

ZENOTECH LABORATORIES LIMITED

CIN: L27100AP1989PLC010122

Board of Directors

Dr. Azadar Husain Khan	:	Non Executive Director
Jignesh Anantray Goradia	:	Non Executive Director
Kavita Rakesh Shah	:	Independent Director
Chintan Jitendra Shah	:	Independent Director

Key Managerial Personnel

Rajendra Singh Parihar	:	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,
Hyderabad-500 078, Telangana State, India
Telephone Nos. : +91 90320 44584/585/586
Fax No. :- +91 040-23480429
E-mail: info@zenotech.co.in
Website: www.zenotechlab.com

Registrar and Transfer Agents

: Karvy Fintech Private Limited
Karvy Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad-500 032, Telangana State, India
Telephone Nos. : 1800-3454-001 (Toll Free)
E-mail: einward.ris@karvy.com

Statutory Auditors

: M/s. PKF Sridhar & Santhanam LLP
8-2-577/B/5F, Road No.8,
5th Floor, Maas Heights, Banjara Hills,
Hyderabad-500 034, Telangana State, India

Secretarial Auditors

: Mr. Mahadev Tirunagari
Company Secretary in Practice,
Hyderabad, Telangana State, India

30th Annual General Meeting

10:00 A.M., Saturday, September 21, 2019

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

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Important Communication to Members

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 OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Thirtieth Annual General Meeting** of the members of **Zenotech Laboratories Limited** will be held on **Saturday, September 21, 2019 at 10:00 A.M.** at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, Telangana State – 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, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Azadar Husain Khan (DIN: 01219312), who retires by rotation and being eligible, offers himself for re-appointment.

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

Place: Mumbai

Abdul Gafoor Mohammad

Date: May 18, 2019

Company Secretary & Compliance Officer

Registered Office:

Survey No.250-252, Turkapally Village,
 Shameerpet Mandal,
 Hyderabad – 500 078, Telangana State
 CIN: L27100AP1989PLC010122
 Telephone Nos. : +91 9032044584/585/586
 Fax No. : +91 040-23480429
 E-mail: info@zenotech.co.in
 Website: www.zenotechlab.com

Notes:

1. **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.**
2. 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. M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Hyderabad were appointed as the Statutory Auditors of the Company at the 26th Annual General Meeting of the Company held on September 28, 2015.

Pursuant to Notification issued by the Ministry of Corporate Affairs on May 7, 2018, amending Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Statutory Auditors by the Members at every Annual General Meeting (AGM) has been omitted, and hence the Company is not proposing the item on ratification of appointment of Statutory Auditors at this AGM.
4. In terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 brief resume of the Directors seeking appointment/ re-appointment at the Annual General Meeting (AGM) are given in the annexure to this Notice.
5. 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.
6. Corporate members intending to send their authorised representatives are requested to send duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting (AGM).
7. Members/proxies/Authorised Representative(s) are requested to bring their attendance slip duly filled in along with their copy of Annual Report to the meeting.

8. 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.
9. 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.
10. 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.
11. The Register of Members and Share Transfer Books of the Company will be closed from September 14, 2019 to September 21, 2019 (both days inclusive) in connection with the Annual General Meeting to be held on September 21, 2019.
12. 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 Fintech Private Limited (Unit: Zenotech Laboratories Limited), Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Hyderabad – 500 032, Telangana State. 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.
13. Members seeking any information with regard to the financial statements are requested to write to the Company at least seven (7) days before the AGM so as to enable the management to keep the information ready at the AGM.
14. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members may contact the Company or the Registrar and Share Transfer Agent, Karvy Fintech Private Limited for assistance in this regard.
15. To support the 'Green Initiative', Members who have not registered their email ids so far are requested to register their email ids for receiving all communication(s) including Annual Report, Notices etc from the Company in electronic form.
16. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Account details. Members holding shares in electronic form are therefore requested to submit the PAN and Bank account details to their DPs with whom they are maintaining demat accounts. Members holding shares in physical form can submit their PAN and Bank Account details to Karvy Fintech Private Limited.
17. Relevant documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.
18. The Company has paid the Listing Fee for the financial year 2019-20 to the Stock Exchange where equity shares of the Company are listed.
19. **Remote e-voting** : In compliance with the provisions of Section 108 of the Companies Act, 2013 and read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended from time to time and the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and revised Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Fintech Private Limited, on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
 - 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 14, 2019.
 - 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 14, 2019, 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: Commencement of remote e-voting: From 9:00 AM (IST) on September 18, 2019 End of remote e-voting: Up to 5:00 PM (IST) on September 20, 2019. The remote e-voting shall be disabled by Karvy upon expiry of the aforesaid-voting period.
 - f) The Scrutinizer, after scrutinizing 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 Exchange.

- 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 21, 2019.

20. Process for remote e-voting:

- A. The Company has made arrangements with Karvy Fintech 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 Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com 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 18, 2019 (9.00 A.M. IST) and ends on September 20, 2019 (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 14, 2019, 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 14, 2019.
- 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 14, 2019, 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
 - ii. 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.
 - iii. Member may call Karvy's toll free number 1800-3454-001.
 - iv. 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.

Profile of Directors being appointed

As required by Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the particulars of Directors who are proposed to be appointed/re-appointed are given below:

Particulars/Name	Dr. Azadar Husain Khan
Director Identification Number (DIN):	01219312
Date of Birth:	61 Years : 16.10.1958
Date of first Appointment on the Board:	25.08.2015
Qualification:	He has been conferred Honorary Doctoral Awards (Honoris Causa) in the field of Management, by the Governing Council of Confederation of International Accreditation Commission in affiliation with KEISIE International University-KIU, South Korea. He holds a Post Graduate Diploma in Psychological Counselling and Master's Degree of Science in Counselling and Psychotherapy from Institute of Psychotherapy and Management Sciences.

Particulars/Name	Dr. Azadar Husain Khan
Expertise in specific functional areas:	HR Function, Corporate Relations, India Regulatory affairs, Clinical Research function for launch of products in Indian market.
Directorship held in other companies (excluding foreign companies & Section 8 companies):	Nimbua Greenfield (Punjab) Limited
Membership/Chairmanships of Committees of other public Companies(includes only Audit Committee and Stakeholders Relationship Committee):	Nil
No. of equity shares held in the Company as on March 31, 2019:	Nil
Relationship with Other Directors and Key Managerial Personnel of the Company:	N.A.

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

Place: Mumbai
 Date: May 18, 2019

Abdul Gafoor Mohammad
 Company Secretary & Compliance Officer

Registered Office:

Survey No.250-252, Turkapally Village,
 Shameerpet Mandal,
 Hyderabad – 500 078, Telangana State
 CIN: L27100AP1989PLC010122
 Telephone Nos. : +91 9032044584/585/586
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 Website: www.zenotechlab.com

BOARD'S REPORT

Your Directors take pleasure in presenting the Thirtieth Annual Report and audited accounts of the Company for the financial year ended March 31, 2019.

Financial Results

(₹ in Lakhs)

	Particulars	2018-19	2017-18
(i)	Revenue from operations (net)	1302.91	1,114.42
(ii)	Other income	470.96	236.91
(iii)	Total Revenue (i+ii)	1773.87	1,351.33
(iv)	Depreciation	420.20	390.31
(v)	Other expenses	1665.61	2139.99
(vi)	Loss before tax*	(311.94)	(1,178.97)
(vii)	(Loss) after tax	(311.94)	(1,178.97)
(viii)	Loss brought forward from previous year	(22,855.61)	(21,676.64)
	Profit/(Loss) carried forward to Balance Sheet (vi+vii)	(23167.54)	(22,855.61)

* includes Other Comprehensive Income items

Performance review and the state of company's affairs

During the year under review, the Company's revenue stood at ₹ 1,773.87 Lakhs (previous year ₹ 1,351.33 Lakhs) with a steep increase of 31% over the corresponding previous year. The Company reported a loss of ₹ 311.94 Lakhs, reduction of 74% as against the reported loss of previous year (1,178.97 Lakhs). The occupancy level of the Company was at par with its operational capacity for the Oral Solid Dosage (OSD) and Eye care facilities. However, the Cyto Injectables and General Injectables are yet to attain its optimum utilization due to low market demands. As per the projected business plans for the forthcoming years, the Company believes that it can contain its operational losses by utilizing its resources to its maximum. Your Company is constantly striving to optimize its operational capacities, control costs to remain competitive which would help to improve the operational efficiency.

During the year, the Company has initiated revamping of its Biotech facility. The Company had invested in enhancing its utilities, infrastructure and manpower to support its future operations.

Dividends

In view of loss incurred, 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.

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 is available with the Company. Pursuant to the approval of members of Zenotech Laboratories Nigeria Limited, Nigeria, (Zenotech Nigeria) the Corporate Affairs Commission, Nigeria (CAC) has approved the members voluntary winding up of the entity, a subsidiary of the Company, vide its Letter dated April 17, 2019 and it shall be deemed dissolved on the expiration of three months w.e.f. April 16, 2019. Further, the winding up process of Zenotech Farmaceutica Do Brasil Ltda, Brazil is going on. 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, 2019 is 92. 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 Listing Regulations, 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.

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, 2019 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 is 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 Chairperson of the Company interacted with each Director individually, for evaluation of performance of the individual Directors. The evaluation for the performance of the Board as a whole and of the Committees was conducted by way of questionnaires.

In a separate meeting of Independent Directors, performance of Non Independent Directors and performance of the Board as a whole was evaluated.

The Board of Directors were satisfied with the overall performance of the Directors individually and that the Directors generally met their expectations of performance.

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 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.

Share Capital

During the financial year under review, there was no change in the Share Capital of the Company. The Share Capital of the Company stood at ₹ 61,03,05,680/- (6,10,30,568 Equity Shares of ₹ 10/- each).

Auditors and their Reports

Statutory Auditors

M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Hyderabad were appointed as the Statutory Auditors of the Company in the 26th Annual General Meeting of the Company held on September 28, 2015 for a period of five years i.e. till the conclusion of the 31st Annual General Meeting to be held in the year 2020, subject to ratification of their appointment at every annual general meeting.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on May 7, 2018, amending Section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Statutory Auditors by the Members at each Annual General Meeting has been omitted and hence the Company has not proposed ratification of appointment of M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, at the forthcoming AGM.

The Notes on the financial statements referred to in the Auditors' Report are self explanatory and do not call for any further comments. The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

Secretarial Audit

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 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019, is appended herewith as Annexure 4 to this Report.

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

Observation no.1 (a): As you are aware 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 subjudice. However, Dr. Jayaram Chigurupati was demised on January 31, 2019 and all the criminal cases against him were closed.

As reported by Secretarial Auditor, all the Civil Cases against the said person are still continuing against the legal heirs of Dr. Jayaram Chigurupati.

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. Due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was deemed to close from this date.

The Company has evaluated and concluded that it is not controlling the US subsidiary. Further, the Board has decided to initiate the winding up process for the defunct subsidiaries in Brazil and Nigeria. Accordingly, the Company is of the view that it does not have subsidiaries within the definition of IndAS 110 and hence, it is not required to prepare and present Consolidated Financial Statements.

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

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

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 has evaluated and concluded that it is not controlling the US subsidiary. Further the Board had initiated the winding up process for the defunct subsidiaries in Brazil and Nigeria. Accordingly, the Company is of the view that it does not have subsidiaries within the definition of IndAS 110 and hence, it is not required to prepare and present Consolidated Financial Statements.

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. Due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was deemed to close from this date.

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, 2019 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

Pursuant to Section 152 of the Companies Act, 2013, Dr. Azadar Husain Khan, Director (DIN: 01219312), is liable to retire by rotation at the ensuing 30th Annual General Meeting and being eligible has offered himself for reappointment. The Board recommends his appointment.

Pursuant to Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Rajendra Singh Parihar, Chief Executive Officer, Mr. Poly K.V., Chief Financial Officer and Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer continued as the 'Key Managerial Personnel' of the Company.

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 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 5 (five) times during the financial year ended March 31, 2019. The details are given 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 revised 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, 2019 are disclosed in Notes No. 27 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>.

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 and visitors) are covered under this policy. During the year 2018-19 no complaints were received by the Company related to sexual harassment.

Environment, Health & Safety

The Company's Environment, Health & Safety (EHS) imperatives are part of its broader sustainability journey. These initiatives focus on reducing the environment footprint, help enhance well-being of employees and set high safety standards for employees, contractors and visitors.

The Company continued to ensure that environmental norms were abided by its Formulation units. The operating formulation units have conformed to the regulations for disposal of waste water to Common Effluent Treatment Plants (CETPs). Standardized practices for disposal of organic wastes to cement units for reuse as auxiliary fuel in cement kilns continues. While inorganic and miscellaneous solid wastes are being disposed to treatment, storage and disposal facilities (TSDF).

The Company's EHS policy provides framework for compliance with applicable laws and regulations and commitment to the continuous improvement of Environment, personnel skills and conservation of natural resources.

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

No material changes and commitments occurred after the close of the financial year till the date of this Report, which affect the financial position of the Company.

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

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 18, 2019

Chairperson

Annexure 1

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2019**

[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-500 078, Telangana State, India Telephone Nos. : +91 90320 44584/585/586 Fax No. : +91 040-23480429 E-mail: info@zenotech.co.in
vi)	Whether listed company	Yes
vii)	Name, Address and contact details of the Registrar and Transfer Agent, if any.	Karvy Fintech 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*

S. No.	Name and address of the company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Appli-cable Section
1	Sun Pharmaceutical Industries Ltd.	L24230GJ1993PLC019050	Holding Company	57.56	2(46)
2	Zenotech Farmaceutica Do Brasil Ltda	-	Overseas Subsidiary	-	-
3	Zenotech Laboratories Nigeria Ltd	-	Overseas Subsidiary	-	-
4	Zenotech Inc., USA	-	Overseas Subsidiary	-	-

**Note: Please refer to the note provided under consolidated financial statements in the Board's 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-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter & Promoter Group									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	35128078	0	35128078	57.56	35128078	0	35128078	57.56	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):	35128078	0	35128078	57.56	35128078	0	35128078	57.56	0

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
NRIs – Individuals	0	0	0	0	0	0	0	0	0
Other - Individuals	0	0	0	0	0	0	0	0	0
Bodies Corp.	6886500	0	6886500	11.28	6886500	0	6886500	11.28	0
Banks/FI	0	0	0	0	0	0	0	0	0
Any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):	6886500	0	6886500	11.28	6886500	0	6886500	11.28	0
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	42014578	0	42014578	68.84	42014578	0	42014578	68.84	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	4414	0	4414	0.01	4414	0	4414	0.01	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	4414	0	4414	0.01	4414	0	4414	0.01	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1315282	0	1315282	2.16	1342667	0	1342667	2.20	0.04
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individuals holding nominal share capital up to ₹ 1 lakh	3471699	46812	3518511	5.77	3802132	45826	3847958	6.30	0.54
ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	8138528	5092630	13231158	21.68	7859017	5092630	12951647	21.22	(0.46)
c) Others (specify)									
Clearing Members	51982	0	51982	0.09	9669	0	9669	0.02	(0.07)
Foreign Bodies	0	692791	692791	1.14	0	692791	692791	1.14	0
Non Resident Indians	119460	7468	126928	0.21	160720	0	160720	0.26	0.06
NBFC	74924	0	74924	0.12	6124	0	6124	0.01	(0.11)
Sub-total (B)(2):-	13171875	5839701	19011576	31.15	13172211	5839365	19011576	31.15	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	13176289	5839701	19015990	31.16	13176625	5839365	19015990	31.16	0
Total (A+B)	55190867	5839701	61030568	99.88	55191853	5838715	61030568	100.00	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	55190867	5839701	61030568	100.00	55191203	5839365	61030568	100.00	0

(ii) Shareholding of Promoter-

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	35128078	57.56	0	35128078	57.56	0	0
2	Daiichi Sankyo Company, Limited	6886500	11.28	0	6886500	11.28	0	0
	TOTAL	42014578	68.84	0	42014578	68.84	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	35128078	57.56	-	-	-	35128078	57.56
2.	Daiichi Sankyo Company, Limited	6886500	11.28	-	-	-	6886500	11.28

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

S N	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.	Padmasree Chigurupati	3060500	5.01	-	-	-	3060500	5.01
2.	Dr. Jayaram Chigurupati	2762809	4.53	06-04-2018	23719	Sale	2739090	4.49
				13-04-2018	46458	Sale	2692632	4.41
				20-04-2018	232328	Note*	2924960	4.79
				20-04-2018	250000	Note*	2674960	4.38
				27-04-2018	14935	Sale	2660025	4.36
				04-05-2018	18645	Sale	2641380	4.33
				11-05-2018	20331	Sale	2621049	4.29
				18-05-2018	5009	Sale	2616040	4.29
				25-05-2018	1093	Sale	2614947	4.28
				01-06-2018	16259	Sale	2598688	4.26
				08-06-2018	7669	Sale	2591019	4.25
				15-06-2018	23142	Sale	2567877	4.21
				22-06-2018	9259	Sale	2558618	4.19
				29-06-2018	5016	Sale	2553602	4.18
				06-07-2018	3453	Sale	2550149	4.18
				13-07-2018	7193	Sale	2542956	4.17
				20-07-2018	20775	Sale	2522181	4.13

S N	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 [#]
				27-07-2018	26374	Sale	2495807	4.09
				03-08-2018	34916	Sale	2460891	4.03
				10-08-2018	13703	Sale	2447188	4.01
				17-08-2018	250000	Note*	2697188	4.42
				17-08-2018	250000	Note*	2447188	4.01
				24-08-2018	26893	Sale	2420295	3.97
				31-08-2018	13891	Sale	2406404	3.94
				07-09-2018	16385	Sale	2390019	3.92
				14-09-2018	26849	Sale	2363170	3.87
				21-09-2018	16006	Sale	2347164	3.85
				09-11-2018	2475	Sale	2344689	3.84
				16-11-2018	1775	Sale	2342914	3.84
				23-11-2018	800	Sale	2342114	3.84
3.	Hardik B. Patel	2426644	3.98	-	-	--	2426644	3.98
4.	Ruchit Bharat Patel	1213322	1.99	-	-	-	1213322	1.99
5.	Zenotech LLC	692791	1.14	-	-	-	692791	1.14
6.	Technology Development Board	600000	0.98	-	-	-	600000	0.98
7.	Kantilal M. Vardhan (HUF)	514244	0.84	-	-	-	514244	0.84
8.	Lakshmi M	260100	0.43	06-04-2018	1100	Sale	259000	0.42
9.	Prithvi Finmart Private Limited	64620	0.11	06-04-2018	250	Sale	64370	0.11
				13-04-2018	1000	Purchase	65370	0.11
				20-04-2018	5950	Purchase	71320	0.12
				15-06-2018	6950	Purchase	78270	0.13
				29-06-2018	5000	Purchase	83270	0.14
				29-06-2018	5000	Sale	78270	0.13
				06-07-2018	50554	Purchase	128824	0.21
				13-07-2018	6950	Sale	121874	0.20
				20-07-2018	1050	Purchase	122924	0.20
				27-07-2018	2800	Sale	120124	0.20
				03-08-2018	100	Sale	120024	0.20
				14-09-2018	30	Purchase	120054	0.20
				28-09-2018	14266	Purchase	134320	0.22
				05-10-2018	14050	Purchase	148370	0.24
				12-10-2018	10000	Purchase	158370	0.26
				12-10-2018	7000	Sale	151370	0.25
				26-10-2018	16715	Purchase	168085	0.28
				02-11-2018	470	Sale	167615	0.27
				30-11-2018	5500	Sale	162115	0.27
				07-12-2018	2500	Sale	159615	0.26

S N	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 [#]
				14-12-2018	5	Purchase	159620	0.26
				11-01-2019	1250	Sale	158370	0.26
				25-01-2019	6600	Purchase	164970	0.27
				25-01-2019	251	Sale	164719	0.27
				01-02-2019	22193	Purchase	186912	0.31
				08-03-2019	250	Sale	186662	0.31
				15-03-2019	1050	Purchase	187712	0.31
				22-03-2019	2000	Sale	185712	0.30
10.	Santosh Industries Limited	146761	0.24	06-04-2018	35974	Purchase	182735	0.30
				13-04-2018	182735	Sale	0	0

* inter-depository transfer

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Name of the Director/KMP	Shareholding at the beginning of the year 01.04.2018		Increase/Decrease in Shareholding			Cumulative Shareholding during the year 31.03.2019	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Dr. Azadar Husain 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. Rajendra Singh Parihar - Chief Executive Officer (KMP)	1	0	-	-	-	1	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	-	-	13,29,393	13,29,393
ii) Interest due but not paid	2,76,44,955	5,32,62,060	3,42,815	8,12,49,830
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,76,44,955	5,32,62,060	16,72,208	8,25,79,223
Change in Indebtedness during the financial year				
* Addition	-	20,47,68,795	-	20,47,68,795
* Reduction	-	5,33,89,263	16,72,208	5,50,61,471
Net Change	-	25,81,58,058	16,72,208	25,98,30,266
Indebtedness at the end of the financial year				
i) Principal Amount	-	20,24,00,000	-	20,24,00,000
ii) Interest due but not paid	2,76,44,955	22,41,592	-	2,98,86,547
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,76,44,955	20,46,41,592	-	23,22,86,547

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	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

(Amount in ₹)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr.Azadar Khan	Smt. Kavita Shah	Mr. Jignesh Goradia	Mr. Chintan Shah	
1	Independent Directors					
	Fee for attending board committee meetings	-	50,000	-	62,500	112,500
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	50,000	-	62,500	112,500
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	62,500	-	62,500
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	62,500	-	62,500
Total (B)=(1+2)		-	50,000	62,500	62,500	175,000
Total Managerial Remuneration		-	-	-	-	-
Overall Ceiling as per the Act		-	-	-	-	-

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(Amount in ₹)

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	27,00,936	14,10,636	17,62,464	58,74,036
	(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		27,00,936.00	14,10,636.00	17,62,464.00	58,74,036.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

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 2018-19:

Name of the Director	Ratio of remuneration of each director/ to median remuneration of employees
Dr. Azadar Husain 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:

Name & Designation of Director & KMP	% increase* in Remuneration in the financial year 2018-19
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. Rajendra Singh Parihar, Chief Executive Officer	11%
Mr. Poly K.V., Chief Financial Officer	7%
Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer	7%

* 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 : 8%
- (iv) The number of permanent employees on the rolls of Company : 92
- (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 : 9%
- (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, 2019*

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 & ESPS) Guidelines, 1999 in vogue.
Options vested during FY 2018-19	Nil*
Options exercised during FY 2018 – 19	Nil
The total number of shares arising as a result of exercise of options	Nil
Options lapsed during FY 2018-19 which are subject to reissue	Nil
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Grant price (Face value of ₹ 10)	₹ 103.65
Total number of options in force as on March 31, 2019 (cumulative)	Nil
Grant details of members of senior management team during the year 2018-19	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	₹ (2.24)
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, 2019 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.

Annexure 4**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 relied upon the opinion of Statutory Auditors and Internal Auditors on 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 : 17 May 2019

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

[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 2019 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 2019 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 Revised Secretarial Standards issued by The Institute of Company Secretaries of India effective from 01 October 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 2019 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 subjudice. However, Dr. Jayaram Chigurupati was demised on 31 January 2019 and all the criminal cases against him were closed.*
Further, the Civil Cases against the said person are still continuing against the legal heirs of Dr. Jayaram Chigurupati.
 - 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 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) *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:*

1. *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).*

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. However, there are no Executive Directors on Board. There were no changes in the composition of the Board of Directors that took place during the period under review.

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.

Place : Hyderabad

Date: 17 May 2019

Mahadev Tirunagari
Company Secretary in Practice
FCS : 6681
CPNo. : 7350

Annexure 5

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.		
(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 relationship; nature of such contracts/ arrangements/ transactions are disclosed in Note No. 27 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:

The Company regularly reviews power consumption patterns across its units and implement requisite improvements/changes in the process in order to optimize power consumption,

- 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	2018-19	2017-18
1	Electricity		
	i. Purchased		
	Units	2,795,428	3420265
	Total amount(Rs)	21,888,202	26819945
	Rate/unit(Rs)	7.83	7.84
	ii. Own generation through diesel generation set		
	Units	90003	77267
	Total amount(Rs)	2,935,028	2289541
	Units per liter of diesel oil	2.51	2.91
	Rate/unit(Rs)	32.61	29.63
2	Diesel (used in boiler)		
	Quantity (tones)	1,306	2059
	Total cost (Rs)	8,730,192	10987650
	Average rate (Rs)	5600	5600
	i. Furnace Oil (used in boiler)		
	Quantity (tones)	397	-
	Total cost (Rs)	1,229,886	-
	Average rate (Rs)	3100	-
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: None

- 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 2018 - 2019 are as follows:

Total foreign exchange used and earned:

(₹ in thousands)

	31.03.2019	31.03.2018
Earnings in Foreign Currency		
Export of Goods (FOB Value)	-	812.70
CIF value of Imports		
Raw Materials	-	876.15
Components and Spare Parts	-	819.89
Capital Goods	4889.97	1168.81
Professional fees/ services	504.20	29.45

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 “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, 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.	Dr. Azadar Husain Khan	01219312	Non-Independent Non-Executive Director
2.	Smt. Kavita Rakesh Shah	02566732	Non-Executive Independent Director
3.	Mr. Jignesh Anantray Goradia	07229899	Non-Independent Non-Executive Director
4.	Mr. Chintan Jitendra Shah	07325664	Non-Executive 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, 2019 and other details provided hereunder:

Name of the Director	Category of Directors	Attendance particulars - No. of Board Meetings during the Year 2018-19		Attendance- Last AGM held on September 29, 2018	No. of other Directorships and Committee Memberships/ Chairmanships as of March 31, 2019*			Directorships in other listed entity (Category of Directorship)
		Held	Attended		Other Directorships	Committee Memberships#	Committee Chairmanships#	
Dr. Azadar Husain Khan	Non-Independent, Non-Executive	5	4	Yes	1	-	-	-
Ms. Kavita Rakesh Shah	Independent, Non-Executive	5	5	No	-	-	-	-
Mr. Jignesh Anantray Goradia	Non-Independent, Non-Executive	5	5	Yes	-	-	-	-
Mr. Chintan Jitendra Shah	Independent, Non-Executive	5	5	Yes	-	-	-	-

* The above number of other directorships does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 8 Companies.

The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders’ Relationship Committee only.

- (c) Five Board Meetings were held during the year 2018-19 and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on: May 19, 2018; August 6, 2018; September 29, 2018; November 3, 2018 and February 4, 2019.
- (d) Necessary information as mentioned in Part A of Schedule II of the SEBI Listing Regulations has been placed before the Board for its 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.
- (i) The Board has identified the following core skills/expertise/ competencies of the Directors, as given below:

Knowledge	Skills	Behavioural traits
Specialisation/Expertise	Strategic Thinking	Integrity
Finance & Accounts	Problem Solving	Genuine Interest
Governance	Analytical Skills	Inter-personal Skills
Industry Knowledge	Decision Making Skills	Active Participation
General Management		

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 provisions of Section 177 of the Companies Act, 2013, the Committee reviews Internal Audit Report and the report of Statutory Auditors.

Head of Finance Function, representatives of the Statutory Auditors and Internal Auditors are also invited to attend the Audit Committee Meetings, whenever necessary.

- (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.

Pursuant to the amendments in Listing Regulations, the terms of reference of the Committee were amended w.e.f. April 1, 2019 to include reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

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, 2019 is as follows:

The Audit Committee met four (4) times during the year on: May 19, 2018; August 6, 2018; November 3, 2018 and February 4, 2019.

The Audit Committee comprises of the following members along with details of attendance:

Name of the Director	Designation	Category	Number of Meeting	
			Held	Attended
Smt. Kavita Rakesh Shah	Chairperson	Independent Director	4	4
Mr. Jignesh Anantray Goradia	Member	Non-Executive Non-Independent	4	4
Mr. Chintan Jitendra Shah	Member	Independent Director	4	4

The Company Secretary is the Secretary of the Committee.

Due to some personal urgent issues, the Chairperson of the Audit Committee was unable to attend the 29th Annual General Meeting of the Company held on September 29, 2018. However, other member of the Committee was authorised to represent on behalf of her at the said Annual General Meeting.

4. Nomination and Remuneration Committee

- (a) The Nomination and Remuneration Committee comprises of the following members as on March 31, 2019:

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.

Further, pursuant to the amendments in Listing Regulations the terms of reference of the Committee were amended w.e.f. April 1, 2019, to recommend to the board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration Committee has adopted the criteria as provided in the Guidance Note on Board Evaluation by Securities and Exchange Board of India vide its notification no. SEBI/HO/CFD/CMD/CIR/P2017/004 dated January 5, 2017 for evaluation of the Individual Directors including Independent Directors. The said criteria provides certain parameters like knowledge, competency, fulfillment of functions, availability and attendance, initiative, integrity, contribution, independence and independent views and judgment.

- (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 4, 2019.

Meeting date		February 4, 2019
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 meeting.

The Company Secretary is the Secretary of the Committee.

5. Remuneration of Directors:

- (a) During the year ended March 31, 2019, 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, 2019. 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 during the financial year 2018-19.

6. Stakeholders' Relationship Committee

(a) The Stakeholders' Relationship Committee comprises of the following members as on March 31, 2019

- Mr. Jignesh Anantray Goradia – Chairperson;
- Mr. Chintan Jitendra Shah – Member
- Smt. Kavita Rakesh Shah – Member

The constitution of the Stakeholders' Relationship Committee meets with the requirements of Section 178 of the Companies Act, 2013 and also of Regulation 20 of the Listing Regulations.

Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer is the Secretary of the Committee.

(b) Terms of Reference:

The terms of reference of the Committee, inter-alia, include the following:..

- (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, re-materialization and all other similar functions.

However, pursuant to amendments in the Listing Regulations, the terms of reference of the Committee have been revised and replaced w.e.f. April 1, 2019 to inter alia include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Board has designated Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer as Compliance Officer for the purposes of /under rules, regulations etc., issued by the Securities Exchange Board of India, Stock Exchange(s) and Companies Act, 2013.

The Stakeholders' Relationship Committee was not met during the financial year ended March 31, 2019.

Investor Complaints:

Details of investor complaints received and redressed during the financial year 2018-19 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
-	-	-	-

Further, no complaint was uploaded on SCORES i.e. SEBI online redressal portal during the year under review.

7. Annual General Meetings

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2017-18	29 th AGM	Saturday, September 29, 2018 at 10:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
2016-17	28 th AGM	Saturday, September 23, 2017 at 10:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
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.

For past three years ended as on March 31, 2019; 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 30th Annual General Meeting.

8. Disclosures

(i) Shareholding of Directors

As on March 31, 2019, 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. 27 to financial statements as at March 31, 2019.

(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. However, due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was deemed to close from this date.

(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://www.zenotechlab.com/investors>.

(v) Details of the familiarisation programme of the independent directors are available on the website of the Company at: <http://www.zenotechlab.com/investors>.

(vi) During the year, a separate meeting of the independent directors was held on February 4, 2019 inter-alia to evaluate the performance of non-independent directors and the board as a whole.

(vii) The policy on dealing with the related party transactions is available on the website of the Company and can be accessed at: <http://www.zenotechlab.com/investors>.

(viii) 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.

(ix) Management Discussion and Analysis

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

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

(xi) Share Capital Audit: A practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) and the total issued and listed capital. It is reported by the Practicing Company Secretary that there were 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 November 12, 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was found that various statutory books and records of the Company were missing. In order to recover the related

missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. Due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was deemed to close from this date. The company is making efforts to comply with the non mandatory requirements specified under the corporate governance code.

- (xii) 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://www.zenotechlab.com/investors>.
- (xiii) A certificate has been received from Mr. Mahadev Tirunagari, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.
- (xiv) The Board has accepted the recommendations of all the Committees during the year 2018-19.
- (xv) M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Hyderabad have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

Particulars	Amount (₹ In lakhs)
Services as statutory auditors	3.00
Other matters (including quarterly audits)	9.94
Total	12.94

- (xvi) Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-Regulation (2) of Regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	N.A.
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company (Refer Disclosure 8(iii) above)	No
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2)(b) to (i)	Website	Yes

- (xvii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
 - a) Number of complaints filed during the financial year: 0
 - b) Number of complaints disposed of during the financial year: 0
 - c) Number of complaints pending as on end of the financial year: 0
- (xviii) Details of compliance and Adoption/Non Adoption of the non-mandatory requirements for the year ended March 31, 2019:
 - (i) The Company complies with all the mandatory requirements specified under Listing Regulations except as stated in Disclosure 8(iii) above.
 - (ii) The auditors have issued an unmodified opinion of the financial statements of the Company.
 - (iii) The Internal Auditor reports their findings to the Audit Committee of the Company.

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, 2019, 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.

May 18, 2019

Rajendra Singh Parihar
Chief Executive Officer

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

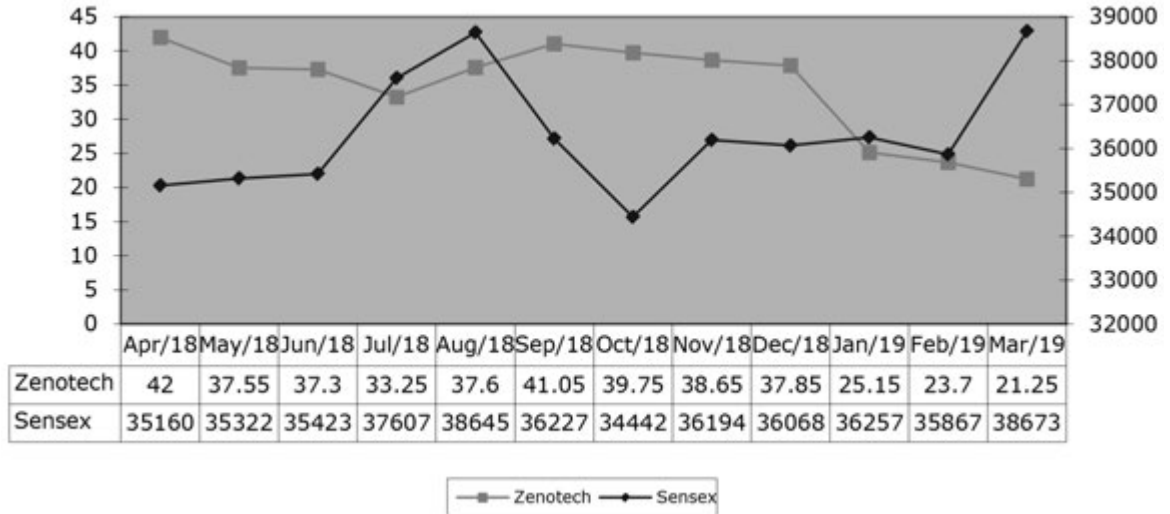
Date	:	Saturday, September 21, 2019
Time	:	10:00 A.M.
Venue	:	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Pin - 500078, Telangana, INDIA
- ii) Financial Year ending : March 31, 2019
- iii) Book Closure : September 14, 2019 to September 21, 2019 (Both days inclusive)
- iv) Listing on Stock Exchange : BSE Limited (listing fees has been paid up to financial year 2019-20)
- 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: Details of Monthly High & Low during each month in the financial year ended March 31, 2019 and Company's closing share price as against BSE SENSEX closing on the BSE Limited, Mumbai, is provided hereunder:

(in ₹)

Month	High Price	Low Price	Close	BSE Sensex Closing
April, 2018	51.95	40.50	42.00	35160.36
May, 2018	42.9	35.00	37.55	35322.38
June, 2018	45.00	35.00	37.30	35423.48
July, 2018	39.00	30.00	33.25	37606.58
August, 2018	41.95	33.25	37.60	38645.07
September, 2018	52.80	35.85	41.05	36227.14
October, 2018	46.85	37.10	39.75	34442.05
November, 2018	44.60	37.10	38.65	36194.3
December, 2018	44.00	35.55	37.85	36068.33
January, 2019	39.00	23.35	25.15	36256.69
February, 2019	25.80	16.75	23.70	35867.44
March, 2019	28.75	19.25	21.25	38672.91

(The information is sourced from BSE Limited website)

viii) Share price performance in comparison to broad-based indices – BSE Sensex



ix) Registrar and Transfer Agents

Name & Address : Karvy Fintech 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

x) Share Transfer System: The Company's shares are traded in the stock exchange 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.

xi) Shareholding:

a) Distribution of shareholding as on March 31, 2019

Sl no	Category (Amount)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	4747	74.44	746265	1.22
2	5001 - 10000	653	10.24	551640	0.90
3	10001 - 20000	385	6.02	608219	1.00
4	20001 - 30000	172	2.68	436610	0.72
5	30001 - 40000	70	1.08	251333	0.41
6	40001 - 50000	86	1.33	404264	0.66
7	50001 - 100000	132	2.07	998961	1.64
9	100001 and above	136	2.13	57033276	93.45
	TOTAL:	6381	100.00	61030568	100.00

b) Categories of Shareholders as on March 31, 2019

Sl. No.	Category	No. of Holders	No. of Shares	Percentage to equity
1	Indian Promoters	1	35128078	57.56
2	Foreign Promoters	1	6886500	11.28
3	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	2	4414	0.01
4	HUF	273	969919	1.59
5	NBFC	2	6124	0.01
6	Foreign Corporate Bodies	1	692791	1.14
7	Private Corporate Bodies	120	1342667	2.19
8	Indian Public	5915	15829687	25.94
9	Non Resident Indians	44	113091	0.18
10	Non Resident Indians Non Repatriable	16	47629	0.08
11	Clearing members	7	9668	0.02
	TOTAL	6381	61030568	100.00

xii) Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 90.43 percent of the Company's Share Capital are dematerialized as on March 31, 2019. The Company's Shares are regularly traded on BSE Limited.

xiii) As on March 31, 2019, the Company did not have any outstanding GDRs /ADRs / Warrants or any convertible instruments

xiv) Manufacture facility & Address for correspondence : Zenotech Laboratories Limited
Survey No. 250-252, Turkapally Village,
Shameerpet Mandal, Hyderabad – 500 078,
Telangana State.

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 2019, 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:

- a) **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.**

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: 17 May 2019
 Place: Hyderabad

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Zenotech Laboratories Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the directors of Zenotech Laboratories Limited having CIN: L27100AP1989PLC010122 and having registered office at Survey No.250-252, Turkapally Village, Shameerpet Mandal, Hyderabad-500078, Telangana State (hereinafter referred to as "the Company") produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the directors on the Board of the Company as stated below, for the financial year ending on 31 March 2019, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority.

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

Ensuring eligibility for the appointment/ continuity of every director on the Board is the responsibility of the management of the Company. My responsibility is to express and opinion on these, based on my verification. This certificate 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: 17 May 2019
 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, Rajendra Singh Parihar, 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, 2019 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. No transactions entered into by the Company during the quarter and year ended March 31, 2019 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 18, 2019

Rajendra Singh Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY OVERVIEW

Global Industry overview:

Globally, pharmaceutical markets are showing rapid growth and in the coming years are expected to evolve further in the field of research and development, manufacturing and formulation, due to a rise in population, the increasing incidence of disease, rising healthcare expenditures, collaborations, merger, and acquisitions. Pharmaceutical companies are increasing their dependence on contract manufacturing organizations because they lack well-equipped manufacturing facilities, advanced technologies, high containment capabilities - or, though they have the facilities, they are outsourcing due to insufficient time, and in order to have backup. This trend is favoring contract manufacturing service providers and is expected to increase their share in the pharmaceutical manufacturing market. Contract pharmaceutical manufacturing services are mainly focused on the manufacturing of Active Pharmaceutical Ingredients (API) and Finished Dosage Formulations (FDF). One of the major reasons for the increase in synthetic API market is the availability of small molecule drugs for all the major diseases and a large number of small molecule drugs in the pipeline, which is expected to enter the market in coming years.

According to this analysis, the Pharmaceutical contract manufacturing global market is expected to grow at mid-single-digit CAGR to reach \$95,904.9 million by 2025. Pharmaceutical contract manufacturing market based on product is segmented into API manufacturing and FDF manufacturing. API manufacturing market holds the largest share in 2018 and is expected to grow at mid-single-digit CAGR from 2018 to 2025 due to government initiatives, increase in a number of API manufacturers, increasing availability of APIs for all the diseases, aging population, rise in chronic diseases, research and manufacturing of new drugs and demand for generics. FDF manufacturing is the fastest growing segment with strong CAGR from 2018 to 2025, due to the high profit margins for pharma contract manufacturers and most of the CMO companies in APAC regions are shifting from API to FDF manufacturing.

The API manufacturing market by customer base is sub-segmented into Branded API manufacturing and Generic API manufacturing. The generic API manufacturing segment is accounted for the largest revenue in 2018 and is expected to grow at a strong CAGR from 2018 to 2025, due to the patent expiries of branded drugs, low cost of generic medicines. The branded API segment is projected to grow at a CAGR of 4.0% from 2018 to 2025.

The FDF manufacturing market by dosage form is classified into a solid dosage form, injectable dosage form, and semi-solid liquid, gaseous dosage form. The solid dosage form is accounted for the largest revenue in 2018 and is expected to grow at a CAGR of 4.0% from 2018 to 2025, due to changing consumer demands, advent, and progress of newer dosage forms and ever-evolving regulations. The injectable dosage form is the fastest growing segment and expected to grow at a CAGR from 2018 to 2025 due to its direct infusion to the body, and the onset of action of drugs is faster. Hence, it is suitable for emergency conditions.

Pharmaceutical contract manufacturing by phase is segmented into commercial manufacturing and clinical manufacturing. Commercial manufacturing holds the highest revenue in 2018 and expected to grow at a mid-single-digit CAGR from 2018 to 2025, due to huge demand for commercial API production, patent expiry increases, the commercial manufacturing of API and FDF, and an increase in outsourcing of generic APIs. Whereas, clinical manufacturing is expected to grow at a high single-digit CAGR from 2018 to 2025, clinical phase 2 and 3 projects requiring cGMP facilities and increase in outsourcing by innovator pharma companies due to low-cost manufacturing and shorter timelines. Also, clinical manufacturing plays a significant role in securing client relationships that can lead to commercial scale manufacturing contracts.

Pharmaceutical contract manufacturing market by application is segmented as Oncology, Central nervous system, Cardiovascular disorder, Infectious diseases, Pulmonary disorders, Metabolic disorder, Gastrointestinal disorders, Musculoskeletal disorders, Genitourinary disorders, Endocrinology and other applications (acute pain, chronic pain and post-surgical, dental, ENT, autoimmune disorder). Among these applications, Infectious disease segment accounted for the largest revenue in 2018 due to increase in global HIV pandemic causes about one million deaths every year, the emergence of severe acute respiratory syndrome (SARs) and viral hemorrhagic fever. The Oncology segment is a fastest growing application market during the forecasting period, due to increase in the incidence of breast and lung cancer, increase in the usage of synthetic HPAPIs for cancer treatment, increase in geriatric population and FDA approvals.

Pharmaceutical contract manufacturing market by region is segmented as North America (U.S. and Rest of North America), Europe (Germany, France, Italy and Rest of Europe), Asia-Pacific (China, India, Japan, and Others) and Rest of the World (Brazil, Rest of Latin America and Middle East & others). North America accounts for the largest revenue in 2018 and is expected to grow at a mid-single-digit CAGR from 2018 to 2025. In North America, U.S. and Canada are the most prominent countries in which the U.S. occupies the largest revenue, due to expansion of regional market includes developed healthcare sector, availability of funds, increasing clinical trials, rising burden of cancer, increasing government focus on generic drugs, rising demands for specialty of drugs and technological advancements. Asia-Pacific region is expected to grow at a strong CAGR of 8.4% from 2018 to 2025. Mainly India and China are concentrated more due to low

labor cost, regulatory relaxation, abundant availability of raw materials, infrastructure facilities, a rise in generic demands, increased production capabilities, the presence of a large number of domestic and international players, and concentration of CMO companies.

Indian Industry overview:

Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK. India contributes the second largest share of pharmaceutical and biotech workforce in the world. The pharmaceutical sector in India was valued at US\$ 33 billion in 2017. India's domestic pharmaceutical market turnover reached Rs 129,015 crore (US\$ 18.12 billion) in 2018, growing 9.4 per cent year-on-year (in Rs) from Rs 116,389 crore (US\$ 17.87 billion) in 2017.

With 71 per cent market share, generic drugs form the largest segment of the Indian pharmaceutical sector. Domestic API consumption is expected to reach US\$ 18.8 billion by FY22. The country accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world's leader in Drug Master Files (DMFs) applications with the US Indian Drugs & Pharmaceuticals sector has received cumulative FDI worth US\$ 15.83 billion between April 2000 and June 2018.

Indian drugs are exported to more than 200 countries in the world, with the US as the key market. Generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. India's pharmaceutical exports stood at US\$ 17.27 billion in FY18 and US\$ 13.94 billion in FY19 (up to December 2018). In 2018-19, these exports are expected to cross US\$ 19 billion. 31 per cent of these exports from India went to the US.

The Government of India plans to set up a US\$ 640 million venture capital fund to boost drug discovery and strengthen pharmaceutical infrastructure. The 'Pharma Vision 2020' by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery.

In Nov 2018, Cipla's subsidiary in the United States has ordered two steps to acquire Avenue Therapeutics Inc. for around an estimated Rs 1,563 crore (\$215 million).

Indian pharmaceutical sector is expected to grow at a CAGR of 15 per cent in the near future and medical device market expected to grow \$50 billion by 2025

Indian Drugs & Pharmaceuticals sector has received cumulative FDI worth US\$ 15.90 billion between April 2000 and September 2018.

The Contract Research and Manufacturing Services industry (CRAMS) – estimated at US\$ 17.27 billion in 2017-18, is expected to reach US\$ 20 billion by 2020.

The government has allocated Rs 31,745 crore (US\$ 4.64 billion) towards the National Health Mission under which rural and urban people will get benefited.

Competitive Environment:

India accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world's leader in Drug Master Files (DMFs) applications with the US Indian Drugs & Pharmaceuticals sector has received cumulative FDI worth US\$ 15.83 billion. Low cost of production and increasing expenditure on R&D has led to competitive pharma exports. Increasing private sector investment in research and acquisitions are driving the sector's growth. Pharmaceutical exports from India stood at US\$ 17.30 billion in FY18 as compared to US\$ 16.8 billion in FY17. The industry has been growing due to its key factors such as low manufacturing cost, technical growth, skilled workforce and a diverse ecosystem. The sector is highly developed and sources its own bulk drugs & intermediates for most of its formulations.

In the US, generic companies witnessed mixed growth. While some of the companies benefited from low competition launches, others got impacted by delay in approvals. On the other hand, Indian companies having presence in emerging markets were too impacted. The currencies of major countries witnessed sharp depreciation, leading to poor realisations. Further, slowdown in some countries impacted their growth. Over and above, the companies also witnessed pressures owing to slower approval rate.

The Indian Pharma Market (IPM) size is expected to grow at 9-12% CAGR between 2018-21. The growth in Indian domestic market will be boosted by increasing consumer spending, rapid urbanization, increasing healthcare insurance, drugs and so on. On the global front, the IPM is ranked 13th in terms of value. Owing to robust growth, India is likely to be the 9th largest market globally in absolute size.

The life style segments such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers will continue to be lucrative and fast-growing owing to increased urbanisation and change in lifestyle patterns. Going forward, better growth in domestic sales will depend on the ability of companies to align their product portfolio towards these chronic therapies (cardiovascular, anti-diabatization-depressants and anti-cancer) as these diseases are on the rise.

In various global markets, the government has been taking several cost-effective measures in order to bring down healthcare expenses. Thus, governments are focusing on speedy introduction of generic drugs into the market. This too will benefit Indian pharma companies. However, despite promising outlook, intense competition and consequent price erosion would continue to remain a cause for concern. Over and above this, following GMP will be an important criterion for companies in order to grow in the global markets.

For the US market, Indian companies are developing niche portfolios in various segments. High margin injectables, dermatology, respiratory, biosimilars, complex generics etc. have become an area of interest. Most of the Indian pharma companies have been working on these. Major companies have increased their R&D spend to build pipeline of niche drugs. This in turn will help companies to optimize growth and margins, thus, post patent cliff, the companies which have developed their product basket in the niche category will be ahead in the curve. Moreover, generic penetration in the US is expected increase to 86-87% over the next couple of years from 83% currently.

Pharmaceutical spending in developed markets is likely to grow at 2-5% CAGR between 2018-22 compared to 5.8% in the 2013-17 period. While launch of innovative products is likely to drive growth, is expected to be balanced by patent expiries of existing products.

Innovation in new drug development, immunotherapy, next generation biotherapeutics, including cell-based gene therapies and digital health tools will gain importance in the future of the healthcare industry.

India and Russia are expected to grow faster, in comparison, averaging at 10% in the same time span, while the other pharma emerging markets will average 6-9%. India's spending on medicines will propel its entry into the top 10 countries in 2018, and to the ninth position overall between 2019 and 2022.

Overview on Biotechnology Industry

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.89 billion).

India is among the top 12 biotech destinations in the world and ranks third in the Asia-Pacific region. India is the largest producer of recombinant Hepatitis B vaccine. India has emerged as a leading destination for clinical trials, contract research and manufacturing activities owing to the growth in the bio-services sector.

Government Health Expenditure:

Most governments in developing countries usually finance programs that support child immunization against various diseases as part of the basic public health package. Though India too has such immunization programs, because of relatively high birth rate and population, the share of government health budget in total health care expenditure is relatively low. The total health expenditure in India is around 3.6%, far below than that of other emerging economies.

Threat of Drug Substitution:

The threat of substitutes in the biotechnology field depends on the area of therapeutic segment. While patent protection might stop the threat of alternative drugs and chemicals for a period of time, eventually there will be companies that can produce a similar product at a cheaper price.

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.

Ophthalmic drug Market:

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.

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.

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.

The oncology drug market in India has grown at a CAGR of 22% from over ₹ 12 billion in 2009 to about ₹ 3,000 crore in 2014 and is expected to grow at a CAGR of about 16% during 2015-2019.

The oncology market in India is 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.

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. Further, Pharma companies in India, will need to realign their quality and compliance structure to conform to the constantly evolving regulatory guidelines. With the FDA and other regulators broadening the scope of compliance requirements, it helps if companies have a holistic approach and make regulatory compliance part of their corporate strategy. This includes effective training, proper timely communication, periodic reviews, and support from the top management. Regulators have to focus on aligning country-specific regulatory frameworks to global standards enabling harmonization of standards and help companies drive efficiencies.

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, during the year under review, the Company's revenue stood at ₹ 1,738.64 Lakhs (previous year ₹ 1,351.33 Lakhs) with a steep increase of 29% over the corresponding previous year. The Company reported a loss of ₹ 311.93 Lakhs, reduction of 74% as against the reported loss of previous year (1,178.97 Lakhs). The occupancy level of the Company was at par with its operational capacity for the Oral Solid Dosage (OSD) and Eye care facilities. However, the Cyto Injectables and General Injectables are yet to attain its optimum utilization due to low market demands. As per the projected business plans for the forthcoming years, the Company believes that it can contain its operational losses by utilizing its resources to its maximum. Your Company is constantly striving to optimize its operational capacities, control costs to remain competitive which would help to improve the operational efficiency.

During the year, the Company has initiated revamping of its Biotech facility. The Company had invested in enhancing its utilities, infrastructure and manpower to support its future operations.

FINANCIAL PERFORMANCE

(₹ In Lakhs)

	Particulars	2018-19	2017-18
(i)	Revenue from operations (net)	1302.91	1,114.42
(ii)	Other income	435.73	236.91
(iii)	Total Revenue (i+ii)	1738.64	1,351.33
(iv)	Depreciation	420.20	390.31
(v)	Other expenses	1630.38	2139.99
(vi)	Loss before tax*	(311.93)	(1,178.97)
(vii)	(Loss) after tax	(311.93)	(1,178.97)
(viii)	Loss brought forward from previous year	(22,855.61)	(21,676.64)
	Profit/(Loss) carried forward to Balance Sheet (vi+vii)	(23167.54)	(22,855.61)

* includes Other Comprehensive Income items

Key Financial Ratios:

[Pursuant to Schedule V (B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015].

S. No	Particulars	Unit	2018-19	2017-18
1.	Operating Profit Margin*	%	-	-)
2.	Net Profit Margin*	%	-	-
3.	Debtors Turnover	times	0.5	0.4
4.	Inventory Turnover	times	0.3	0.2
5.	Current Ratio	times	0.4	0.8
6.	Return on Net worth *	%	-	-
7.	Interest Coverage Ratio	times	(25.6)	(3.8)
8.	Debt Equity Ratio	times	1.2	0.9

* Since EBIDTA is negative, profit margin ratios have not been mentioned

HUMAN RESOURCES

During the year, the strength of human resource engaged by the Company is 181. 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 AUDITORS' REPORT

To
 the Members of
Zenotech Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Zenotech Laboratories Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2019, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 28 in the standalone financial statements which describe the reconstruction of financial records and various legal proceedings as follows: -

- (a) Based on the information provided to us by the Management, the books of accounts for the financial years ended 31st March 2011 & 31st March 2012 were reconstructed by the Management post 12th November 2011.
- (b) The matters relating to several financial and non-financial irregularities pertaining to period prior to 12th November 2011 are currently sub-judice and the impact of the various legal proceedings would be made in the standalone financial statements of the Company as and when the outcome of the above uncertainties becomes known and the consequential adjustments / disclosures are identifiable / determinable. The Company has represented to us that based on the steps taken by the Management and evidence available so far, any financial impact on the standalone financial statements of the Company is likely to be significantly low.

Our report is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	Auditor's Response
<u>Going concern assumption</u>	
<p>The Company has losses from last many years and continuing in loss for the current audit period also. Hence we were required to assess whether the going concern assumption is appropriate.</p>	<p>Our Audit Procedures included:</p> <ul style="list-style-type: none"> • Review of management's budgets to gain an understanding of the inputs and process underpinning the cash flow model prepared for the going concern assessment. • Discussion with the management on the cash flow position and the plans for meeting the requirements of cash deficits, if any, in the business plans. • Evaluation of the plans of the Company for becoming cash positive from operations and becoming profitable over a period. • We have also evaluated the disclosures provided in the standalone financial statements to ensure that this aspect has been appropriately disclosed.

Impairment of Fixed Assets	
Non-recognition of impairment provision on fixed assets.	<p>Our Audit procedures included:</p> <ul style="list-style-type: none"> • Checks to identify if the plant is performing below the rated capacity. • Review of all Long pending capital advances as at date of the financials. • Review the assessment made by the management and evaluating whether those are mitigating the risk of not considering the provision for impairment as at date of the financials. • Review that there is no significant movement in the land price as per registration value prescribed by State Government which calls for the impairment, if any.

Information Other than the Financial Statements and Auditors’ Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board’s Report and Management Discussion & Analysis Report but does not include the standalone financial statements and our auditors’ report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditors' 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. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 29 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.
3. As required by Section 197(16) of the Act, we report that the remuneration paid by the company to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197.

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

S. Prasana Kumar
Partner
Membership No. 212354

Place of Signature: Mangalore
Date: 18th May 2019.

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Zenotech Laboratories Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2019.

- (i) In respect of the Company's fixed assets:
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date.
- (ii) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) Based on our audit procedures & according to the information and explanation given to us, 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 3(iii) of the Order is not applicable to the Company.
- (iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees or security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore clause 3(iv) of the Order is 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 3(v) of the Order is not applicable.
- (vi) The Company is not required to maintain cost records specified 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, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues as applicable 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, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues were in arrears, as at 31 March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax(GST), Duty of customs, Excise duty and Value added tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of statute	Nature of dues	Amount ₹ in '000*	Period to which amounts relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax	NIL#	FY 2007-08	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Service Tax	NIL#	FY 2007-08 to 2009-10	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Service Tax	10,124	FY 2006-07 and 2007-08	Commissioner of Central Excise and Service Tax, Hyderabad IV
A.P. Vat Act, 2005	VAT	1,685	FY 2009-10 to 2012-13	Deputy Commissioner Commercial Taxes (Appeal)

The Finance Act, 1994	Service Tax	3,405**	Prior to Financial year 2011-12 (Service Tax)	N/A
A.P. Vat Act, 2005	Sales Tax	39 **	Prior to Financial year 2011-12 (Sales Tax)	Commercial Tax Officer, Srinagar Colony Circle
The Customs Act, 1962	Customs Duty	5,160	Prior to Financial year 2011-12 (Customs Act)	Principal Commissioner of Customs, Hyderabad

* excluding penalty & Interest.

** 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.

Principal portion fully settled in this year.

(viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to government agencies which are as follows:

Name of the Lender	Period	Amount (₹ in '000)*
Technology Development Board	FY 2011-18	27,645

* amount of accrued interest only.

- (ix) According to the information and explanations given to us, the Company has utilized the money raised by way of Rights issue of Equity shares during the previous year for the purposes for which they were raised.
- (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 nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (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 entered into 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 standalone financial statements as required by the applicable Indian 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 under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.
- (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 them.
- (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

S. Prasana Kumar
Partner
Membership No. 212354

Place of Signature: Mangalore

Date: 18th May 2019

Annexure B

Referred to in paragraph 2(f) 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 31 March 2019 in conjunction with our audit of the standalone 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 (ICAI). 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 ICAI. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has 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 31 March 2019, 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

S. Prasana Kumar
Partner
Membership No. 212354

Place of Signature: Mangalore

Date: 18th May 2019.

Standalone Balance Sheet as at March 31, 2019

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

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3	431,086	444,309
(b) Capital Work-In-Progress	3	169,514	23,239
(c) Financial Assets			
(i) Investments	4(a)	-	-
(ii) Others	4(b)	6,368	3,929
Income Tax Assets (net)		7,930	3,340
(d) Other Non-current Assets	5	38,992	28,392
Total Non - Current Assets		653,890	503,209
Current Assets			
(a) Inventories	6	5,842	8,208
(b) Financial Assets			
(i) Trade Receivables	7(a)	23,581	39
(ii) Cash and Cash Equivalents	7(b)	131,963	284,048
(iii) Bank balances other than above	7(b)	560	7,560
(iv) Other Financial Assets	7(c)	3,180	4,252
(c) Other Current Assets	8	26,817	10,097
Total Current Assets		191,943	314,204
Total Assets		845,833	817,413
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	610,306	610,306
(b) Other Equity	10	(221,323)	(190,130)
Total Equity		388,983	420,176
LIABILITIES			
Non-current Liabilities			
(a) Financial Liabilities		-	-
(b) Provisions	11 (a)	3,372	2,770
Total Non - Current Liabilities		3,372	2,770
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12 (a)	202,400	-
(ii) Trade payables			
(a) Total outstanding dues of Micro and Small Enterprises	12 (b)	3,949	-
(b) Total outstanding dues other than above	12 (b)	37,204	54,132
(iii) Other financial liabilities	12 (c)	33,427	88,078
(b) Other Current Liabilities	13	4,507	84,555
(c) Provisions	11 (b)	171,991	167,702
Total Current Liabilities		453,478	394,467
Total Equity and Liabilities		845,833	817,413

See accompanying notes 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

S.Prasana Kumar

Partner

Membership No.: 212354

Azadar Hussain Khan

Chairman

DIN:01219312

Kavita R.Shah

Director

DIN:02566732

R.S.Parihar

Chief Executive Officer

Poly K.V.

Chief Financial Officer

Place : Mumbai

Date : 18 May 2019

Abdul Gafoor Mohammad

Company Secretary

Place : Mangalore

Date : 18 May 2019

Statement of profit and loss for the Year ended March 31, 2019

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

Particulars	Note No.	For the Year ended 31 March 2019	For the year ended 31 March 2018
Income			
I Revenue from Operation	14	130,291	111,442
II Other income	15	47,097	23,691
III Total Income (I+II)		177,388	135,133
IV Expenses			
Cost of materials consumed	16	7,055	8,106
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	16	119	(119)
Employee benefits expense	17	49,804	50,657
Finance costs	18	1,177	24,494
Depreciation and amortisation expense	3	42,020	39,031
Other expenses	19	108,483	131,474
Total Expenses (IV)		208,658	253,643
V Profit / (Loss) before exceptional items and tax (III-IV)		(31,270)	(118,510)
VI Exceptional items	3	-	-
VII Profit / (Loss) before tax (V-VI)		(31,270)	(118,510)
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX Profit / (Loss) for the period (VII-VIII)		(31,270)	(118,510)
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of employee benefits obligations to be reclassified to profit or loss	11(c)	77	613
XI Total Comprehensive Income for the year (IX+X)		(31,193)	(117,897)
XII Earning per equity share (face value per equity share ₹ 10 each)	21		
(1) Basic (₹)		(0.51)	(2.24)
(2) Diluted (₹)		(0.51)	(2.24)

See 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

S.Prasana Kumar
 Partner
 Membership No.: 212354

Azadar Hussain Khan
 Chairman
 DIN:01219312

Kavita R.Shah
 Director
 DIN:02566732

R.S.Parihar
 Chief Executive Officer

Poly K.V.
 Chief Financial Officer

Abdul Gafoor Mohammad
 Company Secretary

 Place : Mangalore
 Date : 18 May 2019

 Place : Mumbai
 Date : 18 May 2019

Statement of changes in equity for the year ended 31 March, 2019

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

A. Equity share Capital	
Particulars	Equity
As at 31.03.2018	610,306
Changes in Equity Share Capital	-
As at 31.03.2019	610,306
Particulars	
As at 31.03.2017	344,275
Changes in Equity Share Capital	266,031
As at 31.03.2018	610,306

B. Other Equity	Reserves and Surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1st April 2017	1,164,324	(2,167,663)	(1,003,339)
Additions during the year	931,107	-	931,107
Profit for the year	-	(118,511)	(118,511)
Other comprehensive income- Remeasurement of defined benefit obligations	-	613	613
Total comprehensive income for the year	-	(117,898)	(117,898)
Other Equity as on 31st March 2018	2,095,431	(2,285,561)	(190,130)
Balance as at 1st April 2018	2,095,431	(2,285,561)	(190,130)
Profit for the year	-	(31,270)	(31,270)
Other comprehensive income- Remeasurement of defined benefit obligations	-	77	77
Total comprehensive income for the year	-	(31,193)	(31,193)
Other Equity as on 31st March 2019	2,095,431	(2,316,754)	(221,323)

Nature and purpose of reserves:

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013

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

S.Prasana Kumar
Partner
Membership No.: 212354

Azadar Hussain Khan
Chairman
DIN:01219312

Kavita R.Shah
Director
DIN:02566732

R.S.Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place : Mangalore
Date : 18 May 2019

Place : Mumbai
Date : 18 May 2019

Standalone Cash flow statement for the year ended March 31, 2019

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

	For the Year ended 31 March 2019	For the Year ended 31 March 2018
A. Cash flows from operating activities		
Loss before taxation	(31,270)	(118,510)
Adjustments for:		
Depreciation and amortisation	42,020	39,031
Amounts written back	(32,687)	-
Unrealised foreign exchange loss, net	1,244	124
Interest expenses	1,177	24,494
Interest income	(12,482)	(17,308)
Operating cash flows before working capital changes	(31,998)	(72,169)
Changes in Working Capital:		
(Increase)/ decrease in trade receivables	(23,542)	(28)
(Increase)/ decrease in inventories	2,366	1,032
(Decrease)/ increase in trade payables	16,184	2,790
(Increase)/ decrease in other financial assets	1,072	(3,154)
(Increase)/ decrease in non-current financial assets	(1,439)	96
(Increase)/ decrease in non-current assets	(5,337)	(6,930)
(Increase)/ decrease in other current assets	(16,720)	(14,103)
(Decrease)/ increase in provisions for non current liabilities	602	382
(Decrease)/ increase in provisions for current liabilities	4,289	(15,887)
(Decrease)/ increase in other financial liabilities	(107)	1,211
(Decrease)/ increase in other current liabilities	(81,214)	(52,952)
Cash used in operations	(135,844)	(159,712)
Income taxes paid/ TDS (net)	(4,590)	(2,801)
Net cash used in operating activities (A)	(140,434)	(162,513)
B. Cash flows from investing activities		
Payment for Purchase of property plant equipment (Including Capital advance & Work in Progress)	(180,336)	(38,245)
Deposits towards margin money	6,000	(5,600)
Interest income received	12,482	17,308
Net cash provided by/ (used in) investing activities	(161,854)	(26,537)

Standalone Cash flow statement for the year ended March 31, 2019

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

	For the Year ended 31 March 2019	For the Year ended 31 March 2018
C. Cash flows from financing activities		
Repayment to Biotech Consortium India Limited Term Loan	-	(1,112)
Repayment to Sun Pharmaceutical Industries Limited (Holding company) Term Loan	-	(512,000)
Proceeds from issue of equity share capital - Rights Issue	-	1,197,138
Proceeds from short-term borrowings, net	202,400	-
Repayment of long-term borrowings	-	(29,648)
Interest paid	(52,197)	(186,090)
Net cash provided by financing activities (C)	150,203	468,288
Net increase/ (decrease) in cash and cash equivalents during the year(A+B+C)	(152,085)	279,238
Cash and cash equivalents at the beginning of the year	284,048	4,810
Cash and cash equivalents at the end of the year (refer Note 7 (b))	131,963	284,048

Note 1: Cash and cash equivalents does not include restricted cash balance (Margin money) of ₹ 1,560 (previous year: ₹ 7,560).

Note 2: Cash flow statements has been prepared under " Indirect Method" on Statement of Cash flows in accordance with the Ind AS standard.

Note 3: Please refer Net Debt Reco annexed

See accompanying notes 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

S.Prasana Kumar
Partner
Membership No.: 212354

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R.S.Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place : Mangalore
Date : 18 May 2019

Place : Mumbai
Date : 18 May 2019

Standalone Cash flow statement for the year ended March 31, 2019

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

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	31 March 2019	31 March 2018
Cash and cash equivalents	131,963	284,048
Liquid Investments	-	-
Current borrowings (Including interest accrued)	(204,642)	(53,262)
Non-current borrowings	-	-
Net debt	(72,679)	230,786

	Other assets		Liabilities from financing activities			Total
	Cash and bank	Liquid Investments	Finance lease obligations	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2017	4,810	-	-	-	(757,618)	(752,808)
Cash flows	279,238	-	-	-	542,760	821,998
Interest expenses	-	-	-	-	(24,494)	(24,494)
Interest paid	-	-	-	-	186,090	186,090
Net debt as at 31 March 2018	284,048	-	-	-	(53,262)	230,786
Cash flows	(152,085)	-	-	-	(202,400)	(354,485)
Interest expenses	-	-	-	-	(1,177)	(1,177)
Interest paid	-	-	-	-	52,197	52,197
Net debt as at 31 March 2019	131,963	-	-	-	(204,642)	(72,679)

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

1.1 Corporate information

Zenotech Laboratories Limited (the “Company”) is a public limited company listed on BSE. 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.

1.2 Going concern

The Company is well placed to meet the cash burn requirements in the coming periods for it to develop and build the business to a profitable level as per the projections prepared by the Company. Hence the Company’s financials have been prepared on a going concern basis.

1.3 Consolidated Financial Statements

The 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, complaint before the Hon’ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 was filed against the former Managing Director, Late Dr. Jayaram Chigurupati, who was in complete “control over the Company’s affairs during the period of those events”, which is currently sub-judice. The Company has evaluated and concluded that it is not controlling the US Subsidiary as per Ind AS 110 Consolidated Financial Statements basis its inability to exercise power over the investee. Further, the Company’s Board has initiated the winding-up process for the defunct subsidiaries in Brazil and Nigeria. The Company is in contact with consultants of respective countries to file the winding-up applications and adhere to the laws of the country. Accordingly, the Company is of the view that it does not have subsidiaries within the definition of Ind AS 110 and hence is not required to prepare and present a Consolidated Financial Statement.

2. Significant accounting policies

2.1 Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

Basis of preparation and presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

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

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.

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 investments in subsidiaries is recognised at deemed cost

2.2 Summary of significant accounting policies

a. 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Considering the nature of activity, the Company has determined the operating cycle as twelve months.

b. 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 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 and Loans & Advances in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity as appropriate.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using the exchange rate prevailing on the last day of the reporting period.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

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.

c. Use of estimates and Judgement

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. 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. 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 recognized in financial statements are as follows:

i) Useful life of PPE

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 based on technical assessment. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives of property, plant and equipment.

ii) Measurement of defined benefit plan obligation

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(c).

iii) Impairment of non-financial assets

Property Plant & Equipment are tested for impairment when the events occur or changes in circumstances indicate that recoverability amount of asset or cash generating unit is less than its carrying value. The recoverable amount 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. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate the projected cash flows, risk adjusted discount rate, future economic and market conditions.

iv) Write down in value of Inventories

Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. Any changes in these estimates will impact upon the write down value of Inventories.

v) Estimation for Litigations

The Company has been advised by its legal counsel, the probability of outflow of resources and based on this the contingent liability has been recognised. Any change in the estimated probability will impact upon the contingent liability.

d. Fair value measurement

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 22 (a) & (b))

e. Revenue recognition

With effect from 1 April 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' which introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer. The Company has opted for the modified retrospective application permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended 31st March 2019 only (i.e. the initial application period). Modified retrospective application also requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at 1st April 2018 ('transition date') in equity and the impact on such transition date is not material. Also, the Company has elected to use the practical expedient that there is no financing component involved when the credit period offered to customers is less than 12 months (also refer Credit Risk). Prior to adoption of IND AS 115, the Company's revenue was primarily comprised of Revenue from Contracts and Interest income. The recognition of these revenue streams is largely unchanged by Ind AS 115.

Sale of goods:

Revenue from contracts with customers is recognised when control of the goods or services are transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the Customer. Revenue from these sales is recognised based on the price specified in the contract, net of the discounts. No element of financing is involved as the sales are made with a credit term which is consistent with market practice.

Rendering of Services:

Revenue from sale of services is recognised in accordance with the terms of the relevant agreements as accepted and agreed with the customers. Upfront non-refundable payments received are deferred and recognised as revenue over which the related services are performed.

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.

f. Taxes**Current income tax**

Income tax expense comprises of current and deferred tax. Income tax expenses is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year using tax rates enacted or substantively enacted by the end of the reporting period and any adjustments to the tax payable in respect of previous years.

The tax currently payable is based on taxable profit for the year, if any. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

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.

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 future 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.

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 assets 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.

g. GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the GST 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.

h. Property, plant and equipment

Freehold land is carried at historical cost.

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.

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

Gains and losses on disposal of a property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property plant and equipment and are recognised in other income/ other expenses in the statement of profit and loss.

Depreciation is fully provided using the Straight Line Method ('SLM') over the useful lives of the assets considered by the management's technical assessment, 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 ₹ 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 and are carried at cost.

For transition to the Ind AS, the Company has decided to continue with the carrying value of all of its Property, Plant and Equipment as at April 01, 2015 (transition date) measured as per the previous GAAP as its deemed cost as of transition date.

i. 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 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.

j. 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to affect the sale.

k. 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 or the cash generating unit (CGU). 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.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately to reach the Company's CGU to which individual assets are allocated.

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 period years. Such reversal is recognised in the statement of profit or loss.

I. Provisions, contingent Liabilities & contingent Assets

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.

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.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts only in case of inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts for possible obligations which will be confirmed only by future events not wholly within the controls of the Company or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or reliable estimate of the amounts of the obligation cannot be made.

m. 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.

n. Earnings per shares:

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events such as bonus issue that have changed the number of shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

o. Leases:

Company as lessor: Rental Income from operating lease is generally recognised on straight- line basis over the term of the lease.

p. 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.

For purposes of subsequent measurements, '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.

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.

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 similar financial assets) is primarily derecognised i.e. removed from the Company's balance sheet when:

- ▶ the Company has transferred its rights to receive cash flows from the asset ; and either
- ▶ the Company has transferred substantially all the risks and rewards of the asset, or
- ▶ the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss will be recognised as profit or loss on disposal.

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:

- ▶ Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- ▶ 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 115

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

- ▶ Trade receivables or contract revenue receivables; and
- ▶ 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 ECL at each reporting date, right from its initial recognition. 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 that are debt instruments, and are measured at amortised cost.

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 months 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-months 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 Company 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.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix based on the assumptions which are derived based on the expected outcomes.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- ▶ ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- ▶ For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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 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 cost

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. 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 risks 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 and loss. The Company has not designated any financial liability as at fair value through profit or loss.

▶ **Financial liabilities at amortised cost**

After initial recognition financial liabilities if any 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.

▶ **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 and loss.

▶ **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is presented in Balance Sheet when, and only when, the Company has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

q. 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. Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year is classified by operating, investing and financing activities.

r. Recent Accounting Pronouncements:

(i) New standards notified and adopted by the Company

MCA on 29 March 2018 notified the new standard for revenue recognition (effective from 1 April 2018) which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five-step application principle to be followed for revenue recognition:

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
- v. Recognition of revenue when the Company satisfies a performance obligation.

A number of other standards had been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital, mutual fund and other similar organisations (Amendment to Ind AS 28) and applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments have any material effect on the Company's financial statements.

(ii) New standards notified but not yet effective

Ind AS 116 Leases

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, 'Leases' as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1st April 2019.

It eliminates the classification of leases as either finance leases or operating leases for a lessee as required by Ind AS 17. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in Ind AS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company's operating leases mainly relate to leasing of equipments which is cancellable with 60 days prior notice and is effective from 18th November, 2017.

The Company expects that the adoption of this new standard will not have any significant impact on the financial statements.

Other Amendments to the existing standards but not effective

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

- a) business combination accounting in case of obtaining control of a joint operation;
- b) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- c) income tax consequences in case of dividends;
- d) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- e) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- f) accounting for prepayment features with negative compensation in case of debt instruments;
- g) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- h) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

The above amendments will come into force from 1st April 2019. The Company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

Note 3: Property, Plant and Equipment.

Particulars	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	EDP Equipment	Total
Gross Block at Cost								
As at 1st April 2017	10,831	153,642	374,684	4,591	237	1,768	945	546,698
Adjustments:								
Additions	-	-	13,097	443	446	990	30	15,006
As at 31st March 2018	10,831	153,642	387,781	5,034	683	2,758	975	561,704
Adjustments:								
Additions	-	7,181	17,442	413	1,538	-	2,223	28,797
As at 31st March 2019	10,831	160,823	405,223	5,447	2,221	2,758	3,198	590,501
Depreciation and Impairment								
As at 1st April 2017	-	14,020	59,445	3,353	172	852	522	78,364
Adjustments:								
Depreciation charge during the year	-	7,146	30,854	504	92	295	140	39,031
As at 31st March 2018	-	21,166	90,299	3,857	264	1,147	662	117,395
Adjustments:								
Depreciation charge during the year	-	7,265	33,293	520	210	371	361	42,020
Impairment loss (note)	-	-	-	-	-	-	-	-
As at 31st March 2019	-	28,431	123,592	4,377	474	1,518	1,023	159,415
Net Book Value								
As at 31st March 2019	10,831	132,392	281,631	1,070	1,747	1,240	2,175	431,086
As at 31st March 2018	10,831	132,476	297,482	1,177	419	1,611	313	444,309

Note :

1. The Company had leased equipments of ₹ 22,212 to Sun Pharmaceutical Industries Limited under cancellable lease agreement.
2. During the year the Company had purchased equipments of ₹ 1,269/- from Sun Pharma Laboratories Limited, one of the Group Companies of SPIL
3. For details of the assets pledged for TDB loan, refer Note 30 of the financial statements.

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e. 1st April, 2016 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as gross block.

Particulars	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	EDP Equipment	Total
Gross block as at 1 st April, 2016	10,831	149,103	354,281	4,591	237	1,768	516	521,327
Accumulated depreciation as at 1 st April, 2016	-	(6,994)	(29,608)	(2,106)	(92)	(466)	(357)	(39,623)
Net block as at 1 st April, 2016 treated as deemed cost	10,831	142,109	324,673	2,485	145	1,302	159	481,704
B. Capital Work in Progress								
As at 1st April 2017								103,156
Additions during the period								23,239
Gross Capital Work In Progress								126,395
Less: Provision for Impairment								(103,156)
Net CWIP as at March 31, 2018								23,239
As at 1st April 2018								126,395
Additions during the period*								167,768
Gross Capital Work In Progress								294,163
Less: Transferred to Fixed Assets during the year								21,492
Less: Provision for Impairment								(103,156)
Net CWIP as at March 31, 2019								169,514

* including interest capitalised ₹ 1,455 (Previous year-Nil)

Notes on Accounts (Contd)

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

Note 4: Financial Assets

4(a). Non-current investments

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in equity shares of Subsidiaries# at Deemed cost		
Unquoted		
Zenotech Farmaceutica Do Brasil Ltda*	-	-
39,600 (previous year: 39,600) shares 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		
Investments in equity shares of Other Companies at Deemed cost		
Unquoted		
Equity shares in Credence Organics Private Limited**	-	-
Total Non current investments	-	-
Less: Provision for diminution in value	-	-
Net Non current investments	-	-
Total non-current investments		
Aggregate amount of quoted investments and market value thereof		
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in the value of investments	-	-

Considered as Subsidiaries only for the limited purpose of Companies Act basis voting rights and not as per Ind AS 110 on Consolidated Financial Statements

* During the year ended March 31, 2017, the Company had 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. The process of winding-up of Zenotech Laboratories Nigeria Limited will be completed in F.Y: 2019-20. There is no change in the status of Zenotech Pharmaceutica do Brazil Ltda as on March 31, 2019.

** Investments in shares of Credence Organics Private Limited have been written off as the Company no longer exist.

4(b). Other Non-current Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Deposits with Government, public bodies		
- Considered good	5,364	3,889
- Credit Impaired	211	211
Margin Money deposits	1,000	-
Others	4	40
Total	6,579	4,140
Less: Provision for doubtful receivables	211	211
Total Other Non-current Financial Assets	6,368	3,929

Notes on Accounts (Contd)

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

Note 5: Other Non Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good except stated other wise)		
Deposits with Government, public bodies*	28,658	23,309
Capital Advances	10,334	5,071
Others	-	12
Total	38,992	28,392

* Includes amount deposited under protest

Note 6: Inventories (at lower of cost and net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials and Packing materials	5,842	8,089
Work-in-progress	-	119
Total Inventories	5,842	8,208

* Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. The changes in write downs are recognised as an expense in statement of Profit & Loss. Write downs of inventory during the current year amounted to ₹ 1,500/- (Previous year ₹ 1,940/-).

7 (a). Trade receivables- Current

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good-Secured	-	-
Trade receivables considered good-Unsecured*	23,581	39
Trade receivables which have significant increase in credit risk	-	-
Trade receivables-credit impaired	-	295
Total	23,581	334
Less : Provision for Trade Receivables credit impaired **	-	295
Total trade receivables	23,581	39

* Related Party receivables

** Provision for Trade Receivables credit impaired

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	295	284
Add : Provision during the year	0	11
Total	295	295
Less : Provision adjusted against bad debts written off	(295)	0
Closing Balance	-	295

Notes on Accounts (Contd)

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

7(b). Cash and Bank Balances

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
- in current accounts	1,937	4,021
Cash on hand	26	27
Other Bank Balances		
Deposits with original maturity of less than 3 months	130,000	280,000
Cash and Cash equivalents (A)	131,963	284,048
Bank Balances other than above		
- Margin Money deposits	1,560	7,560
Less: Margin Money Deposit with Bank maturing after 12 months from the balance sheet date classified as Non-Current (Note 4(c))	1,000	-
Total Bank Balances other than above (B)	560	7,560
Total cash and Bank Balances (A+B)	132,523	291,608

7(c). Other Financial Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Interest accrued but not due	3,180	4,252
Total Other Financials Current Assets	3,180	4,252

8. Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered doubtful		
Excess Remuneration paid, recoverable from an erstwhile managing director	7,980	7,980
Less: Provision for excess remuneration paid, recoverable	(7,980)	(7,980)
Unsecured, considered good		
Balance with Statutory authorities	24,564	8,052
Advance for supply of goods and services	423	806
Prepaid expenses	586	449
Advance to employees	24	40
Unbilled revenue (Contract Assets)*	1,220	750
Total Other Current Assets	26,817	10,097

* During the year ended March 31, 2019, ₹ 750 of unbilled revenue pertaining to contracts as of April 1, 2018 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Notes on Accounts (Contd)

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

Note 9: Equity

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Authorised				
Equity shares of ₹ 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
Issued, Subscribed and Fully Paid-up				
Equity shares of ₹ 10/- each	61,030,568	610,306	61,030,568	610,306
TOTAL	61,030,568	610,306	61,030,568	610,306

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Equity shares				
At the beginning of the year	61,030,568	610,306	34,427,500	344,275
Issued during the year	-	-	26,603,068	266,031
Outstanding at the end of the year	61,030,568	610,306	61,030,568	610,306

(b) **Terms/rights attached to equity shares**

- a) 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. The rights were not exercised.

During the previous year, the Company made rights issue of 2,66,03,068 Equity Shares with a face value of ₹ 10 each for cash at a price of ₹ 45 each including a share premium of ₹ 35.00 per Equity Share aggregating to an amount upto ₹ 11,97,138/- thousands.

(c) **Shares held by holding company**

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Equity shares of ₹ 10/- each	35,128,078	351,280,780	35,128,078	351,280,780
(Held by Sun Pharmaceutical Industries Limited)				
	35,128,078	351,280,780	35,128,078	351,280,780

Notes on Accounts (Contd)

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

d. Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Sun Pharmaceutical Industries Limited*	35,128,078	57.56%	35,128,078	57.56%
Daiichi Sankyo Company, Limited	6,886,500	11.28%	6,886,500	11.28%
Padmasree Chigurupati	3,060,500	5.01%	3,060,500	5.01%

Note:

“Aggregate number of shares allotted as fully paid pursuant to contracts without payment being received in cash, bonus shares and shares bought back for period of 5 years immediately preceding balance sheet date Nil (Previous year: NIL)”

“During the year ended March 31, 2019, the amount of per share dividend recognised as distribution to equity shareholders was NIL (Previous year: NIL)”

Note 10: Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
Retained Earnings		
Securities premium reserve	2,095,431	2,095,431
Retained Earnings	(2,316,754)	(2,285,561)
Total Reserves & Surplus	(221,323)	(190,130)
Securities Premium Reserve		
Opening Balance	2,095,431	1,164,324
Rights issue	-	931,107
Closing Balance	2,095,431	2,095,431
Retained Earnings		
Opening balance	(2,285,561)	(2,167,663)
Net loss for the period	(31,270)	(118,511)
Remeasurements of post-employment benefit obligation, net of tax (OCI)	77	613
Closing Balance	(2,316,754)	(2,285,561)
GRAND TOTAL	(221,323)	(190,130)

Note 11 (a): Provisions - Long Term

Particulars	As at March 31, 2019	As at March 31, 2018
	Non-Current	Non-Current
Provision for Compensated Leave absences (Refer Note 11(c))	1,598	1,321
Provision for Gratuity (Refer Note 11 (c))	1,774	1,449
Total	3,372	2,770

Notes on Accounts (Contd)

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

Note 11 (b): Provisions - Short Term

Particulars	As at March 31, 2019	As at March 31, 2018
	Current	Current
Provision for indirect taxation (Refer footnotes below)	171,116	167,359
Provision for Compensated Leave absences (Refer Note 11(c))	581	302
Provision for Gratuity (Refer Note 11(c))	294	41
Total	171,991	167,702

i) Information about individual provisions and significant estimates.

Provision for indirect taxation

Provision for indirect taxation comprises of due towards Service Tax and Custom duty (EPCG)

Particulars	As at March 31, 2019	As at March 31, 2018
	Provision for Service Tax	90,215
Provision for Customs (EPCG Duty)	80,901	80,901
Total	171,116	167,359

ii) Movements in provisions

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

Particulars	Towards Service Tax	Towards Customs duty
	As at 1st April 2018	86,458
Charged/(credited) to profit or loss		
-additional provisions recognised	7,269	-
Amounts used during the year	(3,512)	-
As at 31st March 2019	90,215	80,901

ii) Movements in provisions

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

Particulars	Towards Service Tax	Towards Customs duty
	As at 1st April 2017	79,188
Charged/(credited) to profit or loss		
-additional provisions recognised	7,270	6,650
Amounts used during the year	-	(29,934)
As at 31st March 2018	86,458	80,901

Note 11 (c):

a) Employee Benefits

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Amount recognised as expense in the statement of Profit and Loss	
Provident Fund Contribution	1,928	1,878

Notes on Accounts (Contd)

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

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 availment of leave whilst in service and qualifying salary on the date of availment 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	Year ended 31 March 2019	Year ended 31 March 2018
Current Liability	581	302
Non-Current Liability	1,598	1,321
Total	2,179	1,623

c) Gratuity (Unfunded)

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Projected benefit obligation at the beginning of the year	1,490	1,569
Current Service Cost	542	583
Interest Cost	113	106
Actuarial (gain)/ loss on obligation	(77)	(613)
Benefits paid	-	(155)
Projected benefit obligation at the end of the year	2,068	1,490

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current Liability	294	41
Non-Current Liability	1,774	1,449
Total	2,068	1,490

Expense recognised in the Statement of Profit and Loss

	Year ended 31 March 2019	Year ended 31 March 2018
Service Cost	542	583
Interest Cost	113	106
Net Gratuity Costs	655	689

Summary of Actuarial Assumptions

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Discount rate	7.50%	7.70%
Salary escalation rate	7.00%	7.00%

Notes on Accounts (Contd)

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

Maturity profile of the defined benefit obligation

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Weighted average duration of defined benefit obligation (in years)	9.85	10.25
Expected benefit payments for the year ending		
Not later than 1 year	294	41
Later than 1 year and not later than 5 years	507	578
Later than 5 year and not later than 10 years	573	272
Above 10 years	3,748	2,985

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Remeasurement for the period - Obligation (gain)/loss arising from		
- change in demographic assumptions	(0)	(16)
- change in financial assumptions	40	(139)
- experience variance	(117)	(458)
Amount recognised in OCI	(77)	(613)

Sensitivity analysis of significant actuarial assumptions

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Decrease	Increase	Decrease	Increase
Discount rate(-/+1%)	5.12%	-4.74%	5.33%	-4.94%
Salary growth rate(-/+1%)	-4.78%	5.12%	-4.99%	5.3%

Note 12: Financial liabilities

(a) Current borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand		
Secured	-	-
Unsecured - amortised cost		
Loan from holding Company (including interest accrued)	204,642	53,262
Total current borrowings	204,642	53,262
Less: Interest accrued	2,242	53,262
Current borrowings (as per Balance Sheet)	202,400	-

Terms:

Loan from related party is availed with interest at the rate of 9% per annum on the principal amount outstanding. The interest shall be paid at the last day of every calendar quarter. However, any interest remaining unpaid at the end of financial year shall be added to the principal amount. Total Loan or any portion of the Loan amount shall be repayable at any time or from time to time during the Loan Period (i.e., 1 year calculated from the Effective Date). During the previous year the Company had repaid the principal and interest due upto Sep'16 out of proceeds from Rights Issue and interest from Oct'16 till July'17 still remains unpaid.

Notes on Accounts (Contd)

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

(b) Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
A). Trade payables-Micro and Small Enterprises (Refer footnotes below)	3,949	-
Total (A)	3,949	-
B). Trade payables-Others		
Related parties (Refer Note: 26(d))	1,438	2,059
Others	35,766	52,073
Total (B)	37,204	54,132
Total trade payables (A + B)	41,153	54,132

Note 1:

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company

Note 2:

Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

(c) Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Interest accrued and due*	29,887	80,907
Payable to employees	575	3,936
Expenses payables	2,965	3,235
Total other current financial liabilities	33,427	88,078

* Includes ₹ 2,242 (Previous year ₹ 53,262) Interest accrued and due pertaining to related parties. The Company had repaid the principal loan amount of ₹ 29,648 to Technology Development Board (TDB) during the year 2017-18. However, ₹ 27,645 towards Interest due is payable to TDB subject to realisation of 6,00,000 shares of Late.Dr. Jayaram Chigurupati held by TDB as security against the secured loan, as per the settlement agreement dated 22nd February, 2018 signed between the Company and TDB

Notes on Accounts (Contd)

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

Note 13: Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	-	1,672
Statutory liabilities	4,507	5,095
Advance Rent Received SPIL	-	257
Advance from related party (Sun Pharmaceutical Industries Limited)	-	77,531
Total	4,507	84,555

Note 14: Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	7,602	7,793
Sale of services	122,689	103,649
Total*	130,291	111,442

* Refer note 20 for further details

Note 15: Other income and other gains/(losses)

A) Other Income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income from bank deposits at amortised cost	12,482	17,308
Liabilities no longer required written back*	32,687	5,489
Lease Rental Income from Related Party	1,333	389
Miscellaneous income	595	505
Total (A)	47,097	23,691

* includes unclaimed balances of creditors and security deposits received from CSA's ageing more than 3 years

Note 16: Cost of materials consumed

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Raw materials and Packing materials at the beginning of the year	8,089	9,240
Add: Purchases	4,808	6,955
Less: Raw materials and Packing materials at the end of the year	5,842	8,089
Total cost of materials consumed	7,055	8,106

The cost of materials consumed includes ₹ 1,500 (Previous year ₹ 1,940) written off inventories relating to biotech division.

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening Balance		
Work-in progress	119	-
Total opening goods	119	-
Closing balance		
Work-in progress	-	119
Total closing balance	-	119
Total changes in inventories of work-in-progress, stock in trade and finished goods.	119	(119)

Notes on Accounts (Contd)

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

Note 17: Employee benefit Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	44,471	45,434
Contribution to provident fund and other funds	2,739	2,173
Staff welfare expenses	2,594	3,050
Total	49,804	50,657

Note 18: Finance Cost

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on Car Loan	-	-
Interest on Term Loan - Biotech Consortium	-	-
Interest on Term Loan - TDB	-	414
Interest on Term Loan - SPIL *	1,177	24,046
Others	-	34
Total	1,177	24,494

* Interest expense ₹ 1,455 (PY-NIL) related to Biotech Project transferred to Capital work in progress

Note 19: Other Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	36,821	42,428
Repairs and maintenance		
- Buildings	1,321	1,896
- Plant and machinery	13,804	18,732
- Others	4,540	5,471
Contract manpower expenses	10,753	9,861
Other manufacturing expenses		
- Analytical Charges	94	247
- Quality Control Cost	7,236	4,696
- Consumables	8,616	10,919
Advertisement	209	503
Communication	195	282
Rates and taxes	8,967	16,516
Insurance	1,678	2,048
Legal and professional	3,937	7,652
Remuneration to Auditors (Refer note(i) below)	1,294	789
Printing & Stationery	543	991
Office and general maintenance	314	885
Security charges	2,524	2,454
Selling and distribution	51	54
Net gain/(loss) on foreign currency transactions	1,244	124
Miscellaneous Balance Written off	769	583
Provision for doubtful debtors	-	11
Travelling and conveyance	2,350	3,550
Miscellaneous	1,223	782
Total	108,483	131,474

Notes on Accounts (Contd)

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

Note (i)

Details of payments to auditors

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Payment to auditors		
As Statutory auditor:	475	400
Certificates fees	230	50
Tax Audit fees	200	200
Other services	150	50
Out of pocket expenses	239	89
Total payment to auditors	1,294	789

Note 20: Customer contracts

Contract with customers :

Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations		
Revenue from contract with customers		
a) Sale of Oncology Products	7,602	7,793
b) Sale of Services- Contract Manufacturing)	122,689	103,649
c) Lease rental income	1,333	389
Total Income	131,624	111,831

Disaggregate Revenue

The Company derives its revenue from sale of goods and services related to manufacturing of pharmaceutical products to its only one customer i.e. Sun Pharmaceutical Industries Limited in India

Contract balances

Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards sales/Services. Revenue is recognised once the performance obligation is met.

As at 31st March	-	77,788
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Note 21: 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 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, 2019	Year ended March 31, 2018
From continuing operations attributable to the equity shareholders of the company	(0.51)	(2.24)
From Discontinued Operations	-	-
Total basic earnings per share attributable to the equity shareholders	(0.51)	(2.24)

Notes on Accounts (Contd)

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

b) Diluted Earnings Per Share		
From continuing operations attributable to the equity shareholders of the company	(0.51)	(2.24)
From Discontinued Operations	-	-
Total diluted earnings per share attributable to the equity shareholders	(0.51)	(2.24)
c) Reconciliation of earnings used in calculating earnings per share	Year ended March 31, 2019	Year ended March 31, 2018
Basic Earnings Per Share		
Profit attributable to the equity shareholders		
From continuing operations	(31,270)	(118,510)
From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating basic earnings per share:	(31,270)	(118,510)
Diluted Earnings per share		
Profit attributable to the equity shareholders		
From continuing operations	(31,270)	(118,510)
From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating diluted earnings per share	(31,270)	(118,510)
d) Weighted average number of shares used as denominator	No. of Shares	No. of Shares
Weighted average number of shares used as denominator in calculating basic earnings per share	61,030,568	53,021,325
Adjustments:	-	-
Weighted average number of shares and potential equity shares used as denominator in calculating diluted earnings per share	61,030,568	53,021,325

Note 22(a): Fair Value Measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the companies' financial instruments

	Sunday, March 31, 2019			Saturday, March 31, 2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Trade Receivables			23,581			39
Cash and cash equivalents and Bank Balances			132,523			291,608
Other Financial Assets - Non Current			6,368			3,929
Other Financial Assets - Current			3,180			4,252
Total Financial Assets			165,652			299,828
Financial Liabilities						
Borrowings	-		202,400	-		-
Trade payables			41,153			54,132
Other Financial liabilities			33,427			88,078
Total Financial Liabilities			276,980			142,210

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.

Notes on Accounts (Contd)

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

Note 22(b): Fair Value Hierarchy

As no financial instrument has been re-measured at fair value on recurring basis as at each financial period end, fair value hierarchy disclosure is not applicable

Note 23: Financial Risk Management

A) Credit Risk

As the Company currently deals only with the parent entity, it is not exposed to any credit risk as on the reporting date

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**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

There are no derivatives financial liabilities for the company.

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.

	Rs'000			
Contractual Maturities as at 31.03.2019	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
Non derivatives				
Borrowings	202,400	-	-	202,400
Obligations under finance lease	-	-	-	-
Trade payables	41,153	-	-	41,153
Other financial liabilities	33,427	-	-	33,427
Total non-derivative liabilities	276,980	-	-	276,980
Contractual Maturities as at 31.03.2018	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
Non derivatives				
Trade payables	54,132	-	-	54,132
Other financial liabilities	88,078	-	-	88,078
Total non-derivative liabilities	142,210	-	-	142,210

C) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may result from changes in the foreign currencies, exchange ratios, interest ratio, credit, liquidity and other market changes. However, currency risk and the interest risk are not significant to the Company since, the Company has only Indian rupee borrowings which is short term in nature.

Note 24: 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes on Accounts (Contd)

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Net debt (total borrowings net of cash and cash equivalents)	72,679	NA
Total equity (as shown in the balance sheet, including non-controlling interests).	388,983	NA
Gearing Ratio (Net debt to equity ratio)	19%	0%

Gearing Ratio Nil for FY 2017-18 as Cash and Cash Equivalents are more than borrowings to be paid.

Note 25 : 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 in Note (20), no operating results and other discrete financial information is available for the assessment of performance of the respective business divisions and resources allocation purpose.

Major Customer Dependency

Entire portion of the operating revenue earned by the Company is from Single Customer i.e., Sun Pharmaceutical Industries Limited in the current year. During the previous year, revenue earned from Sun Pharmaceutical Industries Limited is 99% of the total revenue for the year.

Note 26: Interests in other entities

a) Subsidiaries

The Company's subsidiaries at 31 March 2019 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
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	
		%	%	%	%	
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

* During the year ended March 31, 2017, the Company had decided to wind up its overseas subsidiaries 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. The process of winding-up of Zenotech Laboratories Nigeria Limited will be completed in F.Y: 2019-20. There is no change in the status of Zenotech Pharmaceutica do Brazil Ltda as on March 31, 2019.

b) Interest in Associates and Joint Ventures- Nil

Notes on Accounts (Contd)

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

Note 27: Related party transactions

(A) Holding Company:

Name	Type	Place of incorporation	Ownership interests	
			31.03.2019	31.03.2018
Sun Pharmaceutical Industries Limited	Immediate and ultimate parent entity	India	57.56%	57.56%

(B) Fellow Subsidiary:

Sun Pharma Laboratories Limited	Fellow Subsidiary	India	NA
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(C) Key managerial personnel:

Name	Designation
Mr. Dinesh Kapoor	Chief Executive Officer (upto Nov 2017)
Mr. Rajendra Singh Parihar	Chief Executive Officer (wef. Feb 2018)
Mr. Poly K V	Chief Financial Officer
Mr. Abdul Gafoor Mohammad	Company Secretary & Compliance Officer

(D) Transactions and balances with related parties:

Particulars	Name of Entity	For the year ended March 31, 2019	For the year ended March 31, 2018
i) Operating transactions/balances with holding Company/group Company			
Sales*		6,382	6,981
Conversion Charges*		122,689	103,649
Interest on short-term borrowing	Sun Pharmaceutical Industries Limited	2,632	24,046
Trade advances taken Rental and Hire Charges Received		-	86,525
		1,333	389
Repayment of Interest accrued from borrowings		53,262	-
Purchase of Fixed Assets	Sun Pharma Laboratories Limited	1,269	-
Other income received		50	-
Trade payable (Balances as at)		1,438	-

(ii) Loans and advances from/to related parties:

Particulars	As at March 31, 2019	As at March 31, 2018
a). Loans from Sun Pharmaceutical Industries Limited		
Beginning of the year	53,262	726,919
Loans advanced/ received	202,400	-
Loans repayment received/ made	(53,262)	(695,298)
Interest charged	2,369	21,641
Interest paid	(127)	-
End of the year	204,642	53,262
b). Trade advances from Sun Pharmaceutical Industries Limited		
Beginning of the year	77,532	128,483
Advance taken	-	86,525
Adjusted with sales/services	(152,750)	(125,544)
Advance repaid	-	(13,709)
Receipts against bills	51,637	1,777
End of the year	(23,581)	77,532

Notes on Accounts (Contd)

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

(E) Key management personnel compensation:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short- term employee benefits	5,874	8,639

Notes:

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.

Note 28:

- a) Update on the events and circumstances relating to on-going differences with Late Dr. Jayaram Chigurupati, the erstwhile Promoter and Managing Director of the Company. Post acquisition of stake in the Company by Ranbaxy Laboratories Limited and Daiichi Sankyo Company Limited (taken over by Sun Pharmaceutical Industries Limited effective from 24 March 2015 pursuant to a merger scheme herein after referred to as the “current promoters”) there were disagreements on various accounts between Late Dr. Jayaram Chigurupati and Ranbaxy Laboratories Limited/Daiichi Sankyo Company Limited resulting in various legal cases being filed by both the parties before various forums. The Management was denied 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 Late 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 Management revealed that, among others, certain books and records, supplementary documents and statutory registers till the period 12 November 2011 were missing and which are still not in the possession of the Company. The Honourable Company Law Board vide order dated 8 October 2012 further directed the 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 Honourable High Court of Andhra Pradesh has also passed a similar order. The Company not yet received any of these documents/ information. The 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 on-going, 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 Management observed that no books of account and records were available regarding its overseas subsidiaries. The management has not received 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 investment made in the same. Provision has not been made for potential and financial consequences arising out of such on-going evaluations, the outcome of which will depend on the nature and extent of non compliances which is currently not determinable. Meanwhile, the Board has initiated the winding-up process for the defunct subsidiaries in Brazil and Nigeria.

Note 29 : Contingent assets and liabilities

(i). Contingent liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Claims against the Company not acknowledged as debt		
Employee claims towards Gratuity	1,860	-
Claims by erstwhile co-managing director	-	12,064
Total	1,860	12,064

Notes on Accounts (Contd)

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

Particulars	As at 31 March, 2019	As at 31 March, 2018
(b) Guarantees		
Bank Guarantees issued on behalf of third parties	-	-
Total	-	-
(c) Other matters for which the Company is contingently liable		
Income Tax	-	49,634
Customs & Central Excise	104,640	104,640
Service Tax	78,912	23,998
Sales Tax / VAT	39	
Wealth Tax	69	
Others*	-	-
Total	183,660	178,272

* 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. During the previous year ended March 31, 2018, Company has repaid all the amount due to TDB (excluding Interest) based on the settlement agreement by the DRC (Dispute Resolution Committee). The Interest liability will depend upon the liability payable less the shares sold in the open market by TDB (Pledged shares)
- 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% share of the Company at ₹ 113.62 per share. Aggrieved by the pricing of the share, erstwhile promoter 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 ₹ 160 per share. DS has 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 ₹ 113.62 per share. In June 2012, erstwhile promoter has filed a writ petition before Honourable Andhra Pradesh High Court against 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.

(ii) **Contingent assets : Nil**

Note 30 : Asset pledged as security

The carrying amount of assets pledged as security in case of loan taken from Technology Development Board (TDB)

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Property, plant & equipments (First charge)	431,086	444,309
Total non-current assets pledged as security	431,086	444,309
Total assets pledged as security	431,086	444,309

Notes on Accounts (Contd)

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

Note 31: Unhedged foreign currency exposure

- a) There are no outstanding forward exchange contracts as at the year end.
- b) Foreign currency exposures as at 31 March 2019 and as at 31 March 2018 that have not been hedged by derivative instruments or otherwise:

Particulars	As at 31 March 2019		As at 31 March 2018	
	(IN USD)	Rs.	(IN USD)	Rs.
Loans and advances to subsidiaries *	584,223	26,086	584,223	26,086
Trade payables	1,066	74	45,524	2,054
Other payables	-	-	307,544	20,004

* Provided fully and hence not restated

Note 32: Capital Commitments

Particulars	As at 31 March 2019	As at 31 March 2018
Estimated value of contracts remaining to be executed on capital account and not provided for		
Tangible Assets	74,770	36,597
Intangible Assets	-	-
	74,770	36,597

Note 33:

During the year, there is an outstanding amount of ₹ 80,901 (PY: ₹ 80,901) provided 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:

In the absence of probability on availability of taxable profit in near future, the Company has not recorded the cumulative deferred tax assets as on 31 March 2018 on unabsorbed depreciation amounting to ₹ 495,121 (Previous year: ₹ 447,439) arising on account of temporary differences, as stipulated in IND AS 12- Income Taxes.

Note 35:

Previous year's figures have been regrouped, wherever necessary, to confirm to current year's grouping.

Note 36:

The Standalone financial statements were approved by the board by directors on May 18, 2019.

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

S.Prasana Kumar
 Partner
 Membership No.: 212354

Azadar Hussain Khan
 Chairman
 DIN:01219312

Kavita R.Shah
 Director
 DIN:02566732

R.S.Parihar
 Chief Executive Officer

Poly K.V.
 Chief Financial Officer

Abdul Gafoor Mohammad
 Company Secretary

Place : Mangalore
 Date : 18 May 2019

Place : Mumbai
 Date : 18 May 2019



ZENOTECH LABORATORIES LTD.

CIN: L27100AP1989PLC010122

Survey No. 250-252 , Turkapally Village, Shameerpet Mandal,
Hyderabad-500 078 Telangana State

Telephone Nos. : +91 90320 44584/585/586

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

30TH ANNUAL GENERAL MEETING 2018-19

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 30th Annual General Meeting of the members of Zenotech Laboratories Limited held on Saturday, September 21, 2019 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.

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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 30th Annual General Meeting of the members of Zenotech Laboratories Limited will be held on Saturday, September 21, 2019 at 10:00 A.M. at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana State – 500 078, India, 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, 2019 and the Reports of the Board of Directors and Auditors thereon	Ordinary Resolution		
2.	To appoint a Director in place of Dr. Azadar Husain Khan (DIN: 01219312), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary Resolution		

Signed this _____ day of _____ 2019

Signature of Shareholder _____

Signature of Proxyholder(s) _____

Affix
Revenue
Stamp

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.

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Manufacturing facilities & Registered office :

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Phone : +91 90320 44584 / 585 / 586
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