical products or over \$154 billion of sales. There exists more than 100 types of cancers with breast, cervical, oral cavity, lung and colorectal being the top 5 types of cancers that have claimed most number of lives in India. Cancers of oral cavity and lungs in males, and cervix and breast in females, account for over 50% of all cancer-related deaths in India at present.

Oncology segment is expected to grow between 9-12% CAGR over a period of 2016-20 as spending on cancer is expected to account for 11% of patients' spend on global pharmaceutical products by 2020.

The oncology market in India is growing at about 16% annually and is expected to touch about ₹ 3,900 crore by 2017 driven by the introduction of new treatments, increasing number of patients on chemotherapy, and improved access to modern cancer therapies. Chemotherapy, biologics, targeted therapy, hormonal therapy, and supportive care are the different types of available cancer treatment in India.

Increasing number of cancer cases, changes in treatment scenario, development of alternative cancer therapies, increase in Foreign Direct Investments are the major growth drivers for the Oncology market. However, it faces challenges such as increased competition, drug patents problem, etc. This industry is highly fragmented with much number of players including public and private companies.

India accounts for 20% of the global disease burden ratio and 60% of the total health expenditure in India is out-of-pocket expenses borne by the patient. Less than 3.4% of its population is covered under some form of health insurance, including government-supported schemes during FY16. Only around 2.2% of the population is covered under private health insurance, of which rural health insurance penetration is less than 10%.

Oncology and supportive care medicines to total drug costs account for about 2.5% in India, 15.9% in Germany, 15.8% in France, 9.4% in China, 6.7% in Brazil, 12% in Japan and 11.5% in US.

Overview on Injectable Industry

Injectable drugs offer a promising alternative for the delivery of drugs that are inappropriate or non-congenial when administered orally. Injectable drug delivery is aimed to maximize patient compliance and reduce the frequency of dosage administration without compromising the effectiveness of the treatment. Indian injectable market is estimated at about USD 1.5-2 billion and expected to grow at double digit. On account of the injectable products by nature being complex, the numbers of players are relatively small and competition is low. Some of the injectables that are complex in nature in manufacturing and towards which Indian players in this segment include lyophilized products, liposomes, etc.

The formulations segment is expected to grow at the highest owing to the rising prevalence of chronic diseases, increase in demand of self-injection devices, growth of the biologics market, technological advancements, emphasis on innovation of formulations, and benefits such as high efficacy and reduced side effects offered by formulations. On the basis of therapeutic application, the injectable drug delivery market is segmented into autoimmune diseases, hormonal disorders, oncology, orphan diseases, and other therapeutic applications. On the basis of usage pattern, the market is segmented into curative care, immunization, and others.

On the basis of mode of administration, the injectable drug delivery market is segmented into skin, organs, central nervous system, and circulatory/musculoskeletal system. On the basis of end user, the market is segmented into hospitals/clinics, home care settings, research laboratories, pharma and biotech companies, and other end users.

The larger part of the biological drugs is contributed by injectables and with increase in its focus especially for the treatment of targeted therapies such as cancer has helped the industry to register double digit growth. However, the growth in the segment is inhibited to certain extent on account of the complex process of manufacture, high capital and operational costs, and the compliance requirements for introducing the products in the market has led to a smaller number of players. Although the acquisition of the smaller players in the market by pharma giants has led to attenuation in number players, the same is fostering the growth for industry on account of synergies derived.

Overview on Ophthalmology Industry

India has tremendous unmet need for ophthalmic care. India has over 10% of the world's blind people. India's over US\$1.3 billion ophthalmic market is expected to grow at a compound annual rate (CAGR) of over 6% a year to about \$US2 billion by 2021. The factors that fuel India's ophthalmic market growth include an upsurge in dietary change-related eye diseases, growing incidence of myopia, a growing middle class and improved access to care. In terms of treatments for diseases or disorders, the largest markets are for cataract surgery, retinal drugs, and glaucoma medications.

By treatment, the market is segmented into Dry eye drugs, Retinal drugs, Anti-inflammatory/allergy/infective drugs, Anti-glaucoma drugs. Cataract has the largest market share in the ophthalmic drugs market. Ophthalmic drug type market is segmented into Prescription drugs and Over-the-Counter (OTC) drugs. OTC drugs for ocular allergy and dry eye is rapidly growing. Furthermore, geographically, ophthalmic drug market is segmented into North America (US), Europe (Germany, UK, and France) and Asia Pacific (Japan, India, and China). North America has the largest ophthalmic drugs market. Asia which comprises majority of pharmerging countries is the fastest growing ophthalmic drugs market. The major Ophthalmic drug market segments are Cataract, Glaucoma, Macular edema, Refractory error, Macular degeneration and Eye infections.

The increasing geriatric population and related increase in the prevalence of eye diseases and technological advancements in ophthalmology devices are key factors driving the market growth for ophthalmology devices. The untapped emerging regions are creating new growth opportunities for this market. The vision care devices segment accounted for the largest share of the ophthalmology devices market in 2015, owing to the technological advancements in lens materials and increasing preferences for contact lenses.

The Asia-Pacific region is expected to register the highest growth due to its large population and rising healthcare needs, increased spending capabilities of consumers on healthcare, improving healthcare infrastructure, and increasing investments by leading players and respective government agencies in the region.

Over coming years, there will be much research in ophthalmic, especially for sustained release implants and injection technologies for retinal diseases. Sustained release formulations will offer marked potential for revenue growth. Diabetic Macular Oedema (DME) will also be important to the future of the ophthalmic drug market. The number of people developing Type II diabetes is rising, with many diabetic patients developing DME.

OPPORTUNITIES AND THREATS

Threats from other low cost countries exist as a challenge for Indian Pharma industry. However, on the quality front, India is better known for reliability as compared to most countries. Prices of drugs being subject to control and regulation by the Government may emerge as another threat to the margins.

OUTLOOK

The Indian pharmaceutical market size is expected to grow to US\$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanization, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

RISKS AND CONCERNS

Every business carries inherent risks and all of them cannot be eliminated. The management at Zenotech has been striving to minimize the known risks. One of the promoters (SPIL) had reviewed the facilities during the year to assess the range of products that can be manufactured at your Company and thus to enhance the utilization of capacities for all facilities installed. The production is ongoing under loan license arrangement for Oncological Injectables, oncological Oral Solids and Eyecare products. Manufacture of General Injectables is in the pipeline.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are designed to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized, recorded and reported. The Company endeavors to comply with all the applicable technical, legal, regulatory and other compliances.

The Company has an adequate system of internal controls towards achieving efficiency in operations, optimal utilization of available resources, effective monitoring thereof and compliance with applicable laws.

OPERATIONAL PERFORMANCE

As already stated, inherited legacy issues and continuing drain in the financial health of the company, the rebuilding exercise of your Company has been really a challenge. Modifications in the manufacturing facilities and utilities were carried out and the Company restarted its operations as per the projected business plans. Oral Solid division, which was not commissioned earlier had been revived and commissioned. Production activities are ongoing in the OSD and newly commissioned eye care products lines. Supplies under P2P and loan licence manufacturing are in progress as per the business schedules. The management succeeded in restricting its EBT losses to Rs. 1,984.05 Lakhs as against Rs. 1,910.81 Lakhs in the previous year. During the year, the Company had written back assets worth Rs. 182.94 Lakhs under exceptional items related to Oral Solid Dosage division which was impaired during the year 2010-11, commissioned and put to use in the F.Y. 2016-17.

The financials of the Company do not reflect the true potential of the operations. The figures given below are hence subject to the constraints and challenges faced by the present management.

FINANCIAL PERFORMANCE

(Rs. In Lakhs)

	2016-17	2015-16
Sales(net)	225.42	218.72
Other Income	5.52	4.38
Depreciation	387.41	396.23
Loss before tax	(2,166.99)	(1,910.81)
Exceptional Items	(182.94)	-
(Loss) after tax	(1,984.05)	(1,910.81)
Loss brought forward from previous year	(19,692.59)	(17,781.78)
Profit/(Loss) carried forward to balance sheet	(21,676.64)	(19,692.59)

The cash flow position of the Company continues to be under pressure and the Company has been facing a severe liquidity crisis owing to accumulated losses carried forward from previous years. During the year the Company's reference to the Board of Industrial and Financial Reconstruction (BIFR) which was registered with BIFR as case No.115/2015 under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 was listed for hearing in November 2016. However, Government of India vide a notification dated November 25, 2016 repealed the SICA and therefore all proceedings pending before the BIFR stand abated w.e.f 01.12.2016. Further, under the provisions of Companies Act, 2013 read with the Insolvency and Bankruptcy Code, 2016, a company in respect of which a reference to BIFR stands abated may make a reference to NCLT within 180 days from December 1, 2016. As at March 31, 2017, the Company has not opted to make reference to NCLT.

HUMAN RESOURCES

Manufacturing facilities have never been able to carry on production at the same/similar levels for which they were set-up or to fully utilize the capacity. During the year, the strength of human resource engaged by the Company grown by 170% over previous year. Industrial relations have been cordial during the year under report.

(Cautionary Statement: Statements in this Report, which seeks to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be 'forward looking statements' and are stated as required by applicable laws and regulations. Actual results could differ from those expressed or implied. Several factors including global and domestic demand-supply conditions, prices, raw-materials availability, technological changes in government regulations and policies, tax laws and other statutes may affect the actual results, which can be different from what the Directors envisage in terms of future performance and outlook.)

INDEPENDENT AUDITOR'S REPORT

To the members of Zenotech Laboratories Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Zenotech Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement, the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows and Equity 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate internal financial controls, 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 Ind AS 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 the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the Ind AS financial statements.

Basis for Qualified Opinion

1. As more fully explained in Note 28 (ii)(b) to the Ind AS financial statements, the books of accounts for the financial years ended 31 March 2011 and 2012 were reconstructed by the Management post 12 November 2011. Certain matters relating to the differences between the current management and the then Co- Managing Director are currently sub-judice and still unresolved. These related to obtaining audit evidence on the related financial results and consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustment/ disclosures arising out of the outcome of ongoing legal proceedings. The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial results may be materially misstated is low.

In view of the non-resolution of these, our opinion on the current year's financial statement is qualified in respect of both, the current year and corresponding year, as we are unable to determine the adjustments/ disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, with the exception of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS 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, of the state of affairs of the Company as at 31st March, 2017, and

its loss and its cash flows and movement in equity for the year ended on that date.

Emphasis of Matters

The Company has, notwithstanding, accumulated losses its net worth being completely eroded, prepared the accounts on a going concern basis, as it is working on plans to raise further funds with which it will be able to meet its business operations for growth and revival

Our report is not qualified in this regard.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and except for the possible effect of the matter described in sub-paragraph of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS 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) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) 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 B".
 - (h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the possible effect of the matter described in sub-paragraph of the Basis of Qualified Opinion above, the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. Based on the information and explanations provided to us, the company has provided the requisite disclosures in its financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Ramanarayanan J

Partner

Membership No.220369

Place of Signature : Mumbai

Date : 20th May 2017

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of verifying fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program. As informed, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) Title deeds of immovable properties are held in the name of the Company.
- (ii) The Company has conducted physical verification of inventories at reasonable intervals. As informed, discrepancies noticed on such verification were not material.
- (iii) The company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence clause iii is not applicable.
- (iv) Based on our audit procedures & according to the information and explanation given to us, the company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under section, 185 and 186. Therefore, the provisions of Clause 3(iv) of the said order are not applicable to the company.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause (v) is not applicable.
- (vi) The Company is not required to maintain cost records prescribed by the Central Government under sub-section (1) of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at 31st March 2017 for a period of more than six months from the date they became payable.
- (b) Dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, which have not been deposited on account of any dispute, are stated in the table below:

Name of the statute	Period	Amount (in Rs. thousands)*	Forum where the dispute is pending
The Finance Act, 1994	Financial Year 2007-08	4,498	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2007-08, 2008-09 and 2009-10	4,611	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2006-07 and 2007-08	10,124	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2009-10, 2010-11, 2012-13	2,267	Deputy Commissioner Commercial Taxes (Appeal)
The Finance Act, 1994	Prior to Financial year 2011-12 (Service Tax)	3,405**	N/A
The Finance Act, 1994	Prior to Financial year 2011-12(Wealth Tax)	68.92 **	N/A
The Finance Act, 1994	Prior to Financial year 2011-12 (Sales Tax)	38.52 **	Commercial Tax Officer, Srinagar Colony Circle
The Customs Act, 1962	Prior to Financial year 2011-12 (Customs Act)	35,094	Principal Commissioner of Customs, Hyderabad

* *excluding penalty*

** *Provision for Service Tax on Forex outgo, Wealth Tax and Sales Tax for which no records/ details are available with the Company and hence Interest not ascertained.*

(viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has defaulted in repayment of loans or borrowings to financial institutions, Government which are as follows.

Name of the Lender	Period	Amount (in Rs. Thousands of INR)*
Biotech Consortium India Limited	Financial Year 2008-09	1,465
Technology Development Board	Financial Year 2012-13	56,879

* including accrued interest and penal interest.

- (ix) The Company has, during the current year, not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the company.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Based on our audit procedures and as per the information and explanations given to us, the company does not have a whole time director or Managing Director. Accordingly, the provision of clause (xi) of the Order are not applicable to the company.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the Financial statements etc. as required by the applicable accounting standards
- (xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares/ fully or partly convertible debentures during the year
- (xv) Based on our audit procedures and 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 him.
- (xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

Place of Signature: Mumbai
Date: 20th May 2017

Ramanarayanan J
Partner
Membership No.220369

Annexure B

Referred to in paragraph 2(g) on ‘Report on Other Legal and Regulatory Requirements’ of our report of even date Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Zenotech Laboratories Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the Ind AS 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 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 were 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

Place of Signature: Mumbai
Date: 20th May 2017

Ramanarayanan J
Partner
Membership No.220369

Balance Sheet as at March 31, 2017

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
ASSETS				
Non Current Assets				
(a) Property, Plant and Equipment	3	468,334	481,704	521,267
(b) Other Non-current Assets	4	20,955	22,166	31,023
Total Non - Current Assets		489,289	503,870	552,290
Current Assets				
(a) Inventories	5	9,240	15,850	20,395
(b) Financial Assets				
Investments	6(a)	-	-	-
Trade Receivables	6(b)	11	3,473	3,953
Cash and Cash Equivalents	6(c)	4,810	2,515	3,830
Bank balances other than above	6(c)	1,960	1,960	54,073
Other Financial Assets	7(a)	1,098	1,136	2,008
(c) Other Current Assets	7(b)	1,065	364	585
Total Current Assets		18,184	25,298	84,844
Total Assets		507,473	529,168	637,134
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	8 (a)	344,275	344,275	344,275
(b) Other Equity	8 (b)	(1,003,340)	(804,935)	(613,854)
Total Equity		(659,065)	(460,660)	(269,579)
LIABILITIES				
Non-current Liabilities				
(a) Financial Liabilities				
Borrowings	9	-	104	430
(b) Provisions	11 (a) & (b)	2,388	1,932	1,929
Total Non - Current Liabilities		2,388	2,036	2,359
Current Liabilities				
(a) Financial Liabilities				
Borrowings	10 (a)	512,000	512,000	512,000
Trade payables	10 (b)	51,342	42,505	38,760
Other financial liabilities	10 (C)	273,263	205,377	137,969
(b) Other Current Liabilities	11	143,956	58,317	52,812
(c) Provisions	11 (a) & (b)	183,589	169,593	162,813
Total Current Liabilities		1,164,150	987,792	904,354
Total Equity and Liabilities		507,473	529,168	637,134

See the accompanying note referred to above form an integral part of Financial Statements

Summary of Significant accounting policies

1 & 2

As per our report of even date attached
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

for and on behalf of the Board of Directors of
Zenotech Laboratories Limited
CIN: L27100AP1989PLC010122

Ramanarayanan J
Partner
Membership No. 220369

Azadar Hussain Khan
Chairman
DIN:01219312

Kavita R.Shah
Director
DIN:02566732

Dinesh Kapoor
Chief Executive Officer

Poly K.V.
Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place : Mumbai
Date : 20th May,2017

Place : Mumbai
Date : 20th May,2017

Statement of Profit and Loss for the year ended 31 March, 2017

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Particulars	Note No.	For the Year ended 31 March 2017	For the year ended 31 March 2016
Income			
I Revenue from Operation	12	22,542	21,872
II Other income	13	552	438
III Total Income (I+II)		23,094	22,310
IV Expenses			
Cost of materials consumed	14	15,239	20,017
Excise duty		-	1,274
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	14	1,449	(965)
Employee benefits expense	15	30,207	22,522
Finance costs	16	75,139	75,460
Depreciation and amortisation expense	3	38,741	39,623
Other expenses	18	79,300	55,752
Total Expenses (IV)		240,075	213,683
V Profit / (Loss) before exceptional items and tax (III-IV)		(216,981)	(191,373)
VI Exceptional items	3	(18,294)	-
VII Profit / (Loss) before tax (V-VI)		(198,687)	(191,373)
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX Profit / (Loss) for the period (VII-VIII)		(198,687)	(191,373)
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		-	-
Remeasurement of employee benefits obligations	11(b)	282	292
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
XI Total Comprehensive Income for the period (IX+X)		(198,405)	(191,081)
XII Earning per equity share (par value Rs 10 each)	19		
(1) Basic (Rs.)		(5.77)	(5.56)
(2) Diluted (Rs.)		(5.77)	(5.56)
See the accompanying note referred to above form an integral part of Financial Statements			
Summary of Significant accounting policies		1 & 2	

 As per our report of even date attached
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 Chief Financial Officer

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 Company Secretary

 Place : Mumbai
 Date : 20th May,2017

 Place : Mumbai
 Date : 20th May,2017

Statement of changes in equity

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

A	Equity share Capital	Equity
	As at 1 April 2015	344,275
	Changes in equity share Capital	-
	As at 31.03.2016	344,275
	Changes in equity share Capital	-
	As at 31.03.2017	344,275

B	Other Equity	Equity component of compound financial instruments	Reserves and Surplus		Total other equity
			Securities premium	Retained earnings	
	Balance as at 1 April 2015 (Refer Note 30)	-	1,164,324	(1,778,178)	(613,854)
	Profit for the year	-	-	(191,373)	(191,373)
	Other comprehensive income- Remeasurement of defined benefit obligations	-		292	292
	Total comprehensive income for the year	-	-	(191,081)	(191,081)
	Dividend paid	-	-	-	-
	Issue of equity shares	-	-	-	-
	Other equity as on 31st March 2016	-	1,164,324	(1,969,259)	(804,935)
	Balance as at 1 April 2016	-	1,164,324	(1,969,259)	(804,935)
	Profit for the year	-	-	(198,687)	(198,687)
	Other comprehensive income- Remeasurement of defined benefit obligations	-	-	282	282
	Total comprehensive income for the year	-	-	(198,405)	(198,405)
	Dividend paid	-	-	-	-
	Issue of equity shares	-	-	-	-
	Any other change	-	-	-	-
	Other Equity as on 31st March 2017	-	1,164,324	(2,167,663)	(1,003,340)

Cash Flow Statement for the year ended March 31, 2017

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Cash flows from operating activities		
Loss before taxation	(1,98,687)	(1,91,373)
Adjustments for:		
Depreciation and amortisation	38,741	39,623
Capital WIP written back	(18,294)	-
Unrealised foreign exchange loss, net	258	3,438
Provision for doubtful advances	-	188
Interest expenses	75,004	75,387
Interest income	(226)	(2,059)
Operating cash flows before working capital changes	(1,03,204)	(74,796)
Changes in Working Capital:		
(Increase)/ decrease in trade receivables	3,462	292
(Increase)/ decrease in inventories	6,610	4,545
(Decrease)/ increase in trade payables	8,838	2,593
(Increase)/ decrease in other financial assets	38	221
(Increase)/ decrease in non-current assets	191	(1,396)
(Increase)/ decrease in other current assets	(701)	-
(Decrease)/ increase in provisions for current liabilities	456	6,781
(Decrease)/ increase in provisions for non current liabilities	13,996	2
(Decrease)/ increase in other current liabilities	85,662	3,511
Cash generated from operating activities	15,348	(58,247)
Income taxes paid/ TDS (net)	1,020	10,253
Net cash used in operating activities	16,368	(47,994)
Cash flows from investing activities		
Purchase of property plant equipment	(7,077)	(60)
Proceeds from sale of fixed assets	-	-
Deposits towards margin money and other deposits	-	52,113
Interest income received	226	2,931
Net cash provided by/ (used in) investing activities	(6,851)	54,984
Cash flows from financing activities		
Repayment of Share application money pending for allotment	-	(122)
Proceeds from short-term borrowings, net	-	-
Proceeds/(repayment) of long-term borrowings, net	(158)	(244)
Interest paid	(7,064)	(7,939)
Net cash provided by financing activities	(7,222)	(8,305)
Net increase/ (decrease) in cash and cash equivalents during the year	2,294	(1,315)
Cash and cash equivalents at the beginning of the year	2,515	3,830
Cash and cash equivalents at the end of the year (refer Note 6 (c))	4,810	2,515

Note 1: Cash and cash equivalents includes restricted cash balance (Margin money) of ₹ 1,960 (previous year: ₹ 1,960).

Note 2: Cash flow statements has been prepared in accordance with the Ind AS standard.

As per our report of even date attached
 for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
 Firm Registration No. 003990S/S200018

for and on behalf of the Board of Directors of
Zenotech Laboratories Limited
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 Chief Financial Officer

Abdul Gafoor Mohammad
 Company Secretary

Place : Mumbai
 Date : 20th May,2017

Place : Mumbai
 Date : 20th May,2017

Notes to the Financial Statements for the Year ended March 31, 2017

1. Corporate information

Zenotech Laboratories Limited is a public limited company listed on BSE. Zenotech Laboratories Limited was incorporated on June 15, 1989 as a Private Limited company by the name of MAA Shakti Tube Mill Private Limited under the Companies Act, 1956. On April 1, 1992, its name was changed to Sunline Tubes Private Limited and on August 25, 1993 it was converted into a Public Limited Company. Subsequently, on December 6, 2000 its name was changed to Sunline Technologies Limited. In 2004, the said Company entered into a scheme of amalgamation with Zenotech Laboratories Private Limited. The Hon'ble High Court of Andhra Pradesh sanctioned the scheme of amalgamation by its order dated July 1, 2004 with effect from November 1, 2003 pursuant to which, its name was changed to its present form, Zenotech Laboratories Limited with effect from August 10, 2004.

The Company is a pharmaceutical specialty generic injectables company engaged in the area of manufacturing biotechnology products. The Company's injectables product portfolio primarily serves niche therapy areas like oncology and anesthesiology.

2. Significant accounting policies

2.1 Basis of preparation

The Company's management had previously issued its audited financial statements for the year ended March 31, 2016 on May 21, 2016 that were prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). With effect from April 1, 2016, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 ("Ind AS"). Accordingly, the Company's management has now prepared these financial statements in compliance with Ind AS. These financial statements for the year ended March 31, 2017 including comparative information are the first the Company has prepared in accordance with Ind AS. In preparing these financial statements under Ind AS, the Company's opening balance sheet was prepared as at April 01, 2015, the date of transition to Ind AS. These financial statements comprise the Balance Sheets as at March 31, 2017 and March 31, 2016, the Opening Balance Sheet as at April 1, 2015 (transition date), the Statements of Profit and Loss, the Statements of Cash Flows and the Statements of Changes in Equity for the year ended March 31, 2017 and for the year ended March 31, 2016, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Ind AS Financial Statements").

Pursuant to the rules framed by MCA, the company has prepared its financial statements as per IND AS for the year ended March 31, 2017 with April 1, 2015 being the date of transition.

The comparative figures in the balance sheet as at March 31, 2016 and April 1, 2015 and Statement of Profit and loss and cash flow statement for the year ended March 31, 2016 have been restated accordingly.

The financial statements are presented in INR and all values are rounded to the nearest thousands (INR 000), except when otherwise indicated.

Statement of Compliance

The Financial Statements comprising Balance sheet, statement of profit and loss, statement of changes in equity, cash flow statements together with notes for the year ended March 31, 2017 have been prepared in accordance with IND AS as notified above duly approved by the board of Directors at its meeting held on 20.05.2017 .

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- a. Financial assets at Fair value through other comprehensive income are measured at fair value
- b. Financial assets at fair value through Profit or loss are measured at fair value
- c. The defined benefit asset is recognised as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note 20

Functional and Presentation Currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional and presentation currency of the Company.

First - time adoption of IND AS

The financials for the year ended March 31 2017 are the financial statements prepared by the Company in accordance with IND AS. For the periods up to and inclusive of year ended March 31, 2016, the Company prepared its financial statement in accordance with accounting standards specified in section 133 of the company's act 2013 read together with rule 7 of Companies (Accounting Standards) Rules 2014 (Previous GAAP). Reconciliation and description of the effect of transition from previous GAAP to IND AS on equity, profit and cash flow are provided in note 30. The Balance Sheet as on the date of transition has been prepared in accordance with IND AS 101 first adoption of Indian Accounting standards.

IND AS 101 requires that all IND AS financial statements be applied consistently and retrospectively for all fiscal years presented. However, this standard provides some exceptions and exemptions are as discussed below:

Exceptions to retrospective application of other IND AS

- i. Estimates: An entity's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is an objective evidence that those estimates were in error. The Company has not made any changes to estimates made in accordance with Previous GAAP.
- ii. IND AS 109 – financial instruments (Derecognition of previously recognised financial assets/liabilities)
An entity shall apply the Derecognition Requirements in IND AS 109 prospectively for transactions occurring on or after the date of transition to IND AS. The Company has applied the Derecognition requirements prospectively.
- iii. IND AS 109 (Financial instruments classification and measurement of financial asset)
Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of Transition to IND AS. The Company has evaluated the facts and circumstances existing on the date of transition to IND AS for the purpose of classification and measurement of financial asset and accordingly has classified and measured financial assets on the date of transition.
- iv. IND AS 109 financial instruments (Impairment of financial assets)
Impairment requirements under IND AS 109 should be applied retrospectively based on the reasonable and supportable information that is available on transition date without undue cost or effort. The Company has applied impairment requirements retrospectively.
- v. Financial instruments – government loans

A first time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with IND AS 32, Financial instruments presentation. If a first time adopter did not under its previous GAAP, recognise and measure a government loan at a below market rate of interest on a basis consistent with IND AS Requirement, it shall use its previous GAAP carrying amount of the loan at the date of transition to IND AS as the carrying amount of the loan in the opening IND AS Balance sheet. An entity shall apply IND AS 109 to the measurement of such loans after the date of transition to IND AS. An entity shall apply the requirements of IND AS 109 and IND AS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to Government loans existing at the date of transition to IND AS and shall not recognise the corresponding benefit of the government loan at below market rate of interest as a Government grant. The Company did not avail any Government loan as on the date of transition.

Exemptions from retrospective application of IND AS

- i. IND AS 16 Property, Plant and equipment/IND AS 38 intangible asset
An entity may elect to measure an item of property, plant and equipment and intangible asset at the date of transition to IND AS at its fair value and use that fair value as deemed cost at that date or may measure the items of PPE/ intangible by applying IND AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost. The Company has elected to continue with the carrying amount for all of its PPE, intangible asset measured as per Previous GAAP and use that as its deemed cost as at the date of transition.

Decommissioning liabilities covered under Appendix A to IND AS 16 on Changes in Existing, Decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first time adopter need not compile with these requirements for change in such Liabilities that occurred before the date of transition to IND AS. The Company is not under any obligation to create decommissioning liabilities.

ii. IND AS 27 Separate financial statements

An entity is required to account for its investments in subsidiaries, joint ventures and associates either:

- (a) at cost; or
- (b) In accordance with IND AS 109. Such cost shall be cost as per IND AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to IND AS or Previous GAAP carrying amount at that date.

Books of accounts and other related records/documents of the overseas subsidiaries of the Company were missing and due to non-availability of those records/information, the Company is unable to prepare consolidated accounts and attach the required statements and particulars in terms of the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The facts of the case had already been reported in earlier years. Overseas subsidiaries were apparently created; investments and loans were made during the period from 2006-07 to 2010-11 under the erstwhile management headed by Dr. Jayaram Chigurupati. Therefore, it was the responsibility of that management to handover those details to the Company during the transition. However, no details on those subsidiaries were made available to the Company. Despite several attempts by the Company to recover them, details concerning those subsidiaries including the documents and certificates related to the foreign exchange transactions which included loans and investments made to those foreign subsidiaries, could not be obtained. The Company had filed a complaint before the Hon'ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 against the former Managing Director, Dr. Jayaram Chigurupati, who was in complete "control over the Company's affairs during the period of these events". The matter is currently sub-judice.

The board has decided to initiate the winding-up process for the defunct subsidiaries in Brazil and Nigeria. Company is in contact with consultants of respective countries to file the winding-up applications and adhere to the laws of the country and decided to account for the investments in subsidiaries at deemed cost being fair value on the date of transition to Ind AS/previous GAAP carrying amount at that date.

iii. IND AS 109 financial instruments

IND AS 109 permits an entity to designate a Financial liability, financial asset at fair value through profit or loss on the basis of facts and circumstances that exists at the date of transition to IND AS. There are no financial liabilities or financial asset that are specifically designated at FVTPL and hence this exemption is not applicable.

An entity may designate an investment in an Equity instrument at fair value through other comprehensive income (FVTOCI) in accordance with IND AS 109 on the basis of facts and circumstances that exist at the date of transition to IND AS. The Company has designated unquoted equity instruments in companies other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to IND AS.

IND AS 32 financial instruments presentation: IND AS 32 requires an entity to split compound financial instruments at inception into separate liability and equity component. As per IND AS 101, first Time Adoption of IND AS, if the liability component is no longer outstanding at the date of transition to IND AS, an entity need not separate the amount recognised in equity into retained earnings and issued equity. The Company does not have any compound financial instruments.

2.2 Summary of significant accounting policies

a. Investment in associates

Investment in associates are recognised at cost in accordance with Ind AS 27.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- ▶ Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity as appropriate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

d. Use of estimates

The preparation of financial statements in conformity with IND AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumptions having the most significant effect on the amounts recognised in financial statements are

- a) Valuation of financial instruments
- b) Useful life of PPE
- c) Measurement of defined benefit plan obligation
- d) Provisions

e. Going concern

The Company has accumulated losses and its net worth has been completely eroded, the Company has incurred a net cash loss during the current and previous years and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements have been prepared on a going concern basis; notwithstanding the above conditions as it is working on plans to raise further funds with which it will be able to meet its business operations for growth and revival.

f. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Quantitative disclosures of fair value measurement hierarchy (Refer Note 20 & 21)

g. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised

Sale of goods

Revenue from Sale of goods is recognized on dispatch and upon transfer of significant risk and rewards of ownership to the customer. Sales include amount recovered towards excise duty but excludes sales tax and is net of sales returns.

Price variance is accounted as and when the amounts are confirmed as recoverable.

Interest income

Interest on deposits is recognized on the time proportion method using the underlying interest rates. For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

h. Taxes**Current income tax**

Income tax expense comprises of current and deferred tax. Current income tax assets and liabilities is measured at the amount expected to be recovered from or paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. However deferred tax liabilities are not recognised if they arised form initial recognition of Goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or tax loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off deferred tax assets against deferred tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

i. Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- ▶ When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ▶ When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

j. Property, plant and equipment

Fixed assets (Tangible/ Intangible) are stated at cost less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

All other borrowing costs are expensed in the period they occur.

Expenditure directly relating to construction activity is capitalized to the extent those relate to the construction activity or is incidental thereto

Depreciation is fully provided using the Straight Line Method ('SLM') over the useful lives of the assets considered by the management which is in line with the rates prescribed under schedule II to the Companies Act 2013, as given below:

1) Factory Building	30 years
2) Plant & Machinery	10 to 20 years
3) Furniture & Fittings	10 years
4) Motor Vehicles	8 years
5) Office Equipment	5 years
6) EDP Equipment	3 years

Depreciation and amortization methods and useful lives are reviewed periodically, including at each financial year end. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

Assets costing below Rs.5,000 are depreciated in full in the same year.

The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

k. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The method of determining cost of various categories of inventories is as below:

- i) Raw materials, Packing materials, Stores and spares - First - in - First Out method.
- ii) Finished goods and Work-in-process – Weighted average method, which comprises direct material costs and appropriate overheads.

Inventories are stated net of write downs or allowances on account of obsolete, damaged or slow moving inventories.

m. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment

n. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair

value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

o. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p. Retirement and other employee benefits

- i) **Gratuity:** Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the projected unit credit method. Actuarial gains/losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the other comprehensive Income as Income on the basis of valuation by an independent Actuary. The liability is unfunded.
- ii) **Provident Fund:** A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund
- iii) **Compensated Absences:** Liability in respect of compensated absence is determined and charged to the statement of profit and loss on the basis of valuation by an independent actuary.

q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in subsidiaries are measured at cost less diminution other than temporary. All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised i.e. removed from the Company's balance sheet when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the company has transferred substantially all the risks and rewards of the asset, or
 - (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The forward contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Cash dividend and non cash distribution to equity holders

The Company recognises a liability to make cash and non cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Non cash distribution are measured at fair value of the assets distributed with fair value re-measurement recognised directly in equity.

r. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

s. New standards and interpretations not yet adopted

Ind AS 115 Revenue from Contracts with Customers: Ind AS 115, Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015. The standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions-and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard has been currently deferred. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company does not expect this amendment to have significant impact on its financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

As there is no employees' stock option (ESOP) scheme at present, the Company does not expect this amendment to have any impact on its financial statements.

Notes to the Financial Statements for the Year ended March 31, 2017

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 3: Property, Plant and Equipment.		Freehold Land	Freehold Building	Plant and Equipment	Furniture and Fixtures	Office Equipments	Vehicles	EDP Equipment	CWIP	Total
Cost or valuation										
At 1st April 2015										
Adjustments:	10,831	149,103	354,224	4,591	237	1,768	513			521,267
Additions	-	-	57	-	-	-	3	-	-	60
Assets included in a disposal group classified as held for sale (Note)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Revaluation Recognised in OCI	-	-	-	-	-	-	-	-	-	-
At 31st March 2016	10,831	149,103	354,281	4,591	237	1,768	516	-	-	521,327
Adjustments:	-	-	-	-	-	-	-	-	-	-
Additions	-	4,539	20,403	-	-	-	429	-	-	25,371
Assets included in a disposal group classified as held for sale (Note)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Revaluation Recognised in OCI	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	10,831	153,642	374,684	4,591	237	1,768	945	-	-	546,698
Depreciation and Impairment										
At 1st April 2015										
Adjustments:	-	-	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	6,994	29,608	2,106	92	466	357	-	-	39,623
Impairment loss (note)	-	-	-	-	-	-	-	-	-	-
Assets included in a disposal group classified as held for sale (Note)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-
At 31st March 2016	-	6,994	29,608	2,106	92	466	357	-	-	39,623
Adjustments:	-	-	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	7,026	29,837	1,247	80	386	165	-	-	38,741
Impairment loss (note)	-	-	-	-	-	-	-	-	-	-
Assets included in a disposal group classified as held for sale (Note)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	-	14,020	59,445	3,353	172	852	522	-	-	78,364
Net Book Value										
At 31st March 2017										
	10,831	139,622	315,240	1,238	65	916	422	-	-	468,334
At 31st March 2016	10,831	142,109	324,673	2,485	145	1,302	159	-	-	481,704
At 1st April 2015	10,831	149,103	354,224	4,591	237	1,768	513	-	-	521,267
Additional notes:										
Capital work-in-progress	-	103,156	-	-	-	-	-	-	-	-
Less: Provision for impairment (refer note 1 below)	-	(103,156)	-	-	-	-	-	-	-	-
Net Capital work-in-progress	-	-	-	-	-	-	-	-	-	-
Note : In the absence of all underlying documents and a definitive business plan relating to certain items of building under construction and plant and machineries, classified under capital work-in-progress and fixed assets, the Management had impaired the same fully in the year ended 31 March 2011, out of which a sum of Rs 18, 294 has been reversed and capitalised as part of additions in the current year on being brought into use.										

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 4: Other Non Current Assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Unsecured, considered good except stated other wise)			
Advances other than capital advances:-			
Advance income taxes (net of provisions)	539	1,559	11,812
Deposits with Government, public bodies and others	13,197	13,431	7,859
Balance with customs, central excise etc.	7,183	7,160	11,346
Others	36	16	6
Unsecured Doubtful	-	-	-
Total	20,955	22,166	31,023

Note 5: Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials *	9,240	14,401	19,911
Work-in-progress	-	1,114	230
Finished Goods	-	335	254
Total Inventories	9,240	15,850	20,395

* after provision made towards unusable Biotech Unit division Inventory. The total Provision made during the F.Y. 2016-17 is Rs 48.45.(Previous year 2015-16 Rs 49.09)

Note 6: Financial Assets

6 (a) : Non-current investments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments in equity shares at Deemed cost (Refer Note 2.1)			
Unquoted			
Zenotech Farmaceutica Do Brasil Ltda	-	-	-
39,600 (previous year: 39,600) quotas of Reais 10 each			
Zenotech Laboratories Limited, Nigeria	-	-	-
9,99,000 (previous year: 9,99,000) Ordinary shares of Naira 1 each			
Zenotech Inc., USA	-	-	-
10,00,000 (previous year: 10,00,000) shares of USD 0.10 each			
Equity shares in Credence Organics Private Limited	-	-	-
2,400 (previous year: 2,400) shares of Rs.10 each			
Quoted	-	-	-
Total Non current investments	-	-	-
Total non-current investments	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount of quoted investments and market value thereof			
Aggregate amount of unquoted investments	-	-	-
Aggregate amount of impairment in the value of investments	-	-	-

During the year ended March 31, 2017, the Company has decided to wind up its overseas subsidiary namely Zenotech Pharmaceutica Do Brazil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017.

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

6 (b) : Trade receivables- Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Unsecured, considered good stated otherwise)			
Trade receivables	295	3757	4443
Dues from related parties	-	-	-
Less: Allowance for doubtful debts	284	284	490
Total receivables	11	3473	3953
Current portion	11	3473	3953
Non-current portion	-	-	-

Break-up of security details:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured, considered good	-	-	-
Unsecured, considered good	11	3,473	3,953
Considered Doubtful	284	284	490
Total	295	3,757	4,443
Allowance for doubtful debts	284	284	490
Total trade receivables	11	3,473	3,953

6(c) Cash and Bank Balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks			
- in current accounts	4,787	2,489	3,806
- in EEFC accounts	-	-	-
Cash on hand	23	26	24
Total cash and cash equivalents	4,810	2,515	3,830
Other Bank Balances			
- Margin Money deposits	1,960	1,960	9,073
Deposits with maturity of less than 3 months	-	-	45,000
Total - Other Bank Balances	1,960	1,960	54,073
Total cash and Bank Balances	6,770	4,475	57,903
Total financial assets	6,781	7,948	61,856
Total current	6,781	7,948	61,856
Total non-current	-	-	-

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

6(c) Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016

	SBN	Other Denominations	Total
Closing cash on hand - November 8, 2016	27	27	54
Add: Permitted receipts	-	240	240
Less: Permitted payments	-	206	206
Less: Amount deposited into bank	27	-	27
Closing cash on hand - December 30, 2016	-	61	61

Note 7 : Other Current Assets

7 (a) Other Financial - Current Assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued but not due	1,098	1,136	2,008
Total Other Financials Current Assets	1,098	1,136	2,008

7 (b) Other Current Assets

Unsecured, considered doubtful			
Advance to supplier for material and services	-	188	150
Less: provision for doubtful advances	-	(188)	(150)
Excess Remuneration paid, recoverable from an erstwhile managing director	7,980	-	-
Less: Provision for excess remuneration paid, recoverable	(7,980)	-	-
Unsecured, considered good			
Advance to supplier for material and services	557	46	253
Prepaid expenses	417	275	13
Advance to employees	91	43	319
Total Other Current Assets	1,065	364	585

Note : 8 (a) Equity

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Value	No. of shares	Value	No. of shares	Value
Authorised						
Equity shares of Rs.10/- each	100,000,000	1,000,000	100,000,000	1,000,000	100,000,000	1,000,000
	100,000,000	1,000,000	100,000,000	1,000,000	100,000,000	1,000,000
Issued, Subscribed and Fully Paid-up						
Equity shares of Rs.10/- each	34,427,500	344,275	34,427,500	344,275	34,427,500	344,275
Total	34,427,500	344,275	34,427,500	344,275	34,427,500	344,275

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

(a) Reconciliation of the equity shares capital outstanding at the beginning and at the end of the reporting year:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Value	No. of shares	Value	No. of shares	Value
Equity shares						
At the beginning of the year	34,427,500	344,275	34,427,500	344,275	34,427,500	344,275
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	34,427,500	344,275	34,427,500	344,275	34,427,500	344,275

(b) Terms/rights attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

Under the Zenotech Stock Option Scheme 2005, total of 50,000 and 75,000 shares had been issued to the then directors during the year ended 31 March 2008 and 31 March 2009 respectively and 2,500 shares had been issued to employees during the year ended 31 March 2011.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Value	No. of shares	Value	No. of shares	Value
Equity shares of Rs. 10/- each	-	-	-	-	-	-
	-	-	-	-	-	-

(d) Details of shareholders holding more than 5% shares in the company:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Sun Pharmaceutical Industries Limited*	16,128,078	46.85%	16,128,078	46.85%	16,127,293	46.84%
Daiichi Sankyo Company Limited	6,886,500	20.00%	6,886,500	20.00%	6,886,500	20.00%
Dr Jayaram Chigurupati	3,677,558	10.68%	4,222,632	12.27%	4,222,632	12.27%
Padmasree Chigurupati	3,060,500	8.89%	3,060,500	8.89%	3,060,500	8.89%

8 (b) Reserves and Surplus

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Retained Earnings			
Securities premium reserve	1,164,324	1,164,324	1,164,324
Retained Earnings	(2,167,664)	(1,969,259)	(1,778,178)
Total Reserves & Surplus	(1,003,340)	(804,935)	(613,854)
Securities Premium Reserve			
Opening Balance	1,164,324	1,164,324	1,164,324

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Exercise of options- proceeds received	-	-	-
Acquisition of subsidiary	-	-	-
Rights issue	-	-	-
Closing Balance	1,164,324	1,164,324	1,164,324
Retained Earnings			
Opening balance	(1,969,259)	(1,778,178)	(1,778,178)
Net profit for the period	(198,687)	(191,373)	-
Items of other comprehensive income recognised directly in retained earnings	-	-	-
• Remeasurements of post-employment benefit obligation, net of tax	282	292	-
• Share of OCI of associates and joint ventures, net of tax	-	-	-
• Transfer to retained earnings of FVOCI equity investments, net of tax	-	-	-
• Transactions with NCI	-	-	-
• Transfer to debenture redemption reserve	-	-	-
• Others	-	-	-
Dividends	-	-	-
Items that will be reclassified to Profit or Loss	-	-	-
	(2,167,664)	(1,969,259)	(1,778,178)

* Pursuant to a merger scheme, Ranbaxy Laboratories Limited merged with Sun Pharmaceutical Industries Limited effective from 24 March 2015 and accordingly, shares held by Ranbaxy Laboratories Limited stand transferred to Sun Pharmaceutical Industries Limited. 785 shares acquired by Sun Pharmaceutical Industries Limited through open offer to public during the year 2015-16

Note 9: Financial liabilities

Non-current borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured - at amortised cost			
Technology Development Board (TDB)- Loan	29,648	29,648	29,648
Vehicle loan from HDFC	-	158	402
Unsecured - amortised cost			
Term loans			
Biotech Consortium India Limited (BCIL)	1,112	1,112	1,112
Total non-current borrowings	30,760	30,918	31,162
Less: Current maturities of long-term debt	30,760	30,814	30,732
Less: Current maturities of finance lease obligations	-	-	-
Less: Interest accrued	-	-	-
Non-current borrowings (as per Balance Sheet)	-	104	430

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Terms:

1. TDB: Secured by way of paripassu first charge on the whole of movable properties of the Company including movable plant and machinery, both present and future and paripassu first charge of land or other immovable property of the Company, present and future, and personal guarantee of the erstwhile Director of the Company. The Company has not paid the above loan due, including interest thereon and the default continues as of balance sheet date. It carries an interest rate of 15% p.a based on the arbitration order. The said loan was matured on 31st March 2011.
2. HDFC Vehicle Loan: Secured by hypothecation of respective vehicles, repayable in monthly instalments. It carries an Interest of 10.75% p.a interest payable on monthly basis. The said loan was matured on 7th Dec 2016
3. BCIL Loan: Repayable in ten yearly instalments of Rs. 168 each and it carries an interest of 12% p.a. The said loan was due and maturing on 30th Nov 2017.

Note 10: Financial liabilities

(a) Current borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans repayable on demand	-	-	-
Secured	-	-	-
Unsecured - amortised cost			
From related parties	726,919	663,535	600,636
Loans from associates			
Total current borrowings	726,919	663,535	600,636
Less: Interest accrued	214,919	151,535	88,636
Current borrowings (as per Balance Sheet)	512,000	512,000	512,000

Terms:

Term loan from related party has been taken at 11.25% interest p.a. along with penal interest of 2% p.a in case of default in payment of interest. Loan is repayable on demand and maximum tenure of the loan is upto 31 March 2018. During the year, the Company has not paid the interest due on the above loan.

(b) Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Trade payables	45,959	36,756	33,412
Trade payables to related parties	5,383	5,749	5,348
Total trade payables	51,342	42,505	38,760

Note:

- a) Credit Period between 30-90 days depending upon the vendor type and interest @ 24% charged on delayed payments
- b) Refer note 22 for the Companies credit risk management process
- c) There are no micro and small enterprises, as defined under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues as at the reporting date (31 March 2016: Nil, 1 April 2015: Nil).

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

(c) Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Current maturities of long-term debt - at amortised cost			
Current maturities of loan from others	1,112	1,008	840
Current maturities of vehicle loan	-	158	244
Current maturities of loan from financial institution	29,648	29,648	29,648
Interest accrued and due	242,503	174,563	107,115
Share application money pending for allotment	-	-	122
Total other current financial liabilities	273,263	205,377	137,969

Note-11: Other Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	1,672	1,672	1,672
Statutory liabilities	7,842	2,350	2,658
Payable to employees	3,775	3,622	6,344
Expenses payables	2,185	50,547	42,138
Advance from related party (Sun Pharmaceutical Industries Limited)	128,482	126	-
Total	143,956	58,317	52,812

Note - 11 (a): Provisions

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Provision for indirect taxation	183,373	-	169,454	-	162,630	-
Total	183,373	-	169,454	-	162,630	-

i) Information about individual provisions and significant estimates:

Provision for indirect taxation

Provision for indirect taxation comprises:-

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Indirect Taxes	79,188	71,918	64,648
Provision for EPCG Duty	104,185	97,536	97,982
Total	183,373	169,454	162,630

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

ii) Movements in provisions

Movements in each class of provisions during the financial year, are set below:

Particulars	Provision for Indirect taxes
As at 1.04.2016	169,454
Charged/(credited) to profit or loss	
-additional provisions recognised	13,919
-unused amounts reversed	-
-unwinding of discount	-
Amounts used during the year	
As at 31.03.2017	183,373

Movements in each class of provisions during the financial year ended March 31 2016, are set below:

Particulars	Provision for Indirect taxes
As at 1.04.2015	162,630
Charged/(credited) to profit or loss	
-additional provisions recognised	6,824
-unused amounts reversed	-
-unwinding of discount	-
Amounts used during the year	-
As at 31.03.2016	169,454

Note 11(b) : Employee Benefits

a) Disclosures related to defined contribution plan

	As at March 31, 2017	As at March 31, 2016
Provident fund contribution recognised as expense in the statement of Profit and Loss	1,143	902

b) Leave Obligation

The actuarial valuation has been carried out using the Projected Unit Credit Method. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of avilment of leave whilst in service and qualifying salary on the date of avilment of leave. In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current Liability	174	114	159
Non-Current Liability	861	650	885
Total	1,035	764	1,044

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Disclosures related to defined benefit plan

The Company has a defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to gratuity on departure at 15 days last drawn salary for each completed year of service or part thereof in excess of six months

Changes in defined benefit obligation

	As at March 31, 2017	As at March 31, 2016
Projected benefit obligation at the beginning of the year	1,307	1,068
Current Service Cost	443	447
Interest Cost	100	84
Actuarial (gain)/ loss on obligation	(282)	(292)
Benefits paid	-	-
Projected benefit obligation at the end of the year	1,569	1,307

Break up of the Provision for Gratuity into Current & Non- current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current Liability	42	25	24
Non-Current Liability	1,527	1,282	1,044
Total	1,569	1,307	1,068

Change in the fair value of plan assets

	As at March 31, 2017	As at March 31, 2016
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer contributions	-	-
Benefits paid	-	-
Premium expenses	-	-
Return on plan assets excluding amount recognised in net interest expense	-	-
Fair value of plan assets at the end of the year	-	-

Amount recognised in the Balance Sheet

	As at March 31, 2017	As at March 31, 2016
Projected benefit obligation at the end of the year	1,569	1,307
Fair value of plan assets at the end of the year	-	-
Funded status of liability recognised in the Balance Sheet	1,569	1,307

Expense recognised in the Statement of Profit and Loss

	As at March 31, 2017	As at March 31, 2016
Service Cost	443	447
Interest Cost	100	84
Interest income	-	-
Premium expenses	-	-
Net Gratuity Costs	543	531

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016
Investments with Life Insurance Corporation	0%	0%
Summary of Actuarial Assumptions		
Discount rate	6.85%	7.75%
Salary escalation rate	7.00%	10.00%
Maturity profile of the defined benefit obligation		
Weighted average duration of defined benefit obligation (in years)	8.56	9.56
Expected benefit payments for the year ending		
Not later than 1 year	42	25
Later than 1 year and not later than 5 years	915	271

Remeasurement of the net defined benefit liability recognised in other comprehensive income

	As at March 31, 2017	As at March 31, 2016
Opening amount recognised in OCI	(292)	-
Remeasurement for the period - Obligation (gain)/loss arising from		
-change in demographic assumptions	-	-
-change in financial assumptions	(316)	25
-experience variance	34	(317)
Closing Amount recognised in OCI	(574)	(292)

Sensitivity analysis of significant actuarial assumptions

	As at March 31, 2017		As at March 31, 2016	
	Decrease	Increase	Decrease	Increase
Discount rate(-/+1%)	4.43%	-4.14%	4.95%	-4.62%
Salary growth rate(-/+1%)	-4.15%	4.4%	-4.55%	4.83%

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 12: Revenue from operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (including excise duty)	13,029	21,872
Sale of goods	-	-
Total sale of products	13,029	21,872
Sale/ rendering of services	-	-
Other operating revenues	9,513	-
Total	22,542	21,872

Sale of goods includes excise duty collected from customers of INR NIL (31 March 2016: INR 1274). Sale of goods net of excise duty is INR 13,029 (31 March 2016: INR 20,598)

Note 13: Other income and other gains/(losses)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a) Other Income		
Interest income from financial assets at amortised cost	226	2,059
Liabilities no longer required written back	55	331
Miscellaneous income	529	1,280
Provision for Doubtful Debts written back	-	206
Total other income	810	3,876
(b) Other gains/(losses)		
Net foreign exchange losses	(258)	(3,438)
Other items	-	-
Total	(258)	(3,438)

Note 14: Cost of materials consumed

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Raw materials at the beginning of the year	14,401	19,911
Add: Purchases	10,078	14,507
Less: raw materials at the end of the year	9,240	14,401
Total cost of materials consumed	15,239	20,017

Changes in inventories of work-in-progress, stock in trade and finished goods.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening Balance		
Work-in progress	1,114	230
Finished goods	335	254
Traded goods	-	-
Total opening goods	1,449	484
Closing balance		
Work-in progress	-	1,114
Finished goods	-	335
Traded goods	-	-
Total closing balance	-	1,449
Total changes in inventories of work-in-progress, stock in trade and finished goods.	1,449	(965)

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 15: Employee benefit Expenses

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus		26,960	19,944
Contribution to provident fund & other funds		1,143	902
Admin & EDLI Charges on PF		92	81
Contribution to ESI		60	16
Contribution to Gratuity	11	262	239
Workmen and staff welfare expenses		1,408	1,048
Total		29,925	22,230

Note 16: Finance Cost

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest - Others.	14	921
Interest on Car Loan	7	30
Interest on Term Loan - Biotech Consortium	109	89
Interest on Term Loans - TDB	4,447	4,459
Interest on Term Loan - SPIL	70,427	69,888
Other Borrowing costs	135	73
Total	75,139	75,460

Note 17: Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The Company has significant amount of outstanding business loss and unabsorbed depreciation. In the absence of probability on availability of taxable profit against which these temporary differences can be utilised, the Company has not recorded the cumulative deferred tax asset as on 31 March 2016 amounting to Rs 446,282 arising on account of timing differences, as stipulated in IND AS 12 – Income Taxes.

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 18: Other Expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power and fuel	19,356	9,836
Repairs and maintenance		
- Buildings	276	48
- Plant and machinery	13,894	2,540
Contract manpower expenses	4,518	2,910
Other manufacturing expenses	8,115	2,621
Advertisement	321	147
Communication	309	276
Rates and taxes	16,469	16,890
Insurance	1,158	1,111
Repair and maintenance - others	3,174	2,808
Legal and professional	4,111	10,904
Remuneration to Auditors (Refer note(i) below)	1,892	750
Printing & Stationery	389	158
Office and general maintenance	322	262
Security charges	2,597	2,476
Selling and distribution	50	114
Provision for doubtful advance written off	-	188
Travelling and conveyance	1,590	1,196
Miscellaneous	759	517
Total	79,300	55,752

Note (i) Details of payments to auditors

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Payment to auditors		
As Statutory auditor:	400	600
In other capacities:	-	-
Certificates fees	400	-
Tax Audit fees	200	-
Other services	750	-
Out of pocket expenses	142	150
Total payment to auditors	1,892	750

Note (ii) Corporate Social Responsibility expenditure:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Not Applicable		
Total	-	-

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 19: Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

a) Basic Earnings Per Share	Year ended March 31, 2017	Year ended March 31, 2016
From continuing operations attributable to the equity shareholders of the company	(5.77)	(5.56)
From Discontinued Operations	-	-
Total basic earnings per share attributable to the equity shareholders	(5.77)	(5.56)
b) Diluted Earnings Per Share		
From continuing operations attributable to the equity shareholders of the company	(5.77)	(5.56)
From Discontinued Operations	-	-
Total diluted earnings per share attributable to the equity shareholders	(5.77)	(5.56)
c) Reconciliation of earnings used in calculating earnings per share	Year ended March 31, 2017	Year ended March 31, 2016
Basic Earnings Per Share		
Profit attributable to the equity shareholders:		
From continuing operations	(198,687)	(191,373)
From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating basic earnings per share	(198,687)	(191,373)
Diluted Earnings per share		
Profit attributable to the equity shareholders:		
From continuing operations	(198,687)	(191,373)
From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating diluted earnings per share	(198,687)	(191,373)
d) Weighted average number of shares used as denominator		
Weighted average number of shares used as denominator in calculating basic earnings per share	34,427,500	34,427,500
Adjustments:	-	-
Weighted average number of shares and potential equity shares used as denominator in calculating diluted earnings per share	34,427,500	34,427,500

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 20: Fair Value Measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the companies' financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	March 31, 2017			March 31, 2016			April 01, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
Trade Receivables			11			3,473			3,953
Cash and cash equivalents			6,770			4,475			57,903
Other Financial Assets			1,098			1,136			2,008
Financial Liabilities									
Borrowings	-		512,000	-		512,104	-		512,430
Trade payables			51,342			42,505			38,760
Other Financial liabilities			273,263			205,377			137,969

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 21: Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Companies assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2017	Fair value measurement using		
	L1	L2	L3
Financial liabilities			
Borrowings	-	-	512,000
Trade payables	-	-	51,342
Other financial liabilities	-	-	273,263
Total Financial Liabilities	-	-	836,605

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016:

Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2016	Fair value measurement using		
	L1	L2	L3
Financial liabilities			
Borrowings	-	-	512,104
Trade payables	-	-	42,505
Other financial liabilities	-	-	205,377
Total Financial Liabilities	-	-	759,985

Level 1: Level 1 hierarchy includes financial instruments measured using quoted price. This includes listed equity instruments, traded bonds and mutual funds that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation technique which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 22: Financial Risk Management

The companies activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Aging analysis Credit ratings	Credit limit and letter of credit
Liquidity Risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market Risk-Foreign Exchange	Future commercial transaction Recognised financial assets and liabilities not denominated in Indian Rupee	Cash Flow Forecasting Sensitivity Analysis	Nil
Market Risk-interest rate	Long term borrowing at variable rates	Sensitivity Analysis	NA
Market Risk-security prices	Investment in equity securities	Sensitivity Analysis	NA

A) Credit Risk

- i) Credit Risk management
- ii) Provision for expected credit loss
- iii) Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual character of each customer. However, the management also evaluates the factors that may influence the credit risk of its customer base including the default risk and the country in which the customer operate. The management has established a credit policy under which each new customer is analysed for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review include external ratings, if available, financial statements, credit agency information, industry information and in some case bank references. Sales limit are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the senior management.

As at March 31, 2017, the company has one customer (March 31, 2016: 4 customers, April 01, 2015 : 6 customers) that owed the company Rs 11 and accounted for 100 % of all the receivables outstanding.

The financial assets for which expected credit loss needs to be calculated appearing in the balance sheet are not material.

B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the companies' liquidity position comprising the cash and cash equivalents on the basis of expected cash flows.

- i) Financial Arrangements - NIL
- ii) Maturities of financial liabilities

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual Maturities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Total
31.03.2017						
Non derivatives						
Borrowings	-	-	-	-	5,12,000	5,12,000
Obligations under finance lease	-	-	-	-	-	-
Trade payables	14,325	1,200	672	51	35,094	51,342
Other financial liabilities	-	-	68,044	67,616	1,37,603	2,73,263
Total non-derivative liabilities	14,325	1,200	68,716	67,667	6,84,697	8,36,605
Derivative(net settled)						
Foreign exchange forward contracts	-	-	-	-	-	-
Principal swap	-	-	-	-	-	-
Total derivative liabilities	-	-	-	-	-	-

Contractual Maturities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Total
31.03.2016						
Non derivatives						
Borrowings	-	-	-	-	5,12,000	5,12,000
Obligations under finance lease	-	-	-	-	-	-
Trade payables	4,992	609	1,462	407	35,035	42,505
Other financial liabilities	-	-	67,616	60,519	77,242	2,05,377
Total non-derivative liabilities	4,992	609	69,078	60,926	6,24,277	7,59,882
Derivative(net settled)						
Foreign exchange forward contracts	-	-	-	-	-	-
Principal swap	-	-	-	-	-	-
Total derivative liabilities	-	-	-	-	-	-

Contractual Maturities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Total
01.04.2015						
Non derivatives						
Borrowings	-	-	-	74,509	4,37,491	5,12,000
Obligations under finance lease	-	-	-	-	-	-
Trade payables	3,377	508	234	2,801	31,840	38,760
Other financial liabilities	-	-	-	60,605	77,364	1,37,969
Total non-derivative liabilities	3,377	508	234	1,37,915	5,46,695	6,88,729
Derivative(net settled)						
Foreign exchange forward contracts	-	-	-	-	-	-
Principal swap	-	-	-	-	-	-
Total derivative liabilities	-	-	-	-	-	-

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 23: Capital Management

The companies objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Net debt (total borrowings net of cash and cash equivalents)	780,454	714,966	646,569
Total equity (as shown in the balance sheet, including non-controlling interests).	(659,065)	(460,660)	(269,579)
Gearing Ratio (Net debt to equity ratio)	-118%	-155%	-240%

Note: The total equity of the company is in negative, hence equity ratios have not been mentioned

Note 24: Operating Segment Disclosure

As per Ind AS 108 segment information to be presented from management's perspective, which means it is presented in the way used in internal reporting. The basis for identifying reportable segments is internal reporting as it is reported to and followed up on by the chief operating decision maker (CODM). The Group has, in this context, identified the Chief Executive Officer of the company as the chief operating decision maker. The chief executive officer of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker. The Chief Executive Officer evaluates the operating segments' results on the basis of revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment as it is not provided regularly to CODM for review.

Zenotech Laboratories Limited is engaged in single business activity of Pharmaceuticals and the company does not have multiple operating segments. Other than revenue analysis that is disclosed below, no operating results and other discrete financial information is available for the assessment of performance of the respective business divisions and resources allocation purpose.

The Company has only one segment which is Pharmaceutical.

Major Customer Dependency

The entire revenue earned during the year 2016-17 is from Single Customer i.e., Sun Pharmaceutical Industries Limited. In the previous year ended March 31, 2016 revenue earned from Sun Pharmaceutical Industries Limited is 82.84% of the total revenue for that year.

Note 25: Interests in other entities

a) Subsidiaries

The Companies subsidiaries at 31 March 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the company, and the proportion of ownership interests held equals the voting rights held by the company. The country of incorporation or registration is also their principal place of business

Name of the Entity	Place of the business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		31.03.2017	31.03.2016	31.03.2017	31.03.2016	
		%	%	%	%	
Zenotech Farmaceutica Do Brasil Ltda	Brazil	66.39	66.39	33.61	33.61	NA
Zenotech Laboratories Nigeria Limited	Nigeria	99.9	99.9	0.1	0.1	NA
Zenotech Inc	USA	100	100	-	-	NA

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

During the year ended March 31, 2017, the Company has decided to wind up its overseas subsidiary namely Zenotech Pharmaceutica Do Brazil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017. Refer Note 27 (a) & (b) of the financial statements.

b) Interest in Associates and Joint Ventures- Nil

Note 26: Related party transactions

(A) Entities having significant influence:

Name	Type	Place of incorporation	Ownership interests	
			31.03.2017	31.03.2016
Sun Pharmaceutical Industries Limited	Entity holding >20%	India	46.85%	46.85%
Daiichi Sankyo Company, Limited	Entity holding 20%	Japan	20.00%	20.00%

(B) List of subsidiaries:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interest		Principal activities
		31.03.2017	31.03.2016	31.03.2017	31.03.2016	
		%	%	%	%	
Zenotech Farmaceutica Do Brasil Ltda, Brazil	Brazil	66.39	66.39	33.61	33.61	NA
Zenotech Laboratories Nigeria Limited, Nigeria	Nigeria	99.9	99.9	0.1	0.1	NA
Zenotech, Inc., USA	USA	100	100	-	-	NA

(C) Key management personnel compensation:

Particulars	31.03.2017	31.03.2016
Short- term employee benefits	8,887	7,918

Note:

The managerial personnel are covered by the Company's gratuity policy and Mediclaim insurance policy taken and are eligible for leave encashment along with other employees of the Company. The proportionate premium paid towards these policies and provision made for leave encashment/ gratuity pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis.

(D) Transactions with related parties:

(i) With entity having significant influence:

Particulars	31.03.2017	31.03.2016
Transaction with Sun Pharmaceutical Industries Limited		
Sales	13,261	18,363
Conversion Charges	9,513	-
Interest on short-term borrowing	70,427	69,888
Trade payable (Balance as at)	3,398	3,764
Trade advances taken	151,660	-
Reimbursement of expenses by Sun Pharmaceutical Industries Limited	1,466	-

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

(E) Loans to/ from related parties:

Particulars	31.03.2017	31.03.2016
a). Loans from Sun Pharmaceutical Industries Limited		
Beginning of the year	663,535	600,636
Loans advanced/ received	-	-
Loans repayment received/ made	-	-
Interest charged	63,384	62,899
Interest paid	-	-
End of the year	726,919	663,535
b). Trade advances from Sun Pharmaceutical Industries Limited		
Beginning of the year	126	587
Advance taken	153,588	-
adjusted with sales	(25,231)	(462)
End of the year	128,482	126

Note 27:

- a) Update on the events and circumstances relating to ongoing differences with Dr. Jayaram Chigurupati, the erstwhile Promoter and Managing Director of the Company.

Post acquisition of stake in the Company by Ranbaxy Laboratories Limited (Sun Pharmaceutical Industries Limited effective from 24 March 2015 pursuant to a merger scheme) and Daiichi Sankyo Company, Limited (herein after referred to as the "current promoters") there were disagreements on various accounts between the erstwhile promoters and the current promoters resulting in various legal cases being filed by both the parties before various forums. The current Management was denied and, therefore, could not gain access to the factory and other premises of the Company due to which a legal case was filed before the Company Law Board (CLB), Chennai, for taking over the physical possession of the factory premises from Dr. Jayaram Chigurupati, the erstwhile Promoter and Managing Director of the Company. Owing to the protracted legal case, the physical possession of the factory premises could be taken over on November 13, 2011 in the presence of CLB appointed Advocate Commissioner, in pursuance to an Order passed by the CLB. Subsequent to the gaining of the possession of the factory premises, further assessment by the current Management revealed that, among others, certain books and records, supplementary documents and statutory register till the period 12 November 2011 were missing and which are still not in the possession of the current Management. The Honorable Company Law Board vide order dated 8 October 2012 further directed erstwhile promoter and Managing Director of the Company to return all the documents and provide written details of all missing documents/ assets/ statutory records / equipment of the Company. The Honorable High Court of Andhra Pradesh has also passed a similar order. The Company has not yet been provided with these documents/ information.

The current Management, therefore, based on the available limited records, statutory returns filed, supplementary documents, invoices, external corroborative evidence and after considering the various non compliances under the Companies Act, 1956, listing agreement and Foreign Exchange Management Act, etc post 12 November 2011, reconstructed financial statements for the years ended 31 March 2011 and 2012. Management is also in the process of regularizing and compounding such non compliances with the various authorities concerned.

Since matters relating to several financial and non-financial irregularities are sub-judice and various legal proceedings are ongoing, any further adjustments / disclosures to the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identifiable/ determinable.

b) Investment in subsidiaries:

Upon obtaining control of the Company, the current Management observed that no books of account and records were available regarding its overseas subsidiaries. The current management is yet to receive any response from the erstwhile Managing Director on the queries raised regarding details pertaining to these subsidiaries and seeking documents / certificates related to forex transactions with these subsidiaries including certain loans and

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

investment made in the same. Provision has not been made for potential financial consequences arising out of such ongoing evaluations, the outcome of which will depend on the nature and extent of non compliances which is currently not determinable.

- c). As of 31st March 2017, the net worth of the Company continues to be negative. The Company's reference to the Board for Industrial and Financial Reconstruction (BIFR) had already been registered as case no. 115/2015 under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985. However, govt of India by Notification dated 25th Nov 2016 repealed the Sick Industrial Companies Act (SICA) and therefore all proceedings pending before BIFR stand abated W.e.f 1st Dec 2016.

Note 28: Contingent assets and liabilities

Contingent liabilities	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i) Claims against the company not acknowledged as debt	140,702	132,062	36,062
ii) Bank guarantees	1,960	1,960	5,312
iii) Other matters*			

* Legal cases filed by/against the Company

- a. During the year ended 31 March 2011, Technology Development Board (TDB) had filed a claim petition under Arbitration and Conciliation Act, 1996 for recovery of dues payable by the Company as per loan agreement. The Arbitrator has issued an order with direction to the Company and erstwhile Co-Managing Director to pay individually or jointly the outstanding dues to TDB. During the earlier years, 600,000 equity shares of the Company held by erstwhile Co-Managing Director was transferred to TDB which were pledged as security.
- b. The Company has filed certain legal cases before the appropriate forum against the erstwhile promoter and managing director with regard to loss of vehicles, missing records including intellectual property, unauthorised use of the name & Logo of the Company and certain missing DNA clones.
- c. Subsequent to Daiichi Sankyo Company, Limited (DS) acquiring 63.92% stake in Ranbaxy Laboratories Limited (now Sun Pharmaceutical Industries Limited) in October 2008, DS announced an open offer to acquire 20% shares of the Company at Rs. 113.62 per share. Aggrieved by the pricing of the share, Promoters and one or two other shareholders filed a petition in the Hon'ble High Court of Madras. The Company has been named as Respondent in the said case. An interim injunction in connection with the offer was given by the Hon'ble High Court of Madras and subsequently it was quashed by the Hon'ble Supreme Court based on a petition filed by DS against the said injunction. Meanwhile some of the shareholders (excluding Ranbaxy) including erstwhile promoter of the Company filed a petition with Securities Appellate Tribunal (SAT) with respect to the pricing of the share of the Company against the order of the SEBI turning down erstwhile promoters' complaint. SAT directed DS to price the open offer at Rs 160 per share. DS filed an appeal against the SAT order in the Supreme Court. The Supreme Court vide its order dated July 8, 2010 has ruled in favour of DS and allowed the open offer to be made at the price of Rs 113.62 per share.
- In June 2012, erstwhile promoter has filed a writ petition before Honourable Andhra Pradesh High Court against ineralia Foreign Investment Promotion Board and Daiichi Sankyo Company, Limited challenging acquisition of 20% shares of the Company by DS through an open offer.
- d. In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.
- e. Other than those disclosed, the Company has not received any significant claims post 31 March 2011.

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 29: Asset pledged as security

The carrying amount of assets pledged as security for current and non-current borrowing

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
First charge	468,334	481,704	521,267
Total non-current assets pledged as security	468,334	481,704	521,267
Total assets pledged as security	468,334	481,704	521,267

(b) Contingent assets: NIL

Note 30: Reconciliation of equity as at the date of transition [1st April 2015]

(a) Equity Reported under IGAAP as on 1st April 2015	616,854
(b) Adjustments on account of Impact of Remuneration payable	3,000
(c) Others	-
(d) Equity reported under Ind AS as on 01 April 2015 ((a-b-c)	613,854

Reconciliation of total comprehensive income for the year ended on 31.03.2016

Particulars	Note to first time adoption	Previous GAAP	Adjustments	IND AS
I Revenue from Operation	(ii)	20,598	1,274	21,872
II Other income		438	-	438
III Total Income (I+II)		21,036	1,274	22,310
IV Expenses				
Cost of materials consumed		20,017	-	20,017
Excise duty	(ii)	-	1,274	1,274
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		(965)	-	(965)
Employee benefits expense	(i)	22,230	292	22,522
Finance costs		75,460	-	75,460
Depreciation and amortisation expense		39,623	-	39,623
Other expenses		55,752	-	55,752
Total expenses (IV)		212,117	1,566	213,683
V Profit / (Loss) before exceptional items and tax (III-IV)		(191,081)	(292)	(191,373)
VI Exceptional items		-	-	-
VII Profit / (Loss) before tax (V-VI)		(191,081)	(292)	(191,373)
VIII Tax expense:				
(1) Current tax		-	-	-
(2) Deferred tax		-	-	-
IX Profit / (Loss) for the period (VII-VIII)		(191,081)	(292)	(191,373)
X Other Comprehensive Income				

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Particulars	Note to first time adoption	Previous GAAP	Adjustments	IND AS
A (i) Items that will not be reclassified to profit or loss		-	-	
Remeasurement of employee benefits obligations	(i)	-	292	292
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	
B (i) Items that will be reclassified to profit or loss		-	-	
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	
XI Total Comprehensive Income for the period (IX+X)		(191,081)	-	(191,081)

Reconciliation of changes in cash flow due to adoption of IND-AS as on 31.03.2016

Particulars	Notes	Previous GAAP	Adjustments	IND AS
Net cash flow from operating activities		(47,994)	-	(47,994)
Net cash flow from Investing activities		54,984	-	54,984
Net cash flow from Financing activities		(8,305)	-	(8,305)
Net increase(decrease) in cash and cash equivalents		(1,315)	-	(1,315)
Cash and cash equivalents as on 1st April 2015		3,830	-	3,830
Cash and cash equivalents as on 31.03.2016		2,515	-	2,515

Notes to reconciliation of equity as at April 01, 2015 and March 31, 2016 and profit or loss for the year ended March 31, 2016.

(i) Remeasure of actuarial gains/ (losses):

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is reduced by Rs.292 for the year ended March 31, 2016 (and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax).

(ii) Excise Duty on sale of Goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is presented separately on the face of the Statement of profit and loss. Accordingly, this has resulted in increase of revenue and increase of excise duty expense for March 31, 2016: Rs. 1,274.

(iii) Other comprehensive income (OCI)

Under Indian GAAP, the Company had not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 31: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

A. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and other post-employment leave absences benefits and the present value of the gratuity obligation and leave absence obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates in India. Further details about gratuity obligations are given in Note 11

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 20 for further disclosures.

Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives of property, plant and equipment.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model.

Inventories provision

The Company estimates provision against obsolescence of inventory by applying certain percentages over different age category of the batch wise inventory held at the end of the reporting period. Inputs to the model include ageing of inventory, expected loss rate considering past trend and future outlook and expected net realisable value. Inventories are net of such provisions.

Notes on Accounts (Contd.)

(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 32: Unhedged foreign currency exposure

- a) There are no outstanding forward exchange contracts as at the year end.
 b) Foreign currency exposures for the period 31 March 2017 and as at 31 March 2016 that have not been hedged by derivative instruments or otherwise:

Particulars	As at 31 March 2017		As at 31 March 2016	
	USD	INR	USD	INR
Loans and advances	584,223	26,086	584,223	26,086
Trade payables	46,493	2,108	46,268	2,095
Trade receivables	-	-	-	-
Other payables	307,544	19,941	1,017,444	67,490

Note 33:

During the current and previous years, the company has accrued certain amounts to Rs 104,185 towards expenses relating to unfulfilled export obligation under the Export Promotion Capital Goods Scheme. The Company has accrued these amounts based on the best estimates of the potential obligation based on the information available with it currently.

Note 34:

Domestic Transfer Pricing: The company has established a comprehensive system of maintenance of information and documents as required by the Transfer Pricing Regulation under section 92-92F of the Income Tax Act, 1961. The management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on financial statements, particularly on the amount of tax expenses and that of provision for taxation

As per our report of even date attached
 for **PKF Sridhar & Santhanam LLP**
 Chartered Accountants
 Firm Registration No. 003990S/S200018

for and on behalf of the Board of Directors of
Zenotech Laboratories Limited
 CIN: L27100AP1989PLC010122

Ramanarayanan J
 Partner
 Membership No. 220369

Azadar Hussain Khan
 Chairman
 DIN:01219312

Kavita R.Shah
 Director
 DIN:02566732

Dinesh Kapoor
 Chief Executive Officer

Poly K.V.
 Chief Financial Officer

Abdul Gafoor Mohammad
 Company Secretary

Place : Mumbai
 Date : 20th May,2017

Place : Mumbai
 Date : 20th May,2017

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ZENOTECH LABORATORIES LTD.

CIN: L27100AP1989PLC010122

Survey No. 250-252 , Turkapally Village, Shameerpet Mandal,
Ranga Reddy District, Hyderabad-Telangana-500 078

Telephone Nos. : +91 40 2348 0430/0435, +91 90320 44584/585/586

Fax No. : +91 40 2348 0429, E-mail: abdul.gafoor@zenotech.co.in, Website: www.zenotechlab.com

28TH ANNUAL GENERAL MEETING 2016-17

ATTENDANCE SLIP

Folio No./DP ID and Client ID*:	
------------------------------------	--

No. of Shares:	
-------------------	--

Name and address of
First / Sole Member:

I/We, hereby record my/our presence at the 28th Annual General Meeting of the members of Zenotech Laboratories Limited held on Saturday, September 23, 2017 at 10:00 am at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana – 500 078 and at every adjournment thereof.

Name of the Member/Proxy
(Block Letters)

Signature of the Member/Proxy

*Applicable for Investors holding shares in electronic form.

Note:

1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.
2. No gifts will be given.
3. Shareholder/Proxy should bring his/her copy of the Annual Report.

Route Map to Aalankrita Resorts Thumkunta



Venue

Aalankrita Resorts, Thumkunta Village,
Karimnagar Main Road, Shameerpet Mandal,
R. R. District, Telangana – 500 078, India.

ZENOTECH LABORATORIES LTD.

CIN: L27100AP1989PLC010122

Survey No. 250-252 , Turkapally Village, Shameerpet Mandal,

Ranga Reddy District, Hyderabad-Telangana-500 078

Telephone Nos. : +91 40 2348 0430/0435, +91 90320 44584/585/586

Fax No. : +91 40 2348 0429, E-mail: abdul.gafoor@zenotech.co.in, Website: www.zenotechlab.com

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 member(s) of Zenotech Laboratories Ltd., holding _____ shares of the Company, hereby appoint:

1. Name : _____

Address : _____

E-mail Id : _____ Signature _____ Or failing him/her

2. Name : _____

Address : _____

E-mail Id : _____ Signature _____ Or failing him/her

3. Name : _____

Address : _____

E-mail Id : _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on September 23, 2017 at 10:00 a.m at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet, Mandal, R.R. District, Telangana-500078 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item Nos.	Resolutions	Vote [see note (c)] (Please mention no. of shares)		
		For	Against	Abstain
1.	To receive, consider and adopt the audited Financial Statements of the Company for the Financial year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon	Ordinary Resolution		
2.	To re-appoint Mr. Azadar Hussain Khan (DIN: 01219312), who retires by rotation and being eligible, offers himself for re-appointment as a Director.	Ordinary Resolution		
3.	To ratify the appointment of statutory auditors of the Company, and to fix their remuneration	Ordinary Resolution		
4.	To approve the material Related Party Transactions with Sun Pharmaceutical Industries Limited.	Ordinary Resolution		
5.	To seek approval for service of documents on members	Ordinary Resolution		

Signed this _____ day of _____ 2017

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Notes:

- Proxy need not be a member of the Company.
- This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.

Affix
Revenue
Stamp

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