



**zenotech**

CIN: L27100TG1989PLC010122

**ZENOTECH LABORATORIES LIMITED**

Survey No.250 -252

Turkapally Village

Shamirpet Mandal

Hyderabad - 500 078 T.S., India.

Tel: +91 90320 44584/ 585

Email: info@zenotech.co.in

www.zenotechlab.com

Date: September 02, 2021

To

**BSE Limited,**  
Market Operations Dept.  
P. J. Towers, Dalal Street,  
Mumbai – 400 001.

**Scrip Code: 532039**

Dear Sirs/ Ma'am,

**Sub: Submission of Annual Report of the Company for the year ended March 31, 2021 along with the Notice of 32<sup>nd</sup> Annual General Meeting of the Company**

Pursuant to Regulation 34(1)(a) and clause 12 of Part A of Schedule III read with Regulation 3 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for the financial year 2020-21 along with the Notice of the 32<sup>nd</sup> Annual General Meeting of the Company, scheduled to be held on **Saturday, September 25, 2021 at 10.30 a.m. IST (Indian Standard Time) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")**, a copy of which was e-mailed to all the shareholders of the Company whose e-mail ids are available with us. The remote e-voting period shall commence on **Wednesday, September 22, 2021 at 09:00 a.m. and shall end on Friday, September 24, 2021 at 05:00 p.m.**

The business proposed to be transacted at the 32<sup>nd</sup> Annual General Meeting, as detailed in the Notice, is as follows:

Item No.	Particulars of Business
<b>Ordinary Business</b>	
1.	To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Board of Directors and Auditors thereon.
2.	To appoint a Director in place of Dr. Azadar Husain Asghar Mehdi Khan (DIN: 01219312), who retires by rotation and being eligible, offers himself for re-appointment.

This is for your information and dissemination.

Thanking you,

Yours faithfully,

For **Zenotech Laboratories Limited**

*W. Abdul Gafoor*


Abdul Gafoor Mohammad

Company Secretary & Compliance Officer

*Encl: as above*

CC:

1. National Securities Depository Limited, Trade World, Kamla Mills Compound, Lower Parel, Mumbai – 400 012.
2. Central Depository Services (India) Limited, Unit No. A- 2501, A Wing, Marathon Futurex, IT Park, 25th Floor, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013.
3. KFin Technologies Private Limited, Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

A large decorative graphic consisting of three overlapping, curved, leaf-like shapes in yellow, blue, and green, extending from the left side of the page towards the right, partially overlapping the orange background.

Annual Report  
2020-21



**ZENOTECH LABORATORIES LIMITED**  
CIN: L27100TG1989PLC010122

**BOARD OF DIRECTORS**

**Dr. Azadar Husain Asghar Mehdi Khan** : Non-Executive Director  
**Jignesh Anantray Goradia** : Non-Executive Director  
**Kavita Rakesh Shah** : Independent Director  
**Chintan Jitendra Shah** : Independent Director  
**Jagruti Prashant Sheth** : Independent Director  
**Rakeshchandra Jagdishprasad Sinha** : Non-Executive Director

**Key Managerial Personnel**

**Rajendra Singh Parihar** : Chief Executive Officer (up to August 14, 2020)  
**Devendra Chandrakant Shenvi Kenkre** : Chief Executive Officer (w.e.f. January 23, 2021)  
**Poly K.V.** : Chief Financial Officer  
**Abdul Gafoor Mohammad** : Company Secretary & Compliance Officer

**Manufacturing & Registered Office**

: Survey No.250-252, Turkapally Village,  
Shamirpet Mandal, Hyderabad – 500 078, Telangana State, India  
Telephone Nos. +91 90320 44584/585/586  
Email Id: [info@zenotech.co.in](mailto:info@zenotech.co.in)  
Website: [www.zenotechlab.com](http://www.zenotechlab.com)

**Registrar and Share Transfer Agent**

: **KFin Technologies Private Limited**  
Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032, Telangana State, India  
Telephone Nos.: 1800-3454-001 (Toll Free)  
Email Id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

**Statutory Auditors**

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

**Secretarial Auditor**

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

**Internal Auditor**

: **N. Sai Baba & Co.,**  
Chartered Accountants  
Hyderabad, Telangana State, India.

**32<sup>ND</sup> ANNUAL GENERAL MEETING**

**Time : 10:30 A.M.**

**Date : Saturday, September 25, 2021**

**Venue : Through Video Conferencing (VC) /  
Other Audio Visual Means (OAVM)**

## Contents

03	Notice of the 32 <sup>nd</sup> Annual General Meeting
11	Board's Report
25	Report on Corporate Governance
37	CEO & CFO Certificate
38	Management Discussion and Analysis Report

## Financial Statements

45	Auditors' Report
53	Balance Sheet
54	Statement of Profit and Loss
55	Statement of changes in Equity
56	Cash Flow Statement
59	Notes forming part of the Accounts

### **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 32<sup>nd</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of **Zenotech Laboratories Limited** will be held on **Saturday, September 25, 2021 at 10:30 a.m.** IST through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”), to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Azadar Husain Asghar Mehdi 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**

Date: July 24, 2021  
Place: Hyderabad

**Abdul Gafoor Mohammad**  
Company Secretary & Compliance Officer

### Registered Office:

Zenotech Laboratories Limited  
Survey No.250-252, Turkapally Village,  
Shamirpet Mandal,  
Hyderabad – 500 078, Telangana State  
CIN: L27100TG1989PLC010122  
Tel No. +91 9032044584/585/586  
Email: info@zenotech.co.in  
Website: www.zenotechlab.com

## NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 read with General Circular No. 14/2020 dated 8<sup>th</sup> April 2020, General Circular No. 17/2020 dated 13<sup>th</sup> April 2020 and General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through Video Conference/Other Audio Visual Means, without the physical presence of the Members at a common venue. Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the AGM of the Company will be conducted through VC / OAVM. National Securities Depository Limited (‘NSDL’) will be providing facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM.
2. Since this AGM is being held through VC / OAVM, pursuant to MCA Circulars, physical attendance of the members has been dispensed with. **Accordingly, the facility for appointment of proxies by the members will not be available for the AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.**
3. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC/OAVM. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorization shall be sent to the Company at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) or to KFin Technologies Private Limited, Registrar and Share Transfer Agent at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 18, 2021 to September 25, 2021 (both days inclusive) for the purpose of AGM.
5. The voting rights of Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date (“Record Date”), i.e., as on Saturday, September 18, 2021.
6. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as SEBI Listing Regulations, 2015) and Secretarial Standard on General

Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM forms part of the Notice.

7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
8. The AGM has been convened through VC/OAVM in compliance with the applicable provisions of the Companies Act, 2013 read with the MCA Circulars.

**DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDs**

9. In compliance with the aforesaid MCA Circulars and Securities Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 read with SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021, Notice of 32<sup>nd</sup> AGM along with the Annual Report is being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
10. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.
11. This Notice of 32<sup>nd</sup> AGM along with Annual Report for FY 2020-21, is available on the website of the Company's website, [www.zenotechlab.com](http://www.zenotechlab.com), website of Stock Exchange i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

**PROCEDURE FOR ATTENDING THE AGM THROUGH VC / OAVM:**

12. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned in NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed.
13. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
14. Members are requested to join the Meeting through Laptops for better experience and will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connected via mobile hotspot may experience audio/video loss due to fluctuation in their respective networks. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches.
15. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.
16. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, Manager.

**PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:**

17. As the AGM is being conducted through VC / OAVM, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id/Folio No., e-mail id, mobile number at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Saturday, September 18, 2021 on the aforementioned e-mail id shall only be considered and responded to during the AGM.
18. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id / Folio No., PAN, mobile number at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) on or before September 18, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

19. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

#### PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM

20. In compliance with provisions of Section 108 of the Companies Act, 2013; Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force); Regulation 44 of SEBI Listing Regulations, 2015 and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India and in terms of SEBI Circular No. SEBI/HO/CFD/ CMD/ CIR/P/2020/242 dated 9<sup>th</sup> December, 2020, the Company has provided a facility to its Members to exercise their votes electronically through the electronic voting (“e-voting”) facility provided by the National Securities Depository Limited (“NSDL”).
21. Members whose name appears in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date i.e., Saturday, September 18, 2021 shall only be entitled to attend and vote at the AGM. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
22. The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9:00 AM (IST) on September 22, 2021 End of remote e-voting: Up to 5:00 PM (IST) on September 24, 2021. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Saturday, September 18, 2021, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently.

In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting.

23. The procedure and instructions for remote e-voting are given below:

Step 1: Log-in to NSDL e-voting system at URL: <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-voting system.

#### Details on Step 1 to log in to NSDL e-voting system are mentioned below:

In terms of the SEBI circular dated December 9, 2020 on the e-voting facility provided by listed companies and as part of increasing the efficiency of the voting process, e-voting process has been enabled to all individual shareholders holding securities in demat mode to vote through their demat account maintained with depositories / websites of depositories / depository participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

- A) Login method for Individual shareholders holding securities in demat mode is given below:

Type of Shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL	<p>I. NSDL IDeAS Facility</p> <p><b>If you are already registered for the NSDL IDeAS facility,</b></p> <ol style="list-style-type: none"> <li>Please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a personal computer or mobile phone.</li> <li>Once the homepage of e-Services is launched, click on the “Beneficial Owner” icon under “Login”, available under the “IDeAS” section.</li> <li>A new screen will open. You will have to enter your user ID and password. After successful authentication, you will be able to see e-voting services.</li> <li>Click on “Access to e-voting” under e-voting services and you will be able to see the e-voting page.</li> <li>Click on options available against company name or e-voting service provider – NSDL and you will be re-directed to the NSDL e-voting website for casting your vote during the remote e-voting period or voting during the meeting.</li> </ol>



Type of Shareholders	Login method
	<p><b>If the user is not registered for IDeAS e-Services,</b></p> <ol style="list-style-type: none"> <li>1. The option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>.</li> <li>2. Select “Register Online for IDeAS” or click on <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Upon successful registration, please follow steps given in points 1 - 5 above.</li> </ol>
	<p><b>II. E-voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or mobile phone.</li> <li>2. Once the homepage of e-voting system is launched, click on the “Login” icon, available under the “Shareholder / Member” section.</li> <li>3. A new screen will open. You will have to enter your User ID (i.e. your 16-digit demat account number held with NSDL), Password / OTP and a verification code as shown on the screen.</li> <li>4. After successful authentication, you will be redirected to the NSDL Depository site wherein you can see the e-voting page. Click on options available against company name or e-voting service provider – NSDL and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or voting during the meeting.</li> </ol>
<p>Individual shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest can log in through their user ID and password. The option to reach the e-voting page will be made available without any further authentication. The URL for users to log in to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on “New System Myeasi”.</li> <li>2. After successful login on Easi / Easiest, the user will be also able to see the e-voting Menu. The menu will have links of e-voting service provider (“ESP”) i.e. NSDL portal. Click on NSDL to cast your vote.</li> <li>3. If the user is not registered for Easi / Easiest, the option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access the e-voting page by providing demat account number and PAN from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered mobile number and email as recorded in the demat account. After successful authentication, the user will be provided links for the respective ESP i.e. NSDL, where the e-voting is in progress.</li> </ol>
<p>Individual shareholders (holding securities in demat mode) logging in through their depository participants</p>	<ol style="list-style-type: none"> <li>1. You can also log in using the login credentials of your demat account through your depository participant registered with NSDL / CDSL for the e-voting facility.</li> <li>2. Once logged in, you will be able to see the e-voting option. Once you click on the e-voting option, you will be redirected to the NSDL / CDSL depository site after successful authentication, wherein you can see e-voting feature.</li> <li>3. Click on the options available against company name or e-voting service provider-NSDL and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or voting during the meeting.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use “Forgot User ID” and “Forgot Password” option available on the above-mentioned website.

Helpdesk for individual shareholders holding securities in demat mode for any technical issues related to login through depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call on the toll free no.: 1800 1020 990 or 1800 22 44 30
Individual shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact on 022- 23058738 or 022-23058542-43

**B) Login method for e-voting and voting during the meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

1. Visit the e-voting website of NSDL. Open the web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile phone.
2. Once the homepage of e-voting system is launched, click on the icon "Login", available under 'Shareholder/Member'.
3. A new screen will open. You will have to enter your User ID, Password / OTP and a verification code as shown on the screen.
4. Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log in to NSDL e-services using your login credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically on NSDL e-voting system.
5. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if EVEN is 123456 and folio number is 001*** then user ID is 123456001***

6. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in this Notice.
7. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
9. Now, you will have to click on “Login” button.
10. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 to cast vote electronically on NSDL e-Voting system are mentioned below:**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of the Company, which is 117390.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**Process for procuring user ID and password for e-voting for those shareholders whose email IDs are not registered with the depositories / Company**

Shareholders may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user ID and password for e-Voting.

1. In case shares are held in physical mode, please provide Folio Number, name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card)
2. In case shares are held in demat mode, please provide DP ID and Client ID (16-digit DP ID + Client ID or 16-digit beneficiary ID), name of member, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card).
3. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting and voting during the meeting for Individual shareholders holding securities in demat mode.

**PROCEDURE FOR E- VOTING ON THE DAY OF THE AGM:**

1. Only those members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions by remote e-voting prior to the AGM shall be entitled to cast their vote through the e-voting system at the AGM.
2. The procedure for e-voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.

**GENERAL INFORMATION FOR SHAREHOLDERS**

24. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on <https://www.evoting.nsdl.com/> to reset the password.
25. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com/> or call on toll free no.:1800 1020 990/ 1800 224 430 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).  
In case of any grievances connected with facility for remote e-voting or e-voting at the AGM, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, ‘A’ Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.  
Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)
26. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., September 18, 2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
27. The Company has appointed Mr. Mahadev Tirunagari, Practising Company Secretary, Hyderabad (FCS No.: 6681 CP No.: 7350) as the Scrutinizer to scrutinize the remote e-voting & e-voting process during the AGM in a fair and transparent manner.
28. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote

e-voting and e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him/her in writing, who shall countersign the same.

29. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: [www.zenotechlab.com](http://www.zenotechlab.com) and on NSDL's website: <https://www.evoting.nsdl.com/> immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

**PROCEDURE FOR INSPECTION OF DOCUMENTS:**

30. All the documents referred to in the accompanying Notice shall be available for inspection through electronic mode, basis the request being sent on [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) mentioning their name, DP Id and Client Id / Folio No., PAN, mobile number.
31. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at NSDL e-voting system at <https://www.evoting.nsdl.com/>.

**OTHER INFORMATION:**

32. To prevent fraudulent transactions, members are advised to exercise due diligence and notify any change in information to Registrar and Share Transfer Agent or Company as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
33. Members who hold shares under more than one folio in name(s) in the same order, are requested to send the relative Share Certificate(s) to the Company's Registrar and Transfer Agent for consolidating the holdings into one account. The Share Certificate(s) will be returned after consolidation.
34. Members holding shares in dematerialised form may please note that, while opening a depository account with Participants they may have given their bank account details, which will be printed on their dividend warrants. However, if Members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.
35. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent or the Company.
36. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling form SH-13. Members holding shares in the dematerialized form may contact their Depository Participant for recording the nomination in respect of their holdings.
37. All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar and Transfer Agent, KFin Technologies Private Limited, at the address mentioned below:

**KFin Technologies Private Limited**

(Formerly known as Karvy Fintech Private Limited)

Unit: Zenotech Laboratories Limited

Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032

Tel. No.: 1800-3454-001 Fax No.: +91 40 2342 0814,

E-mail Id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) Website: [www.kfintech.com](http://www.kfintech.com)

38. Pursuant to provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is maintaining an E-mail Id: [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) exclusively for quick redressal of members/ investors grievances.
39. Pursuant to the provisions of Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities can be transferred only in dematerialised form w.e.f. 1 April 2019. Members are requested to convert their physical holdings into demat form to avoid any possibility of loss, mutilation etc., of physical share certificates. Any shareholder who is desirous of dematerializing their securities may write to Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) or to the Registrar and Share Transfer Agent.

**PROFILE OF DIRECTORS**

(Details of Directors proposed to be appointed/ reappointed)

As required by Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), the particulars of Directors who are proposed to be appointed/re-appointed at this 32<sup>nd</sup> Annual General Meeting, are given below:

<b>Particulars/Name</b>	<b>Dr. Azadar Husain Asghar Mehdi Khan</b>
Director Identification Number (DIN)	01219312
Age	63 Years
Date of first Appointment on the Board	August 25, 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 Masters of Science in Counselling and Psychotherapy from Institute of Pyschotherapy and Management Sciences.
Brief resume of the Director including nature of expertise in specific functional areas:	<p>He is heading India Regulatory Affairs, Corporate Relations, and Corporate Social Responsibility function. Previously he has served at leadership positons in functions viz. Human Resources, Clinical Research.</p> <p>He is a member of Academic Planning and Development Committee (APDC) of prestigious National Pharmaceutical Education and Research (NIPER), Guwahati, an institute of National Importance under Department of Pharmaceuticals, Ministry of Chemical and Fertilizers, Government of India.</p> <p>He is a member of Research Advisory Committee (RAC) of Integral University, Lucknow, recognized as a Scientific and Industrial Research Organization by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India</p>
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
Inter-se Relationship between Directors	None
No. of Shares held in the Company as on March 31, 2021	Nil

## BOARD'S REPORT

Your Directors take pleasure in presenting the 32<sup>nd</sup> Annual Report and audited accounts of the Company for the financial year ended March 31, 2021:

### Financial Results

₹ in Lakhs

Particulars		2020-21	2019-20
(i)	Revenue from operations	1,937.33	2,593.83
(ii)	Other Operating Income	301.54	8.23
(iii)	Other income	46.49	117.02
(iv)	Total Revenue (i+ii+iii)	2,285.36	2,719.08
(v)	Depreciation	645.60	484.96
(vi)	Finance cost	154.75	89.25
(vii)	Other expenses	1,606.52	1,704.09
(viii)	Total Expenses (v+vi+vii)	2,406.87	2,278.29
(ix)	Profit/(Loss) before exceptional items and tax (iv-viii)	(121.51)	440.79
(x)	Exceptional items	-	636.96
(xi)	Profit/(Loss) after tax	(121.51)	1,077.75
(xii)	Other Comprehensive Income	(0.57)	(4.68)
(xiii)	Total Comprehensive Income for the period (xi+xii)	(122.08)	1,073.07
(xiv)	Loss brought forward from previous year	(22,094.47)	(23,167.54)
(xv)	Profit/(Loss) carried forward to Balance Sheet (xiii+xiv)	(22,216.55)	(22,094.47)

### Performance review and the state of Company's affairs

During the year under review, the Company recorded revenue of ₹ 1,937.33 Lakhs (previous year ₹ 2,593.83 Lakhs) from its operations over the corresponding previous year. The Company reported a loss of ₹ 121.51 Lakhs as against the previous year reported profit of ₹ 1,077.75 Lakhs, (includes exceptional items of ₹ 636.96 Lakhs. The Earnings per Share (EPS) of your Company has come down to ₹ (0.20) per share in fiscal 2020-21 from the previous year EPS of ₹ 1.77 per share in fiscal 2019-20. The operational performance of the Company's Oral Solid Dosage (OSD) facility and its newly commissioned Depot formulations facility were in growing trend during the year. However, the sluggish market demand to Cyto & General Injectables and ophthalmic formulations, hindered to attain optimum utilization of operational capacities. Based on the projected business plans for the current and forthcoming years, the Company believes that it can maintain its positive performance by utilizing its existing 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.

The Company renovated its Biotech API manufacturing facility and the same has been leased to Sun Pharmaceutical Industries Limited, for their R&D activities. Company's other operating income is generated from leasing of its idle facility and equipments effective from July, 2021.

### Impact of COVID-19 pandemic

The Company is fully operational during the year under review despite manpower crunch amid lockdown and social distancing measures. However, the production timelines have changed drastically due to non-availability or disrupted supply of raw materials and packing materials during COVID-19. The Company is moving forward very confidently by amending concerned SOP's to meet COVID-19 impact & challenges. The COVID-19 pandemic has continued affecting the global economy from almost more than a year and second wave of the COVID-19 continued the restrictions and disruption in the routine. We remain committed to the health and safety of our employees and their families, as well as, business continuity to safeguard the interests of our partners, customers and other stakeholders.

### 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. During the year 2019-20, 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. Due to COVID-19 pandemic, the winding up process of Zenotech Farmaceutica Do Brasil Ltda, Brazil during the financial

year 2020-21, came to standstill. The Company has evaluated and concluded that it is not controlling Zenotech Inc., a US subsidiary. For more information on subsidiaries, please refer to section “Consolidated financial statements” in this Report.

### **Annual Return**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the Annual Return as at March 31, 2021 in Form MGT-7, can be accessed at Company’s website <http://www.zenotechlab.com/annual-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, 2021 is 217. 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. The Remuneration policy is available on the website of the Company <http://zenotechlab.com/wp-content/uploads/2015/07/Remuneration-Policy.pdf>.

### **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 1 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.

### **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's 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 policy is available on the website of the Company <http://zenotechlab.com/wp-content/uploads/2021/08/Familiarization-Programme.pdf>.

#### **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 re-appointed as the Statutory Auditors of the Company in the 31<sup>st</sup> Annual General Meeting of the Company held on September 26, 2020 for a further period of five years i.e. till the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2025.

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 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021, is appended herewith as Annexure 2 to this Report. The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark.



**Cost Audit**

The Company is not required to maintain cost records as specified by the Central Government under section 148 (1) of the Act and accordingly the Cost Audit is not applicable.

**Secretarial Standards**

The Company has complied with the applicable Secretarial Standards as amended from time to time.

**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 Late 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 subsidiary in Brazil, however due to COVID-19 pandemic, the process came to standstill. 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, Late Dr. Jayaram Chigurupati, who was in complete control over the Company affairs during the period of these events. However, due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was abated.

**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, 2021 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**

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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 (DIN: 01219312), Director, is liable to retire by rotation at the ensuing 32<sup>nd</sup> Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his appointment.

During the year under review, Mr. Rajendra Singh Parihar, on attaining the age of superannuation, has ceased to be Chief Executive Officer of the Company on the closing hours of August 14, 2020. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Devendra Chandrakant Shenvi Kenkre as Chief Executive Officer of the Company w.e.f January 23, 2021.

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. Devendra Chandrakant Shenvi Kenkre, 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.

Further, the Independent Directors of the Company are exempted from the requirement to undertake online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

### **Declaration by Independent Directors**

The Company has received declarations from all the independent directors of the Company 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, 2021. 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, 2021 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 3 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/wp-content/uploads/2015/07/Policy\\_on\\_Related\\_Party\\_Transactions\\_Annex\\_1.pdf](http://zenotechlab.com/wp-content/uploads/2015/07/Policy_on_Related_Party_Transactions_Annex_1.pdf).

### **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 has attracted criteria for Corporate Social Responsibility (CSR) by crossing net profit beyond Rs. 5 crores (in the last financial year ended on March 31, 2020) pursuant to the provisions of Section 135 of the Companies Act, 2013 including Rules framed there under.

The Company has constituted the Corporate Social Responsibility Committee and it comprises of Dr. Azadar Husain

Khan as Chairperson of the Committee, Mr. Jignesh Anantray Goradia and Smt. Jagruti Prashant Sheth as Members. The Company is in the process of formulating CSR policy, in consultation with CSR Committee, in terms of Section 135 and other applicable provisions, if any, of the Companies Act, 2013 and read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR spend is not applicable to the Company for the financial year 2020-21, since the average net profits for the preceding three financial years is resulting in the loss.

#### **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 2020-21 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). 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 4 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](http://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: Delhi

Date: May 01, 2021

**Chairperson**

## Annexure 1

### 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 2020-21:

Name of the Director	Ratio of remuneration of each director/ to median remuneration of employees
Dr. Azadar Hussain Asghar Mehdi Khan	N.A.
Smt. Kavita Rakesh Shah	N.A.
Mr. Jignesh Anantray Goradia	N.A.
Mr. Chintan Jitendra Shah	N.A.
Smt. Jagruti Prashant Sheth	N.A.
Mr. Rakeshchandra Jagdishprasad Sinha	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 2020-21
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 (up to August 14, 2020)	N.A.
Mr. Devendra Chandrakant Shenvi Kenkre - (w.e.f. January 23, 2021)	10%
Mr. Poly K.V. - Chief Financial Officer	7%
Mr. Abdul Gafoor Mohammad - Company Secretary & Compliance Officer	6%

\* 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:  
9.05%
- (iv) The number of permanent employees on the rolls of Company:  
134
- (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:  
9.09%
- (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.

**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 : 01 May 2021  
UDIN : F006681C000219621

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

[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 2021 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:

**Auditor's Responsibility:**

1. The audit has been conducted as per the applicable Auditing Standards.
2. The Auditor has obtained reasonable assurance about whether the statements prepared, documents or Records maintained by the Auditee are free from misstatement.
3. Auditor has the responsibility to only express his opinion on the evidence collected, information received and Records maintained by the Auditee or given by the Management.
4. The Auditee has followed applicable laws, act, rules or regulations in maintaining their Records, documents, statements or have complied with applicable laws, rules while performing any corporate action.

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 2021 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; - (Not Applicable to the company during the period under review).
- (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; - (Not Applicable to the company during the period under review).
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - (Not Applicable to the company during the period under review).
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - (Not Applicable to the company during the period under review).
  - (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; - (Not Applicable to the company during the period under review).

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - (Not Applicable to the company during the period under review). and
  - (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. Indian Boilers Act, 1923
  3. Standards of Weights and Measures Act, 1976
  4. The Drugs Control Act, 1950 / DPCO, 2013 / rules;
  5. Air (Prevention and Control of Pollution) Act, 1981
  6. Water (Prevention & Control of Pollution) Act, 1974
  7. Explosives Act, 1884

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.
- (iii) Auditing Standards issued by The Institute of Company Secretaries of India.

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

1. As informed by the management /reported in the Annual Report for the financial year ended 31 March 2021 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 Company is in process of closure of all Civil Cases against Late Dr. Jayaram Chigurupati and his legal heirs, if any.
  - 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. No changes have taken place in the composition of Board of Directors during the year.

Further, Chief Executive Officer Mr. Devendra Chandrakant S. Kenkre was appointed w.e.f. 23 January 2021. The appointment of the Chief Executive Officer was carried out in compliance with the provisions of the Act.

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Adequate notice is given to all directors to schedule the Board Meetings/Committee 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**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.

**I further report that** during the audit period, no major events have happened which are deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

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

Place: Hyderabad  
Date: 01 May 2021  
UDIN:F006681C000219621

**Mahadev Tirunagari**  
**Company Secretary in Practice**  
FCS: 6681  
CP No.: 7350



**Annexure 3**

**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:		
<b>1.</b>	<b>Details of contracts or arrangements or transactions not at arm's length basis:</b>	
	(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	
<b>2.</b>	<b>Details of material contracts or arrangement or transactions at arm's length basis:</b>	
	(a) Name(s) of the related party and nature of relationship	Sun Pharmaceutical Industries Limited
	(b) Nature of contracts/arrangements/transactions	*Please refer the note given below
	(c) Duration of the contracts / arrangements / transactions	On-going
	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	*Please refer the note given below
	(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 4

### 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 utilizing alternate sources of energy and investment made thereon:

Disclosure of particulars with respect to Conservation of Energy:

a)	Power and fuel consumption	2020-21	2019-20
1	Electricity		
	<b>i. Purchased</b>		
	Units	28,25,673	27,10,552
	Total amount(Rs)	2,21,99,637	2,26,18,001
	Rate/unit(Rs)	7.86	8.34
	<b>ii. Own generation through diesel generation set</b>		
	Units	101679	113261
	Total amount(Rs)	24,15,089	28,49,869
	Units per liter of diesel oil	3.19	2.98
	Rate/unit(Rs)	23.75	25.16
2	<b>(i) Diesel (used in boiler)</b>		
	Quantity (tones)	8	47
	Total cost (Rs)	44,877	2,81,218
	Average rate (Rs)	5640	5976
	<b>(ii) Furnace Oil (used in boiler)</b>		
	Quantity (tones)	1,782	1,812
	Total cost (Rs.)	47,70,656	50,66,822
	Average rate (Rs.)	2678	2796
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>(iii) Technology absorption-</b>		
	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.

(iv) **FOREIGN EXCHANGE EARNINGS / OUTGO:**

The details of foreign exchange earnings / outgo during the year 2020 - 21 are as follows:

Total foreign exchange used and earned:

(₹ in thousands)

	<b>31.03.2021</b>	<b>31.03.2020</b>
Earnings in Foreign Currency		
Export of Goods (FOB Value)	-	-
CIF value of Imports		
Raw Materials	-	-
Components and Spare Parts	961.29	4,301.29
Capital Goods	5,619.51	9,050.42
<b>Total</b>	<b>6,580.80</b>	<b>13,351.71</b>
Professional fees/ services	121.64	422.57

**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 Corporate Governance standards demonstrate absolute importance given to all the Stakeholders and strong commitment to values and ethics in the business conduct. Your Company is committed to good Corporate Governance, based on an effective Independent Board, by abiding the guidelines and continuous assessment, Clear and ethical direction and sound business decisions, with action plan to performance measurement and customer satisfaction.

This, together with sustainable development policies followed by the Company, has enabled your Company to earn trust and goodwill of its investors, business partners, employees and the communities in which it operates.

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 six (6) directors which consists of three Independent Directors including two Women Directors.

Category of directors:

S.No.	Name of the Director	DIN	Category
1.	Dr. Azadar Husain Asghar Mehdi 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
5.	Smt. Jagruti Prashant Sheth	07129549	Non-Executive Independent Director
6.	Mr. Rakeshchandra Jagdishprasad Sinha	07340998	Non-Independent, Non-Executive 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, 2021 and other details provided hereunder:

Name of the Director	Category of Directors	Attendance particulars - No. of Board Meetings during the Year 2020-21		Attendance- Last AGM held on September 26, 2020	No. of other Directorships and Committee Memberships/ Chairmanships as of March 31, 2021*			Directorships in other listed entity (Category of Directorship)
		Held	Attended		Other Directorships	Committee Memberships <sup>#</sup>	Committee Chairmanships <sup>#</sup>	
Dr. Azadar Husain Asghar Mehdi Khan	Non-Independent, Non-Executive	5	4	No	1	-	-	-
Smt. Kavita Rakesh Shah	Independent, Non-Executive	5	5	Yes	-	-	-	-

Name of the Director	Category of Directors	Attendance particulars - No. of Board Meetings during the Year 2020-21		Attendance- Last AGM held on September 26, 2020	No. of other Directorships and Committee Memberships/ Chairmanships as of March 31, 2021*			Directorships in other listed entity (Category of Directorship)
		Held	Attended		Other Directorships	Committee Memberships#	Committee Chairmanships#	
Mr. Jignesh Anantray Goradia	Non-Independent, Non-Executive	5	5	Yes	-	-	-	-
Mr. Chintan Jitendra Shah	Independent, Non-Executive	5	5	Yes	1	-	-	-
Smt. Jagruti Prashant Sheth	Independent, Non-Executive	5	5	Yes	-	-	-	-
Mr. Rakeshchandra Jagdishprasad Sinha	Non-Independent, Non-Executive	5	5	Yes	4	-	-	-

\* 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 2020-21 and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:  
May 23, 2020; July 25, 2020; September 26, 2020; October 31, 2020 & January 23, 2021.
- (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
Specialization/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		
Legal		

The skills/expertise/knowledge area of the Directors are given below:

Skill set/Area of expertise/Knowledge	Whether the skill set/ area of expertise/knowledge is possessed by the Director of the Company					
	Azadar Husain Khan	Jignesh Goradia	Kavita Shah	Chintan Shah	Jagruti Sheth	Rakeshchandra Sinha
KNOWLEDGE						
Specialisation / Expertise in one or more fields	Yes	Yes	Yes	Yes	Yes	Yes
In the fields of :						
Finance & Accounts		Yes	Yes	Yes	Yes	
Legal	Yes				Yes	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes

Skill set/Area of expertise/Knowledge	Whether the skill set/ area of expertise/knowledge is possessed by the Director of the Company					
	Azadar Husain Khan	Jignesh Goradia	Kavita Shah	Chintan Shah	Jagruti Sheth	Rakeshchandra Sinha
Industry Knowledge (Pharma Industry)	Yes	Yes	Yes	Yes	Yes	Yes
Risk Management	Yes	Yes	Yes	Yes	Yes	Yes
General Management	Yes	Yes	Yes	Yes	Yes	Yes

As far as skills namely Strategic Thinking/Planning Skills, Problem Solving Skills, Analytical Skills, Decision Making Skills and Leadership Skills; and Behavioral Traits namely Integrity, Genuine Interest, Interpersonal Skills/Communication and Active Participation are concerned, all the Directors of the Company possess them.

- (j) The Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the 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.
- (21) 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, 2021 is as follows:

The Audit Committee met four (4) times during the year on: May 23, 2020; July 25, 2020; October 31, 2020 & January 23, 2021

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.

#### 4. Nomination and Remuneration Committee

- (a) The Nomination and Remuneration Committee comprises of the following members as on March 31, 2021:
- 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.
- (7) 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 three times on July 25, 2020; September 26, 2020 and January 23, 2021.

Name of the Director	Designation	Category	Number of Meeting	
			Held	Attended
Smt. Kavita Rakesh Shah	Chairperson	Independent Director	3	3
Mr. Jignesh Anantray Goradia	Member	Non-Executive Non-Independent	3	3
Mr. Chintan Jitendra Shah	Member	Independent Director	3	3

All the members of the committee attended the meetings.

The Company Secretary is the Secretary of the Committee.

#### 5. Remuneration of Directors:

- (a) During the year ended March 31, 2021, 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, 2021. 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 2020-21.

#### 6. Stakeholders' Relationship Committee

- (a) The Stakeholders' Relationship Committee comprises of the following members as on March 31, 2021

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) 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 has met one (1) time on March 27, 2021 during the financial year 2020-21.

Name of the Director	Designation	Category	Number of Meeting	
			Held	Attended
Mr. Jignesh Anantray Goradia	Chairperson	Non-Executive Non-Independent	1	1
Mr. Chintan Jitendra Shah	Member	Independent Director	1	1
Smt. Kavita Rakesh Shah	Member	Independent Director	1	1

**Investor Complaints:**

Details of investor complaints received and redressed during the financial year 2020-21 are as follows:

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

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

**7. Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee comprises of the following members as on March 31,2021:

Name of the Director	Designation	Category
Dr. Azadar Husain Asghar Mehdi Khan	Chairperson	Non-Executive Non-Independent
Mr. Jignesh Anantray Goradia	Member	Non-Executive Non-Independent
Smt. Jagruti Prashant Sheth	Member	Independent Director

The Company is in the process of formulating CSR policy, in consultation with CSR Committee, in terms of Section 135 and other applicable provisions, if any, of the Companies Act, 2013 and read with Companies (Corporate Social Responsibility Policy) Rules, 2014. During the year 2020-21, no meeting was held.

**8. Annual General Meetings**

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2019-20	31 <sup>st</sup> AGM	Saturday, September 26, 2020 at 10:30 AM	Held through Video Conferencing (VC) facility	1. Re-appointment of Mr. Chintan Jitendra Shah, Independent Director for a second term of five consecutive years commencing from January 27, 2021 up to January 26, 2026. 2. Re-appointment of Smt. Kavita Rakesh Shah, Independent Director for a second term of five consecutive years commencing from May 26, 2020 up to May 25, 2025.
2018-19	30 <sup>th</sup> AGM	Saturday, September 21, 2019 at 10:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
2017-18	29 <sup>th</sup> 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

During the financial year ended on March 31, 2021, the Company has not passed any ordinary or special resolution through Postal Ballot.

At present, there is no proposal to pass any Ordinary or Special Resolution through Postal Ballot.

## 9. Disclosures

### (i) Shareholding of Directors

As on March 31, 2021, 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, 2021.

### (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 abated. Further, the Company is in process of closure of all Civil Cases against Late Dr. Jayaram Chigurupati and his legal heirs, if any.

(iv) Vigil Mechanism (Whistle Blower Policy): The Company has a Vigil mechanism (Whistle blower policy) in place enabling the employees or other connected persons having interest in any transactions with the company to report any unethical or improper practices noticed in the organization. The Policy also provides the procedure of making such representation and dealing with the said representation and also provides protection from victimization. The Policy is available for view at <http://zenotechlab.com/wp-content/uploads/2015/07/Vigil-Mechanism.pdf>.

(v) Details of the familiarisation programme of the independent directors are available on the website of the Company at: <http://zenotechlab.com/wp-content/uploads/2015/07/Vigil-Mechanism.pdf>

(vi) During the year, a separate meeting of the independent directors was held on January 23, 2021 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: [zenotechlab.com/wp-content/uploads/2015/07/Policy\\_on\\_Related\\_Party\\_Transactions\\_Annex\\_1.pdf](http://zenotechlab.com/wp-content/uploads/2015/07/Policy_on_Related_Party_Transactions_Annex_1.pdf)

### (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.

- (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 2020-21.
- (xv) Fees to the Statutory Auditors of the Company: The total fees for all services paid by the Company on a consolidated basis, to the Statutory Auditors of the Company is mentioned at Note No. 19 (a)\_Note (i) of the Notes to standalone financial statements. The Company has not availed any service from the network firm/network entity of which the Statutory Auditors is a part.
- (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, 2021:
  - (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 31<sup>st</sup> March, 2021, 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.

**Devendra Chandrakant S. Kenkre**  
Chief Executive Officer

May 01, 2021

## 10. 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 Limited and Company's website at <http://zenotechlab.com>

## 11. General Shareholder information

### i) Annual General Meeting

Date : Saturday, September 25, 2021  
 Time : 10:30 A.M.  
 Venue : Through Video Conferencing/ Other Audio Visual means

ii) Financial Year ending : March 31, 2021

iii) Book Closure : September 18, 2021 to September 25, 2021 (Both days inclusive)

iv) Listing on Stock Exchange : BSE Limited  
 (Listing fees has been paid up to financial year 2021-22)

v) Stock Code / Symbol on BSE  
 (Physical & Demat) : ZENOTECH / 532039

vi) International Securities Identification  
 Number (ISIN) allotted to the  
 Company's Shares : INE486F01012

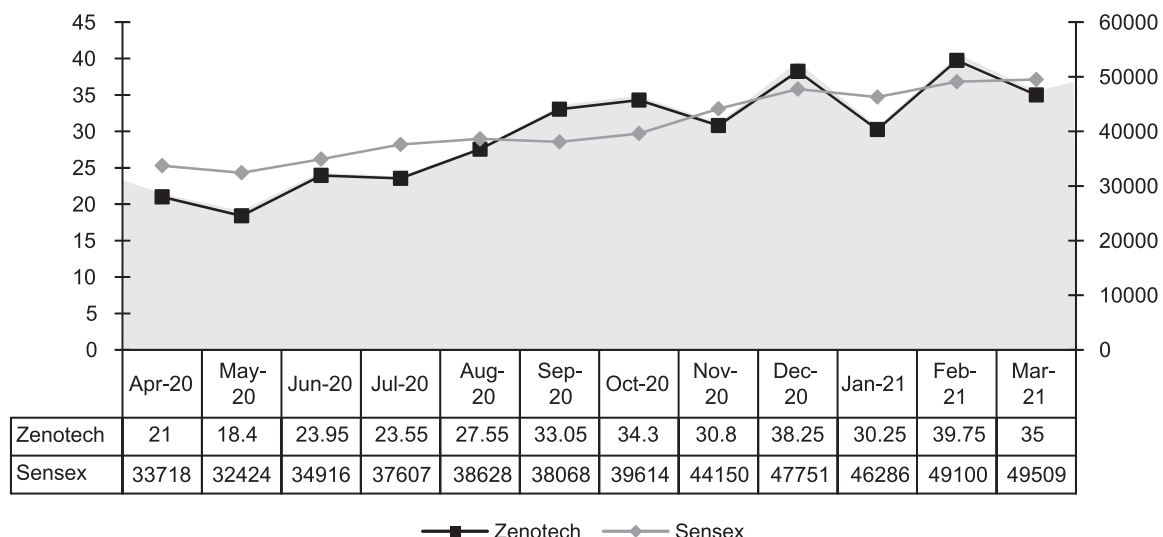
vii) Market Price Data: Details of Monthly High & Low during each month in the financial year ended March 31, 2021 and Company's closing share price as against BSE SENSEX closing on the BSE Limited, Mumbai, is provided hereunder:

(in ₹)

Month	High Price	Low Price	Close	BSE Sensex-Closing
April, 2020	22.77	15.00	21.00	33717.62
May, 2020	23.45	17.95	18.40	32424.10
June, 2020	26.05	18.00	23.95	34915.80
July, 2020	25.85	21.50	23.55	37606.89
August, 2020	31.20	22.50	27.55	38628.29
September, 2020	36.70	24.00	33.05	38067.93
October, 2020	40.25	30.70	34.30	39614.07
November, 2020	34.90	25.80	30.80	44149.72
December, 2020	39.10	26.20	38.25	47751.33
January, 2021	39.90	29.05	30.25	46285.77
February, 2021	47.90	29.15	39.75	49099.99
March, 2021	43.50	34.00	35.00	49509.15

(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 : **KFin Technologies Private Limited**

(formerly known as, Karvy Fintech Private Limited)

Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad - 500 032

Toll Free No: 1800-3454-001. Fax: 040-23001153. e-mail: einward.ris@karvy.com

Website: www.kfintech.com

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

xi) Shareholding:

a) Distribution of shareholding as on March 31, 2021

S.No.	Category	No. of Cases	% of Cases	No. of Shares	% of Total
1	1 - 5000	4872	74.56	741791	1.22
2	5001 - 10000	668	10.22	564014	0.92
3	10001 - 20000	396	6.06	632103	1.04
4	20001 - 30000	171	2.62	443629	0.73
5	30001 - 40000	61	0.93	223064	0.37
6	40001 - 50000	73	1.12	344095	0.56
7	50001 - 100000	141	2.16	1011822	1.66
8	100001 & Above	155	2.33	57070050	93.51
	<b>Total:</b>	<b>6537</b>	<b>100.00</b>	<b>61030568</b>	<b>100.00</b>

b) Categories of Shareholders as on March 31, 2021

Sl. No.	Category	No. of Holders	No. of Shares	% 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	269	1012449	1.66
5	NBFC	0	0	0
6	Foreign Corporate Bodies	1	692791	1.14
7	Private Corporate Bodies	74	861164	1.41
8	Indian Public	6109	16110648	26.40
9	Non Resident Indians	59	320072	0.52
11	Clearing members	21	14452	0.02
	<b>TOTAL</b>	<b>6537</b>	<b>61030568</b>	<b>100.00</b>

xii) Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 90.44 percent of the Company's Share Capital are dematerialized as on March 31, 2021. The Company's Shares are regularly traded on BSE Limited.

xiii) As on March 31, 2021, the Company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

xiv) No Credit Rating was obtained during the financial year 2020-21.

xv) 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 2021, 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.

Date: 01 May 2021  
Place: Hyderabad  
UDIN: F006681C000219520

**Mahadev Tirunagari**  
Company Secretary in Practice  
FCS : 6681  
CP No: 7350

**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 of  
**Zenotech Laboratories Limited,**  
Survey No. 250-252, Turkapally Village,  
Shameerpet Mandal, Hyderabad – 500078

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Zenotech Laboratories Limited having CIN 27100TG1989PLC010122 and having registered office at Survey No. 250-252, Turkapally Village, Shameerpet Mandal, Hyderabad – 500078 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 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.

Sr.No.	Name of Director	DIN	Date of Appointment in the Company
1.	Azadar Husain Asghar Mehdi Khan	01219312	25/08/2015
2.	Kavita Rakesh Shah	02566732	01/04/2015
3.	Jignesh Anantray Goradia	07229899	08/07/2015
4.	Chintan Jitendra Shah	07325664	27/01/2016
5.	Jagruti Prashant Sheth	07129549	01/02/2020
6.	Rakeshchandra Jagdishprasad Sinha	07340998	01/02/2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 01 May 2021  
Place: Hyderabad  
UDIN: F006681C000219564

Mahadev Tirunagari  
Company Secretary in Practice  
FCS: 6681  
CP No.: 7350

## Certificate of the Chief Executive Officer and Chief Financial Officer

To

The Board of Directors

**Zenotech Laboratories Limited**

We, Devendra Chandrakant S. Kenkre, 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 financial year ended March 31, 2021 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 financial year ended March 31, 2021 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: Hyderabad  
Date: May 01, 2021

**Devendra Chandrakant S. Kenkre**  
Chief Executive Officer

**Poly K.V.**  
Chief Financial Officer



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY OVERVIEW

#### GLOBAL INDUSTRY OVERVIEW:

It is over a year since the COVID-19 pandemic hit us hard through public health crisis and economic disruption. Though the accumulating human toll continues to raise concerns, the growing vaccine coverage is lifting sentiments. In this scenario, high uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. The contraction of activity in 2020 was unprecedented. As per IMF, the global economy contracted -3.3 percent in 2020. IMF now projects the global economy to grow at 6 percent in 2021, and moderating to 4.4 percent in 2022. Over the medium term, global growth is expected to moderate to 3.3 percent.

The pharmaceutical industry is at the centre of the fight against the global COVID-19 pandemic and has contributed significantly in terms of supply of critical medications for treatment as well as in developing and manufacturing COVID-19 vaccines. The industry has ensured continuity of supplies of all other medicines to meet the needs of patients across the world. The global pharmaceutical market size in 2020 was estimated at US\$1.27 Trillion and is expected to expand at a compounded annual growth rate (CAGR) of 3-6% to US\$1.6 Trillion by 2025 (this estimate excludes the additional spending on COVID-19 vaccines).

The factors driving global medicine spending will be sustained growth in the pharmerging markets and the consistent launch of high-end specialty innovative products in developed markets. However, slower growth across developed markets due to losses of patent exclusivity for original brands will be an offsetting factor.

Thanks to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage; the evolution of financial conditions and commodity prices; and the adjustment capacity of the economy.

Despite the unprecedented dynamics at play with the COVID-19 pandemic, medicine spending growth will continue to be driven by traditional factors including patent expiries, launches of new medicines as well as changing volume demand particularly in pharmerging and lower income countries.

As per the IQVIA report, the global medicine spending — the amount spent purchasing medicines from manufacturers before off-invoice discounts and rebates — is expected to reach about USD 1.6 trillion in total market size in 2025, registering 3-6% CAGR. This excludes spending on COVID-19 vaccines. This estimate does not reflect the true spending level net of discounts and rebates; it is more helpful when focused on growth trends or volume metrics.

#### Exhibit 1: Global Invoice Spending and Growth

Invoice Spending and Growth	2020 Spending USD Bn	2016-2020 CAGR	2025 Spending USD Bn	2021-2025 CAGR
Developed	960	3.8%	1,130-1,160	1.5-4.5%
Pharmerging	291	7.4%	415-445	7-10%
Rest of the World	15	3.9%	18-22	3-6%
Global	1,265	4.6%	1,580-1,610 %	3-6%

Source: IQVIA April, 2021 Report “Global Medicines & Usage Trends to 2025”

As per IQVIA, USA’s share in global invoice spending is projected to increase to USD 605-635 billion in 2025 from USD 527.8 billion in 2019. This will be at a CAGR of 2-5% as compared with 4.2% CAGR in the previous 5 years.

#### Global Pharmaceutical Industry

Growth in Global Medicine Spending will be lifted by stronger pharmerging market growth through 2025 and offset by developed market losses of exclusivity for original brands. This is in line with the trend over the past 10 years, when the relative spending of countries has shifted. Generally, pharmerging countries have risen while slower-growing, developed markets have dropped.

Most pharmerging market growth has been driven by access expansions, leading to greater volume use and adoption of more novel therapies. These include specialty medicines, which are projected to contribute more to spending than in previous periods. However, most of the products used in these countries are non-original products, which aids in keeping spending low despite expanding volume.

As per the IQVIA, in 2020, the Indian Pharmaceutical Market (IPM) stood at USD 21.1 billion, growing at a 9.5% CAGR in the 2015-20 period. The growth was achieved on the back of rise in volume, price increase and new product launches.

Innovator pharmaceutical companies will continue to explore new treatment approaches and technologies, as also breakthrough products to address unmet patient needs. Their key research focus will be immunology, oncology, biologics and cell and gene therapies.

- Global R&D spend is estimated to grow at a CAGR of 3% by 2024, lower than that of 4.2% between 2010 and 2018, partially driven by companies' focus on smaller indications, with lower clinical development costs.
- Digital technologies will be the most transformative force for healthcare. The ongoing uptake for artificial intelligence and machine learning will carry important implications within data science for optimisation of decision-making, ethical handling of patient privacy, and proper use and management of extensive and complex data sets.
- Digital technologies are being leveraged significantly for patient-to-doctor connect currently since a face-to-face consultation may not be possible due to COVID-19. It remains to be seen if this trend will continue in the post COVID-19 period also.
- One of the most dependable sources to generate key patient insights will be genomic data, as it facilitates an understanding of the genetic basis of diseases and treating genetically driven diseases with targeted genebased therapies.
- Payers (reimbursement companies) are likely to keep working towards reducing costs. While initiatives to improve access to high-priced innovative products are being implemented, cost containment remains high on payors' agendas in the developed markets. This will contribute to a gradual moderation in the overall growth of pharmaceutical companies, especially in developed markets.
- In developed markets, there will be newer treatment options available for rare diseases and cancer, though they may come at a higher cost to patients in some countries. In pharmerging markets, wider access to treatment options and increased spending on medicines will have a positive impact on health outcomes.

#### **Active Pharmaceutical Ingredients (API)**

The market size of global active pharmaceutical ingredients was valued at US\$187.7 Billion in 2020 and is expected to grow at a CAGR of 6.6% between 2021-28. Growth drivers include advancements in API manufacturing and the rising prevalence of chronic diseases. Favourable government policies for API production, along with changes in geopolitical dynamics, are expected to further drive market growth.

The global API market is undergoing immense changes due to supply chain disruptions caused by COVID-19 in early 2020. There is an increasing trend around diversification of the supply chain, with India being viewed as one of the critical suppliers of API for the future. Traditionally, the API market has been dominated by drugs in categories such as, anti-infectives, diabetes, cardiovascular, analgesics, and pain management. However, driven by emerging R&D trends, the demand is shifting toward the development of complex APIs used in novel formulations, targeting niche therapeutic areas.

#### **Consumer Healthcare**

The needs of health-conscious consumers are fast evolving in keeping with their lifestyles and behavioural patterns, leading to growing consumption of consumer healthcare products. The global over-the-counter (OTC) market was valued at US\$190 Billion in 2020, recording 5% Y-o-Y growth. Cold & Flu segment witnessed a decline while the Vitamins, Minerals & Supplements (VMS) category grew substantially, driven primarily by increased consumption of such products during the COVID-19 outbreak.

COVID-19 accelerated three key trends (1) superior self-care, (2) focus on mental health and (3) consumer convenience. Global consumer healthcare companies are educating consumers, reviewing product portfolios, increasing focus on digital channels and improving marketing capabilities to enhance their competitive advantage.

#### **Developed Markets**

The developed pharmaceutical markets grew at ~4% CAGR between 2016-20 and are estimated to grow at about 1.5-4.5% CAGR to reach US\$1,130-1,160 Billion by 2025. These markets accounted for ~76% of global pharmaceutical spending in 2020, and are estimated to account for ~71-72% of spending by 2025.

New and specialty drug launches, offset by patent expiries and competition from generics and biosimilars, are expected to continue to be the main factors influencing medicine spending and growth in developed markets.

**Developed Markets – Pharmaceutical Spending and Growth (US\$ Billion)**

Region/Country	2020	2016-2020 CAGR	2025	2021-2025 CAGR
USA	527.8	4.2%	605-635	2-5%
Top 5 Western European Markets (WE5)	180.4	4.4%	215-245	2-5%
- Germany	54.9	5.3%	65-85	3.5-6.5%
- France	36.3	2.4%	43-47	1-4%
- Italy	33.3	4.2%	38-42	2-5%
- UK	30.2	5.3%	38-42	2.5-4.5%
- Spain	25.7	4.6%	28-32	1.5-4.5%
Japan	88.2	(0.2)%	75-95	(2)-1%
Canada	22.8	4.8%	28-32	2-5%
South Korea	16.2	6.8%	18-22	4.5-7.5%
Australia	11.8	3.3%	13-17	1-4%
Other Developed Markets	112.3	4.2%	125-155	2.5-5.5%
<b>Total Developed Markets</b>	<b>959.5</b>	<b>3.8%</b>	<b>1130-1160</b>	<b>1.5-4.5%</b>

**INDIAN PHARMACEUTICAL INDUSTRY:**

The Indian pharmaceutical industry is the world's third largest in terms of volume and ranks 11<sup>th</sup> in terms of value. It is among the faster-growing markets and the largest exporter of generic drugs by volume. Outside of the US, India has the largest number of USFDA-approved pharmaceutical manufacturing facilities. Over the last year, India played a crucial role in supplying therapeutic drugs for COVID-19 treatment across the world and is also one of the key manufacturers of some of the COVID-19 vaccines.

Going forward, India is likely to maintain a leadership position in the manufacture and supply of high-quality generic medicines as well as a major manufacturer of COVID-19 vaccines. The Indian pharmaceutical market recorded ~9.5% CAGR between 2016-20 to reach US\$21 Billion. It is expected to grow at 7.5-10.5% CAGR to US\$28-32 Billion by 2025.

The pharmaceutical industry, along with the healthcare sector globally, has been impacted in an unseen way due to the outbreak of the COVID-19 pandemic leading to material impact around consumer requirements and preferences accompanied by macroeconomic, structural and microeconomic changes in the end-to-end value chain. In the midst of the pandemic and a changed world, the pharmaceutical industry across the world has responded with agility — from the sequencing of the novel coronavirus in January to vaccines being administered to the first recipient in the United Kingdom by December 2020, with efficacy levels over 90%, exceeding all expectations of governments and markets across the world. This innovation has been possible owing to the most extraordinary global efforts: collaboration like never seen before, redeployment of resources and sharing of data on a real time basis. Barring the pace, which is critical in a public health emergency (progressing Phase 3 clinical trials with limited adherence to traditionally established safety norms), the blueprint has been developed to fast-track innovation with a complete imperviousness to financial stakes. This includes collaboration around resources and data sharing, nimbleness and productivity through adaptation of newer technologies and most importantly balancing risks across stakeholders. Healthcare is likely to be on top of the strategic agenda across geographies.

The pharma industry will be closely monitored by governments in all countries in times to come. It is imperative that India reevaluates its current role within the global pharmaceutical industry, explore possibilities to consolidate and strengthen its positioning in light of geopolitical and economic shifts, attain self-sufficiency as a globally competitive pharmaceutical industry with innovation as a guiding principle for future growth. This addresses the ambition for the current decade in consultation with industry veterans across segments, with inputs from the government, regulators and pertinent industry associations.

**Market Size**

From March 2020 onward, the industry has been hit by debilitating restrictions and impediments to reach customers with expectations to operate and supply drugs to those in India and globally. The pharma industry exceeded expectations in responding to this global crisis, supplying drugs to over 150 countries besides meeting all domestic demands. Significant vaccine capacity ramp up has been achieved over the year to augment vaccine administration within India and other countries who are dependent on India for supplies.

The Indian pharma industry has grown at a compounded growth rate of (CAGR) of ~11% in the domestic market and ~16% in exports over the last two decades. While the domestic market has grown at a similar pace to the gross domestic product (GDP), the overall growth has been driven by the industry's leadership in supplying generic formulations to markets across the globe.

In the 2020-2030 period, Indian pharma industry is estimated to grow at a compounded annual growth rate (CAGR) of ~12% to reach at US\$130 bn by 2030 from US\$41.7 bn in 2020. Though the pharmaceutical industry has grown at a CAGR of approx. 13% over the two decades, in the last decade, the CAGR has been ~ 8.5% and it has currently been ~6.2% over the past five years.

In order to attain self-sufficiency and be the real pharmacy of the world, India need to refocus on the next set of avenues to feed the growth engine of this industry, which is of strategic as well as economic significance. Realizing this ambition will need a concentrated effort from the key stakeholders of the Indian pharmaceutical industry – the payers, providers, policymakers, physicians, pharma industry players, academia as well as a plethora of service providers across the logistics and distribution, IT, capital pools, packaging and other auxiliary industries.

With estimates that the Indian pharma industry supplies over 40% of the generics in the biggest pharma market – the US and about 25% of the prescription drugs in the UK, along with catering to over 60% of the global vaccine demand, India is one of the leading suppliers of pharmaceuticals in the world. While the global formulations trade value is about US\$652 billion (2019), India's share of exports in the global trade was only about 2.5%. With increased pricing pressure on the global generics trade as well as increased competition in India's established export corridors, the current portfolio of products is expected to further extend this divide. The global pharmaceutical trade is expected to reach a size of US\$1-1.3 trillion by 2030, the ambition is to garner a global share of 6-7% by value to attain a size of ~US\$73 billion.

#### **Investments and Recent Developments:**

The Indian pharma industry has achieved significant growth in both domestic and global markets during the past five decades. From contributing just 5% of the medicine consumption in 1969 (95% share with the global pharma), the share of "Made in India" medicines in Indian pharma market is now a robust 80% in 2020. More importantly, during the same period, the country has also established leading position in the global. The pharma sector has been contributing significantly to India's economic growth as one of the top 10 sectors in reducing trade deficit and attracting the Foreign Direct Investment (FDI). The drugs and pharmaceuticals sector attracted cumulative FDI inflow worth US\$16.54 billion between April 2000 and June 2020.

The pharma industry in India contributes more than 20% by volume of the global generics market and 62% of the global demand for vaccines. Popularly called the "archetype of affordable healthcare," the industry has significantly contributed towards improving public health outcome, both in India and across the globe.

#### **COVID 19 impact:**

As per the trends so far, the COVID-19 pandemic is expected to have far-reaching effects globally. While it is difficult to predict with certainty the scale and spread of the Coronavirus disease, let alone its impact on international economics, politics and society, it is possible to systematically identify areas of potential vulnerability.

Policy makers are facing unprecedented challenges in financing health especially in low- and middle-income settings. Many health systems are already stretched and underfunded. They have been further constrained by the increasing number of COVID-19 patients demanding care as a result of the pandemic.

It is difficult to predict how international economies will be affected over the coming months, when a so-called saw-toothed recovery is in play. Many geographies are already experiencing the second or third wave of the virus, resulting in new lockdowns and restrictions. Different industries have been differently affected by the virus. Consumer-focused industries like hospitality and travel sectors have been deeply impacted as leisure time is spent at home or closer to home. Technology companies have seen a resurgence given the role 4G and 5G networks, and devices play in connecting individuals when physical distance is a key requirement. Health and life sciences companies, meanwhile, remained relatively less affected by the virus. However, there are now growing signs of sales slowing down and impact of currency exchange. Additionally, certain parts of the value chain, namely research and development (R&D) and the supply chain have been heavily affected.

#### **Macroeconomic and geo-political shifts due to the pandemic**

The COVID-19 pandemic is affecting economies across the world. Global GDP is constantly shrinking. The World Economic Outlook update in October projected global growth at nearly -4.4% in 2020, which is 0.6% above its forecast in June 2020 and 1.3% below its forecast in April 2020. The increase in growth is because of better-than-anticipated second quarter GDP outturns, mostly in advanced economies where activity began to improve sooner than expected after lockdowns were scaled back in May and June and led to a strong recovery in the third quarter. China is the only country with a comparatively positive outlook in 2020 as it started re-opening in April 2020. It also continued the pace of recovery in the third quarter. Exports recovered in China supported by an early restart of activities and a strong pickup in external demand for medical equipment and remote working tools.

The April 2020 forecast for India was higher than June forecast. However, our GDP contracted much more severely than expected. As a result, the October report projects contraction by 10.3% in 2020, before rebounding by 8.8% in 2021. A sluggish turnaround is expected to take place in 2020. Global growth is projected at 5.2% in 2021, a little lower than in the

June 2020. In addition to health challenges and economic consequences, geopolitical issues may also have a far-reaching impact on the post-COVID-19 world. The US and China bilateral dynamics has continued for more than two years and has only intensified since COVID-19 started. Many other countries such as India, Vietnam, Malaysia, Indonesia and Japan have experienced conflict with China due to respective legacy pending disputes.

The way the pandemic has been handled has become another reason for geopolitical conflicts to rise. While China is still being questioned for its initial opacity about the outbreak, the WHO and several other countries have drawn criticism for gaps in their coronavirus response. The handling of the COVID-19 outbreak on a cruise liner led to transmission of the virus in Japan. In Iran, a lax response in the beginning led the country to become a COVID-19 hotspot, fueling its spread to the rest of the Middle East. In the UK, the government took time to move from the “herd immunity” stance to roll out a national lockdown strategy. The US has also been criticized for their complacency.

All these macroeconomic and geopolitical shifts indicate that the post-COVID world may be very different. For India, there is an opportunity now to develop a strategy that demonstrates how it can work as a trustworthy partner with other countries to provide safe, effective and affordable medicines.

### **OPPORTUNITIES AND THREATS**

COVID-19 has clearly highlighted the importance of a strong health care system, the lack of which can put an entire nation’s economy and society at risk. As India continues to fight COVID-19 and stabilize its economic growth trajectory, it is the right time for the country to apply learnings from the challenges and best practices that emerged during the pandemic. There is a need to swiftly develop the required healthcare infrastructure and make it available to the entire population.

The Indian pharma industry has been a key contributor in improving the country’s healthcare and economic outcomes. The pandemic has accelerated several opportunities and challenges for the industry. While the growing trust deficit with China presents an opportunity for India, there is increasing competition from other countries, such as Vietnam and Malaysia. India is also dependent on China for ~two third of its imports of bulk drugs or drug intermediaries.

To emerge as a winner in the post-pandemic world, the industry needs to continue building on its strength and at the same time make a giant leap towards innovation. New capabilities need to be introduced across the business functions to bring efficiencies and to help industry move up the value chain. Government also needs to provide the right enablers and business environment conducive for growth. It also provides an insight for the industry to achieve the ambition of becoming the preferred global supplier of innovative medicines.

### **OUTLOOK**

Research and innovation in pharmaceuticals requires the collaborative efforts of several stakeholder groups: big pharma/biopharma companies, start-ups and entrepreneurs or small pharma/biopharma companies, academic and clinical researchers. These stakeholder groups’ efforts further need to be supported by growth enablers. Key enablers include financing, infrastructure and supporting policies and regulations.

Considering its immense growth potential, biotechnology has been chosen as one of the champion sectors in Make in India initiative. Funds and infrastructure support has been committed under the start-up India initiative. To provide for specialized facilities required for biopharma research and innovation, government has established incubators and parks for start-ups. The Department of Biotechnology (DBT) has set up nine biotechnology parks and incubators that offer facilities to scientists and small and medium sized enterprises (SMEs) for technology incubation, technology demonstration and pilot studies. The Biotechnology Industry Research Assistance Council (BIRAC) has supported 50 bio-incubators across the country since 2014 to nurture the ecosystem. It has also set up four regional centers to foster and facilitate bio-entrepreneurship and mentor bio-entrepreneurs for transforming innovative biotech ideas into successful and sustainable ventures. The Technology Development Board has funded 36 Technology Business Incubators (TBIs) and Science & Technology Entrepreneur Parks (STEPs) under Seed Support System for start-ups in Incubators. More of these incubation centers and parks need to be established with a focus on pharma research and innovation.

### **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.

### **COVID-19 Risk Response**

The COVID-19 pandemic has resulted in a new world order. Countries imposed lockdowns on economic activities beyond essential services, restrictions came up on travel and physical contact alongside business operation suspension in most industries. The pharmaceutical sector, being a supplier of essential items, has been relatively less impacted compared to

other industries.

Zenotech promptly evolved a COVID-19 Risk Management Plan and formed COVID-19 Risk Response Teams under the guidance of senior management to tackle challenges stemming from the pandemic.

Despite our proactive COVID-19 risk response initiatives, we estimate sluggish sales in the near-term. The impact of the COVID-19 pandemic is difficult to quantify as of now, but the Company will try to ensure that it emerges stronger across its various businesses.

#### 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 recorded revenue of ₹ 1,937.33 Lakhs (previous year ₹ 2,593.83 Lakhs) from its operations over the corresponding previous year. The Company reported a loss of ₹ 121.51 Lakhs as against the previous year reported profit of ₹ 1,077.75 Lakhs, (includes exceptional items of ₹ 636.96 Lakhs). The Earnings per Share (EPS) of your Company has come down to ₹ (0.20) per share in fiscal 2020-21 from the previous year EPS of ₹ 1.77 per share in fiscal 2019-20. The operational performance of the Company's Oral Solid Dosage (OSD) facility and its newly commissioned Depot formulations facility were in growing trend during the year. However, the sluggish market demand to Cyto & General Injectables and ophthalmic formulations, hindered to attain optimum utilization of operational capacities. Based on the projected business plans for the current and forthcoming years, the Company believes that it can maintain its positive performance by utilizing its existing 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.

The Company renovated its Biotech API manufacturing facility and the same has been leased to Sun Pharmaceutical Industries Limited, for their R&D activities. Company's other operating income is generated from leasing of its idle facility and equipments effective from July, 2021.

#### Financial Performance

₹ in Lakhs

	Particulars	2020-21	2019-20
(i)	Revenue from operations	1,937.33	2,593.83
(ii)	Other Operating Income	301.54	8.23
(iii)	Other income	46.49	117.02
(iv)	Total Revenue (i+ii+iii)	2,285.36	2,719.08
(v)	Depreciation	645.60	484.96
(vi)	Finance cost	154.75	89.25
(vii)	Other expenses	1,606.52	1,704.09
(viii)	Total Expenses (v+vi+vii)	2,406.87	2,278.29
(ix)	Profit/(Loss) before exceptional items and tax (iv-viii)	(121.51)	440.79
(x)	Exceptional items	-	636.96
(xi)	Profit/(Loss) after tax	(121.51)	1,077.75
(xii)	Other Comprehensive Income	(0.57)	(4.68)
(xiii)	Total Comprehensive Income for the period (xi+xii)	(122.08)	1,073.07
(xiv)	Loss brought forward from previous year	(22,094.47)	(23,167.54)
(xv)	Profit/(Loss) carried forward to Balance Sheet (xiii+xiv)	(22,216.55)	(22,094.47)

#### Key Financial Ratios:

[Pursuant to Schedule V (B) to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

S. No.	Particulars	Unit	2020-21	2019-20
1.	Operating Profit Margin	%	0.0	0.4
2.	Net Profit Margin	%	-0.1	0.4
3.	Debtors Turnover	times	0.3	0.2
4.	Inventory Turnover	times	0.1	0.4
5.	Current Ratio	times	0.5	0.2
6.	Return on Net worth	%	0.0	-0.2
7.	Interest Coverage Ratio	times	-0.2	-11.1
8.	Debt Equity Ratio	times	0.8	0.7

**HUMAN RESOURCES**

During the year, the strength of human resource engaged by the Company is 217. 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 standalone balance sheet as at 31 March 2021, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone 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 Companies Act, 2013 ('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 2021, and loss and other comprehensive income, 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 Act. Our responsibilities under those SAs 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 Act 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.

#### 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
<b>Going Concern</b>	
The Company has losses from last many years. Hence we were required to assess whether the going concern assumption is appropriate.	Our Audit Procedures included: <ul style="list-style-type: none"> <li>● Review of management's budgets (including consideration of adjustment for COVID19 impact on business if any) to gain an understanding of the inputs and process underpinning the cash flow model prepared for the going concern assessment.</li> <li>● 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.</li> <li>● Evaluation of the plans of the company for becoming cash positive from operations and becoming profitable over a period.</li> <li>● Evaluation of the disclosures provided in the standalone financial statements to ensure that this aspect has been appropriately disclosed.</li> </ul>
<b>Impairment of Property, Plant and Equipment</b>	
Non-recognition of impairment provision on Property, Plant and Equipment.	Our audit procedures included: <ul style="list-style-type: none"> <li>● Checks to identify if the plant is performing below the rated capacity.</li> <li>● Review of all Long pending capital advances if any as at the reporting date of the financials.</li> <li>● Review the assessment made by the management and evaluating whether those are mitigating the risk of not considering the provision for impairment as at the reporting date of the financials.</li> <li>● Review to ensure there is no significant decline in the land price as per registration value prescribed by State Government which calls for impairment, if any.</li> </ul>



**Emphasis of Matter**

We draw attention to Note 28 in the standalone financial statements which describes the various legal proceedings as follows:

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 opinion is not modified in respect of the above matter.

**Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board of Directors' 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 during 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 management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 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 and Board of Directors are 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..

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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the standalone financial statements 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; and
- 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.

### 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 Act, 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 standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone statement of cash flows 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 (Ind AS) prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 with reference to the standalone financial statements 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 as at 31 March 2021 on its financial position in its standalone financial statements – Refer Note 29 to the standalone 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 during the year ended 31 March 2021.
3. With respect to the matter to be included in the Auditors' Report under section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

**S. Prasana Kumar**  
Partner  
Membership No. 212354  
UDIN : 21212354AAAAAY3705

Place of Signature: Hyderabad  
Date: 01-May-2021

## 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 2021.**

- (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 and 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 (Refer Note-30 to the Standalone Financial Statements).
- (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 2021 for a period of more than six months from the date they became payable.

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 2021, 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 Rs in '000*	Period to which amounts relates	Forum where dispute is pending
A.P. Vat Act, 2005	VAT	1,685	FY 2009-10 to 2012-13	Deputy Commissioner Commercial Taxes (Appeal)
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.

\*\* Pertaining to Sales Tax for which no records/ details are available with the Company and hence Interest not ascertained.

(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 (Rs. in '000s)*
Technology Development Board	FY 2011-18	27,645

\*amount of accrued interest only. (Refer Note-30 to the Standalone Financial Statements).

- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer / further public offer / debt instruments.
- (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 / provided 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 Ind AS 24 Related Party Disclosures.
- (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 or fully or partly paid 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. Accordingly, the provisions of clause (xv) of the Order are not applicable.
- (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. Accordingly, the provisions of clause (xvi) of the Order are not applicable.

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

**S. Prasana Kumar**  
Partner  
Membership No. 212354  
UDIN : 21212354AAAAAY3705

Place of Signature: Hyderabad  
Date: 01-May-2021

## 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 with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to standalone financial statements of Zenotech Laboratories Limited ("the Company") as of 31 March 2021 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 (the "Guidance Note"). 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 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, 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 standalone 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to standalone financial statements**

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

**S. Prasana Kumar**

Partner

Membership No. 212354

UDIN: 21212354AAAAAY3705

Place of Signature: Hyderabad

Date: 01-May-2021

## Standalone Balance Sheet as at March 31, 2021

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

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant and Equipment	3	742,314	487,278
(b) Capital Work-In-Progress	3	21,825	290,836
(c) Financial Assets			
(i) Investments	4(a)	-	-
(ii) Others	4(b)	7,821	7,261
Income Tax Assets (net)		11,930	10,765
(d) Other Non-current Assets	5	1,092	2,333
<b>Total Non - Current Assets</b>		<b>784,982</b>	<b>798,473</b>
<b>Current Assets</b>			
(a) Inventories	6	619	941
(b) Financial Assets			
(i) Trade Receivables	7(a)	38,032	18,571
(ii) Cash and Cash Equivalents	7(b)	24,577	10,820
(iii) Bank balances other than above	7(b)	-	390
(iv) Other Financial Assets	7(c)	1,414	1,603
(c) Other Current Assets	8	8,817	24,742
<b>Total Current Assets</b>		<b>73,459</b>	<b>57,067</b>
<b>TOTAL ASSETS</b>		<b>858,441</b>	<b>855,540</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	9	610,306	610,306
(b) Other Equity	10	(126,224)	(114,016)
<b>Total Equity</b>		<b>484,082</b>	<b>496,290</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12(e)	206,562	-
(ii) Other financial liabilities	12(d)	6,016	-
(b) Other Non Current Liabilities	13(b)	3,970	-
(c) Provisions	11(a)	8,339	4,890
<b>Total Non - Current Liabilities</b>		<b>224,887</b>	<b>4,890</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12(a)	-	186,562
(ii) Trade payables			
(a) Total outstanding dues of Micro and Small Enterprises	12(b)	1,012	2,069
(b) Total outstanding dues other than above	12(b)	18,207	43,954
(iii) Other financial liabilities	12(c)	34,838	32,982
(b) Other Current Liabilities	13(a)	11,046	3,813
(c) Provisions	11(b)	84,369	84,980
<b>Total Current Liabilities</b>		<b>149,472</b>	<b>354,360</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>858,441</b>	<b>855,540</b>
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 Number: 003990S/S200018

for and on behalf of the Board of Directors of

Zenotech Laboratories Limited

CIN: L27100TG1989PLC010122

**S. Prasana Kumar**

Partner

Membership No.: 212354

**Azadar Hussain Khan**

Chairman

DIN:01219312

**Kavita R. Shah**

Director

DIN:02566732

**Devendra Chandrakant S. Kenkre**

Chief Executive Officer

**Poly K.V.**

Chief Financial Officer

**Abdul Gafoor Mohammad**

Company Secretary

Place: Hyderabad

Date: May 01, 2021

Place: Delhi

Date: May 01, 2021

Place: Mumbai

Date: May 01, 2021

Place: Hyderabad

Date: May 01, 2021



**Statement of profit and loss for the Year ended March 31, 2021**

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

Particulars	Note No.	For the Year ended 31 March 2021	For the Year ended 31 March 2020
<b>Income</b>			
I Revenue from Operation	14(a)	<b>193,733</b>	259,383
II Other Operating income	14(b)	<b>30,719</b>	823
III Other income	15	<b>4,084</b>	11,702
<b>IV Total Income (I+II+III)</b>		<b>228,536</b>	<b>271,908</b>
<b>V Expenses</b>			
Cost of materials consumed	16	<b>322</b>	5,045
Employee benefits expense	17	<b>64,923</b>	57,640
Finance costs	18	<b>15,475</b>	8,925
Depreciation and amortisation expense	3	<b>64,560</b>	48,496
Other expenses	19(a)	<b>95,407</b>	107,723
<b>Total Expenses (V)</b>		<b>240,687</b>	<b>227,829</b>
VI Profit / (Loss) before exceptional items and tax (IV-V)		<b>(12,151)</b>	<b>44,079</b>
VII Exceptional items	19(b)	-	63,696
VIII Profit / (Loss) before tax (VI+VII)		<b>(12,151)</b>	<b>107,775</b>
IX Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
X Profit / (Loss) for the period (VIII-IX)		<b>(12,151)</b>	<b>107,775</b>
XI Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Remeasurement of employee benefits obligations to be reclassified to profit or loss	11(c)	<b>(57)</b>	(468)
<b>XII Total Comprehensive Income for the year (X+XI)</b>		<b>(12,208)</b>	<b>107,307</b>
XIII Earning per equity share (face value per equity share Rs. 10/- each)	21		
(1) Basic (Rs.)		<b>(0.20)</b>	1.77
(2) Diluted (Rs.)		<b>(0.20)</b>	1.77
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 Number: 003990S/S200018

**for and on behalf of the Board of Directors of  
 Zenotech Laboratories Limited**  
 CIN: L27100TG1989PLC010122

**S. Prasana Kumar**  
 Partner  
 Membership No.: 212354

**Azadar Hussain Khan**  
 Chairman  
 DIN:01219312

**Kavita R. Shah**  
 Director  
 DIN:02566732

**Devendra Chandrakant S. Kenkre**  
 Chief Executive Officer

**Poly K.V.**  
 Chief Financial Officer

**Abdul Gafoor Mohammad**  
 Company Secretary

 Place: Hyderabad  
 Date: May 01, 2021

 Place: Delhi  
 Date: May 01, 2021

 Place: Mumbai  
 Date: May 01, 2021

 Place: Hyderabad  
 Date: May 01, 2021

## Statement of changes in equity for the year ended 31 March, 2021

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

### A. Equity Share Capital

<b>Particulars</b>	
As at 31.03.2020	610,306
Changes in Equity Share Capital	-
<b>As at 31.03.2021</b>	<b>610,306</b>
<b>Particulars</b>	
As at 31.03.2019	610,306
Changes in Equity Share Capital	-
<b>As at 31.03.2020</b>	<b>610,306</b>

### B. Other Equity

Particulars	Reserves and Surplus		Total other equity
	Securities premium	Retained earnings	
<b>Balance as at 1st April 2019</b>	<b>2,095,431</b>	<b>(2,316,754)</b>	<b>(221,323)</b>
Additions during the year	-	-	-
Profit/(Loss) for the year	-	107,775	107,775
Other comprehensive income- Remeasurement of defined benefit obligations		(468)	(468)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>107,307</b>	<b>107,307</b>
<b>Other Equity as on 31st March 2020</b>	<b>2,095,431</b>	<b>(2,209,447)</b>	<b>(114,016)</b>
<b>Balance as at 1 April 2020</b>	<b>2,095,431</b>	<b>(2,209,447)</b>	<b>(114,016)</b>
Profit/(Loss) for the year	-	(12,151)	(12,151)
Other comprehensive income- Remeasurement of defined benefit obligations	-	(57)	(57)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(12,208)</b>	<b>(12,208)</b>
<b>Other Equity as on 31st March 2021</b>	<b>2,095,431</b>	<b>(2,221,655)</b>	<b>(126,224)</b>
<b>Nature and purpose of reserves:</b>			
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 Number: 003990S/S200018

for and on behalf of the Board of Directors of  
**Zenotech Laboratories Limited**  
 CIN: L27100TG1989PLC010122

**S. Prasana Kumar**  
 Partner  
 Membership No.: 212354

**Azadar Hussain Khan**  
 Chairman  
 DIN:01219312

**Kavita R. Shah**  
 Director  
 DIN:02566732

**Devendra Chandrakant S. Kenkre**  
 Chief Executive Officer

**Poly K.V.**  
 Chief Financial Officer

**Abdul Gafoor Mohammad**  
 Company Secretary

Place: Hyderabad  
 Date: May 01, 2021

Place: Delhi  
 Date: May 01, 2021

Place: Mumbai  
 Date: May 01, 2021

Place: Hyderabad  
 Date: May 01, 2021

**Standalone Cash flow statement for the Year ended March 31, 2021**

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

	For the Year ended 31 March 2021	For the Year ended 31 March 2020
<b>A. Cash flows from operating activities</b>		
Profit/(Loss) before taxation	(12,151)	107,775
<b>Adjustments for:</b>		
Depreciation and amortisation	64,560	48,496
Amounts written back	(2,907)	(1,139)
Unrealised foreign exchange loss, net	-	(1)
Interest expenses	15,475	8,925
Interest income	(547)	(9,369)
Exceptional items	-	(63,696)
<b>Operating cash flows before working capital changes</b>	<b>64,430</b>	<b>90,990</b>
<b>Changes in Working Capital:</b>		
(Increase)/decrease in trade receivables	(19,461)	5,011
(Increase)/decrease in inventories	322	4,901
(Decrease)/ increase in trade payables	(23,897)	6,009
(Increase)/decrease in other financial assets	189	1,577
(Increase)/decrease in current non financial assets	-	-
(Increase)/decrease in non-current financial assets	(560)	(893)
(Increase)/decrease in non-current assets	(228)	7,445
(Increase)/decrease in other current assets	15,925	2,075
(Decrease)/increase in provisions for non current liabilities	7,362	1,050
(Decrease)/increase in provisions for current liabilities	(611)	(2,640)
(Decrease)/increase in other financial liabilities	7,872	1,797
(Decrease)/increase in other current liabilities	7,233	(693)
<b>Cash generated/(used) in operations</b>	<b>58,575</b>	<b>116,629</b>
Income taxes paid/ TDS (net)	(1,165)	(2,835)
<b>Net cash generated/(used) in operating activities (A)</b>	<b>57,410</b>	<b>113,794</b>

## Standalone Cash flow statement for the Year ended March 31, 2021

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

	For the Year ended 31 March 2021	For the Year ended 31 March 2020
<b>B. Cash flows from investing activities</b>		
Payment for Purchase of property plant equipment (Including Capital advance & Work in Progress)	(49,115)	(217,470)
Deposits towards margin money	390	170
Interest income received	547	9,369
<b>Net cash provided by/ (used in) investing activities (B)</b>	<b>(48,178)</b>	<b>(207,931)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of equity share capital - Rights Issue	-	-
Proceeds from borrowings, net	20,000	100,000
Repayment of long-term borrowings	-	(115,838)
Interest paid	(15,475)	(11,167)
<b>Net cash provided by/(used in) financing activities (C)</b>	<b>4,525</b>	<b>(27,005)</b>
<b>Net increase/ (decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>13,757</b>	<b>(121,143)</b>
Cash and cash equivalents at the beginning of the year	10,820	131,963
<b>Cash and cash equivalents at the end of the year (refer Note 7(b) )</b>	<b>24,577</b>	<b>10,820</b>

Note 1: Cash and cash equivalents does not include restricted cash balance (Margin money) of Rs 1,000 (previous year: Rs 1,390).

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

As per our Report of even date attached  
for **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm Registration Number: 003990S/S200018

for and on behalf of the Board of Directors of  
**Zenotech Laboratories Limited**  
CIN: L27100TG1989PLC010122

**S. Prasana Kumar**  
Partner  
Membership No.: 212354

**Azadar Hussain Khan**  
Chairman  
DIN:01219312

**Kavita R. Shah**  
Director  
DIN:02566732

**Devendra Chandrakant S. Kenkre**  
Chief Executive Officer

**Poly K.V.**  
Chief Financial Officer

**Abdul Gafoor Mohammad**  
Company Secretary

Place: Hyderabad  
Date: May 01, 2021

Place: Delhi  
Date: May 01, 2021

Place: Mumbai  
Date: May 01, 2021

Place: Hyderabad  
Date: May 01, 2021

## Standalone Cash flow statement for the Year ended March 31, 2021

(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.

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents	24,577	10,820
Liquid Investments	-	-
Current borrowings (Including interest accrued)	-	(186,562)
Non-current borrowings	(206,562)	-
<b>Net debt</b>	<b>(181,985)</b>	<b>(175,742)</b>

Particulars	Other assets		Liabilities from financing activities			Total
	Cash and bank	Liquid Investments	Finance lease obligations	Non-current borrowings	Current borrowings	
<b>Net debt as at 1 April 2019</b>	131,963	-	-	-	(204,642)	<b>(72,679)</b>
Cash flows	(121,143)	-	-	-	15,838	<b>(105,305)</b>
Interest expenses	-	-	-	-	(25,185)	<b>(25,185)</b>
Interest paid	-	-	-	-	27,427	<b>27,427</b>
<b>Net debt as at 31 March 2020</b>	<b>10,820</b>	-	-	-	<b>(186,562)</b>	<b>(175,742)</b>
Cash flows	13,757	-	-	(20,000)	-	<b>(6,243)</b>
Conversion of Current to Non-Current	-	-	-	(186,562)	186,562	-
Interest expenses	-	-	-	-	(18,108)	<b>(18,108)</b>
Interest paid	-	-	-	-	18,108	<b>18,108</b>
<b>Net debt as at 31 March 2021</b>	<b>24,577</b>	-	-	<b>(206,562)</b>	-	<b>(181,985)</b>

## Notes to the Standalone Financial Statements for the Year ended March 31, 2021

(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 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 abated by the court due to demise of the accused. 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, during the previous year, the Company received the winding up order for its defunct subsidiary in Nigeria. The Company engaged consultant in Brazil to file the winding-up applications in adherence 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.

**vi) Estimation of uncertainties relating to the global health pandemic from COVID-19**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions there is no material impact on its financial statements as at March 31, 2021. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the impact may be different from that estimated as at the date of approval of financial statements. The Company will continue to monitor any material changes to future economic conditions.

**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**

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 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).

##### **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.

##### **Income from leasing of assets:**

Rental income from leasing of buildings, plant and machineries are recognised as revenue over the lease period at contracted lease amount.

##### **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 Rs.5,000/- are depreciated in full in the same year.

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

**p. 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.

**q. Recent Accounting Pronouncements:**

**(i). New amended standards and interpretation:**

- i). Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'
- ii). Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- iii). Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- iv). Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- v). Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.
- vi). Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.
- vii). Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- viii). Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.
- ix). Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of the amendments has any material impact on the financial statements for the current year.

**(ii). New standards notified but not yet effective:**

None

### Notes to the Standalone Financial Statements for the Year ended March 31, 2021

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

#### Note 3: Property, Plant and Equipment

	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	EDP Equipment	Total
<b>Gross Block at Cost</b>								
As at 1 <sup>st</sup> April 2019	10,831	160,823	405,223	5,447	2,221	2,758	3,198	590,500
Adjustments:	-	-	-	-	-	-	(51)	(51)
Additions	-	9,439	94,052	516	126	-	589	104,722
As at 31 <sup>st</sup> March 2020	10,831	170,262	499,275	5,963	2,347	2,758	3,736	695,172
Adjustments:	-	-	-	-	-	-	-	-
Additions	-	39,887	263,800	514	1,024	493	13,878	319,595
As at 31 <sup>st</sup> March 2021	10,831	210,148	763,075	6,477	3,371	3,251	17,614	1,014,768
<b>Depreciation and Impairment</b>								
As at 1 <sup>st</sup> April 2019	-	28,431	123,592	4,377	474	1,518	1,023	159,415
Adjustments:	-	-	-	-	-	-	(17)	(17)
Depreciation charge during the year	-	8,745	37,711	266	427	372	975	48,496
As at 31 <sup>st</sup> March 2020	-	37,176	161,303	4,643	901	1,890	1,981	207,894
Adjustments:	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	8,525	49,680	387	526	325	5,118	64,560
Impairment loss (note)	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2021	-	45,701	210,983	5,031	1,426	2,215	7,099	272,455
<b>Net Book Value</b>								
As at 31 <sup>st</sup> March 2021	10,831	164,448	552,092	1,446	1,945	1,036	10,516	742,314
As at 31 <sup>st</sup> March 2020	10,831	133,086	337,972	1,320	1,446	868	1,755	487,278
<b>Note</b>								
1. Plant & Equipment as at the year end includes assets given on operating lease: Cost Rs. 187,083 (PY: Rs.12,738); Accumulated depreciation Rs 16,212 (PY: Rs. 7,946) and carrying value as at the reporting date of Rs. 170,871 (Previous year Rs 4,793).								
2. During the year the Company had purchased equipments of Rs. Nil (PY: Rs. 14) from holding company group								
3. For details of the assets pledged for TDB loan, refer Note 30 of the financial statements.								
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, 2015 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as gross block.								
Gross block as at 1st April, 2015	10,831	209,970	576,164	13,659	963	7,735	6,826	826,149
Accumulated depreciation as at 1st April, 2015	-	(60,867)	(221,940)	(9,068)	(726)	(5,967)	(6,313)	(304,881)
Net block as at 1st April, 2015 treated as deemed cost	10,831	149,103	354,224	4,591	237	1,768	513	521,267



**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

<b>B. Capital Work in Progress</b>	
<b>As at 1<sup>st</sup> April 2019</b>	<b>272,671</b>
Additions during the period*	219,866
Gross Capital Work In Progress	492,537
Less: Transferred to Fixed Assets during the year	98,545
Less: Provision for Impairment	(103,156)
<b>Net CWIP as at March 31, 2020</b>	<b>290,836</b>
<b>As at 1<sup>st</sup> April 2020</b>	<b>393,991</b>
Additions during the period*	50,636
Gross Capital Work In Progress	444,627
Less: Transferred to Fixed Assets during the year	319,646
Less: Provision for Impairment	(103,156)
<b>Net CWIP as at March 31, 2021</b>	<b>21,825</b>
<i>* including interest capitalised Rs.2,633 (Previous year-16,261)</i>	

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (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, 2021	As at March 31, 2020
<b>Investments in equity shares of Subsidiaries# at Deemed cost</b>		
<b>Unquoted</b>		
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		
<b>Investments in equity shares of Other Companies at Deemed cost</b>		
<b>Unquoted</b>		
Equity shares in Credence Organics Private Limited**	-	-

# 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 Company received winding up order for Zenotech Laboratories Nigeria Limited during the previous year and the Company is in the process of filing related reports with RBI. Winding up process for Zenotech Pharmaceutica do Brazil Ltda is in progress as on March 31, 2021.

\*\* 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, 2021	As at March 31, 2020
Deposits with Government, public bodies		
-Considered good	6,821	6,257
-Credit Impaired	211	211
Margin Money deposits	1,000	1,000
Others	-	4
<b>Total</b>	<b>8,032</b>	<b>7,472</b>
Less: Provision for doubtful receivables	211	211
<b>TOTAL</b>	<b>7,821</b>	<b>7,261</b>

**Note 5: Other Non Current Assets**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured, considered good except stated other wise)</b>		
Deposits with Government, public bodies*	766	538
Capital Advances	326	1,795
Others	-	-
<b>TOTAL</b>	<b>1,092</b>	<b>2,333</b>

\* Includes amount deposited under protest

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and Packing materials	619	941
Work-in-progress	-	-
<b>TOTAL</b>	<b>619</b>	<b>941</b>

*Note:* 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 Rs.145 (Previous year Rs.3,898).

**Note 7(a): Trade receivables- Current**

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good-Secured	-	-
Trade receivables considered good-Unsecured*	38,032	18,571
Trade receivables which have significant increase in credit risk	-	-
Trade receivables-credit impaired	-	-
<b>TOTAL</b>	<b>38,032</b>	<b>18,571</b>
Less : Provision for Trade Receivables credit impaired	-	-
<b>TOTAL</b>	<b>38,032</b>	<b>18,571</b>

\*Refer note 27 for related party disclosures

**Note 7(b): Cash and Bank Balances**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balances with banks</b>		
- in current accounts	24,573	5,803
Cash on hand	4	17
<b>Other Bank Balances</b>		
- Deposits with original maturity of less than 3 months	-	5,000
<b>Cash and Cash equivalents (A)</b>	<b>24,577</b>	<b>10,820</b>
<b>Bank Balances other than above</b>		
- Margin Money deposits	1,000	1,390
Less: Margin Money Deposit with Bank maturing after 12 months from the balance sheet date classified as Non-Current (Note 4(b))	1,000	1,000
<b>Total Bank Balances other than above (B)</b>	<b>-</b>	<b>390</b>
<b>GRAND TOTAL</b>	<b>24,577</b>	<b>11,210</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Note 7(c) . Other Financial Current Assets**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured considered good</b>		
Interest accrued but not due	1,414	1,603
<b>TOTAL</b>	<b>1,414</b>	<b>1,603</b>

**Note 8: Other Current Assets**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered doubtful</b>		
Excess Remuneration paid, recoverable from an erstwhile managing director	7,980	7,980
Less: Provision for excess remuneration paid, recoverable	(7,980)	(7,980)
<b>Unsecured, considered good</b>		
Balance with Statutory authorities	7,496	23,691
Advance for supply of goods and services	243	111
Prepaid expenses	825	697
Advance to employees	162	61
Salaries Recoverable from employees	91	182
<b>TOTAL</b>	<b>8,817</b>	<b>24,742</b>

**Note 9: Equity**

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Value	No. of shares	Value
<b>Authorised</b>				
Equity shares of Rs.10/- each	100,000,000	1,000,000	100,000,000	1,000,000
	100,000,000	1,000,000	100,000,000	1,000,000
<b>Issued, Subscribed and Fully Paid-up</b>				
Equity shares of Rs.10/- each	61,030,568	610,306	61,030,568	610,306
<b>TOTAL</b>	<b>61,030,568</b>	<b>610,306</b>	<b>61,030,568</b>	<b>610,306</b>

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

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Value	No. of shares	Value
<b>Equity shares</b>				
At the beginning of the year	61,030,568	610,306	61,030,568	610,306
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>61,030,568</b>	<b>610,306</b>	<b>61,030,568</b>	<b>610,306</b>

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

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

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

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

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Value	No. of shares	Value
Equity shares of Rs. 10/- each (Held by Sun Pharmaceutical Industries Limited)	35,128,078	351,280,780	35,128,078	351,280,780
<b>TOTAL</b>	<b>35,128,078</b>	<b>351,280,780</b>	<b>35,128,078</b>	<b>351,280,780</b>

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

	As at March 31, 2021		As at March 31, 2020	
	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	3,209,982	5.26%	3,209,982	5.26%

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, 2021, 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, 2021	As at March 31, 2020
Securities premium reserve	2,095,431	2,095,431
Retained Earnings	(2,221,655)	(2,209,447)
<b>TOTAL</b>	<b>(126,224)</b>	<b>(114,016)</b>
<b>Securities Premium Reserve</b>		
Opening Balance	2,095,431	2,095,431
Rights issue	-	-
<b>Closing Balance</b>	<b>2,095,431</b>	<b>2,095,431</b>
<b>Retained Earnings</b>		
Opening balance	(2,209,447)	(2,316,754)
Net profit / (loss) for the period	(12,151)	107,775
Remeasurements of post-employment benefit obligation, net of tax (OCI)	(57)	(468)
<b>Closing Balance</b>	<b>(2,221,655)</b>	<b>(2,209,447)</b>
<b>GRAND TOTAL</b>	<b>(126,224)</b>	<b>(114,016)</b>

**Note 11 (a): Provisions - Long Term**

Particulars	As at March 31, 2021	As at March 31, 2020
	<b>Non-Current</b>	
Provision for Compensated Leave absences (Refer Note 11(c))	4,057	1,952
Provision for Gratuity (Refer Note 11 (c))	4,282	2,938
<b>TOTAL</b>	<b>8,339</b>	<b>4,890</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (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, 2021	As at March 31, 2020
	Current	Current
Provision for indirect taxation (Refer footnotes below)	83,488	83,488
Provision for Compensated Leave absences (Refer Note 11(c))	881	1,131
Provision for Gratuity (Refer Note 11(c))	-	361
<b>TOTAL</b>	<b>84,369</b>	<b>84,980</b>

i) Information about individual provisions and significant estimates.

Provision for indirect taxation

Provision for indirect taxation comprises of due towards Custom duty (EPCG) and AP VAT

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Service Tax	-	-
Provision for Customs (EPCG Duty)	80,901	80,901
Provision for AP VAT	2,587	2,587
<b>TOTAL</b>	<b>83,488</b>	<b>83,488</b>

ii) Movements in provisions

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

Particulars	Towards Service Tax	Towards Customs duty	Towards AP VAT
<b>As at 1<sup>st</sup> April 2020</b>	-	80,901	2,587
Charged/(credited) to profit or loss			
-additional provisions recognised	-	-	-
Amounts used during the year	-	-	-
<b>As at 31<sup>st</sup> March 2021</b>	-	<b>80,901</b>	<b>2,587</b>

ii) Movements in provisions

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

Particulars	Towards Service Tax	Towards Customs duty	Towards AP VAT
<b>As at 1<sup>st</sup> April 2019</b>	86,262	80,901	3,953
Charged/(credited) to profit or loss			
-additional provisions recognised	1,251	-	-
Amounts used during the year	(87,513)	-	(1,366)
<b>As at 31<sup>st</sup> March 2020</b>	-	<b>80,901</b>	<b>2,587</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Note 11 (c):**
**a) Employee Benefits**

Particulars	As at March 31, 2021	As at March 31, 2020
Amount recognised as expense in the statement of Profit and Loss		
- Provident Fund Contribution	2,913	2,513

**b) Leave Obligation**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current Liability	881	1,131
Non-Current Liability	4,057	1,952
<b>TOTAL</b>	<b>4,938</b>	<b>3,083</b>

**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	As at March 31, 2021	As at March 31, 2020
Projected benefit obligation at the beginning of the year	3,299	2,068
Current Service Cost	1,030	619
Interest Cost	190	144
Actuarial (gain)/ loss on obligation	57	468
Benefits paid	(294)	-
<b>Projected benefit obligation at the end of the year</b>	<b>4,282</b>	<b>3,299</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current Liability	-	361
Non-Current Liability	4,282	2,938
<b>TOTAL</b>	<b>4,282</b>	<b>3,299</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Expense recognised in the Statement of Profit and Loss**

Particulars	As at March 31, 2021	As at March 31, 2020
Service Cost	1,030	619
Interest Cost	190	144
<b>Net Gratuity Costs</b>	<b>1,220</b>	<b>763</b>

**Summary of Actuarial Assumptions**

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.25%	6.10%
Salary escalation rate	7.00%	7.00%

**Maturity profile of the defined benefit obligation**

Particulars	As at March 31, 2021	As at March 31, 2020
Weighted average duration of defined benefit obligation (in years)	10.97	10.40
Expected benefit payments for the year ending		
Not later than 1 year	126	361
Later than 1 year and not later than 5 years	1,199	877
Later than 5 year and not later than 10 years	1,177	915
Above 10 years	7,080	4,820

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

Particulars	As at March 31, 2021	As at March 31, 2020
Remeasurement for the period - Obligation (gain)/loss arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	(71)	425
- experience variance	129	43
<b>Amount recognised in OCI</b>	<b>57</b>	<b>468</b>

**Sensitivity analysis of significant actuarial assumptions**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount rate(-/+1%)	5.71%	-5.27%	5.35%	-4.94%
Salary growth rate(-/+1%)	-5.26%	5.64%	-4.92%	5.28%



**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Note 12: Financial liabilities**
**(a) Current borrowings**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Loans repayable on demand</b>		
<b>Secured</b>	-	-
<b>Unsecured - amortised cost</b>		
Loan from holding Company	-	186,562
<b>Total current borrowings</b>	-	<b>186,562</b>
Less: Interest accrued	-	-
<b>TOTAL</b>	-	<b>186,562</b>

**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 (One year calculated from the Effective Date).

**(b) Trade payables**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
A). Trade payables-Micro and Small Enterprises (Refer footnotes below)	1,012	2,069
<b>Total (A)</b>	1,012	2,069
B). Trade payables-Others		
Related parties (Refer Note: 27(D))	-	1,521
Others	18,207	42,433
<b>Total (B)</b>	18,207	43,954
<b>GRAND TOTAL</b>	19,219	46,023

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, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,012	2,041
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	28
(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	-	-

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

Particulars	As at March 31, 2021	As at March 31, 2020
(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	-	28
(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, 2021	As at March 31, 2020
Interest accrued and due*	27,645	27,645
Payable to employees	647	491
Expenses payables	6,546	4,846
<b>TOTAL</b>	<b>34,838</b>	<b>32,982</b>

\* The Company had repaid the principal loan amount of Rs.29,648 to Technology Development Board (TDB) during the year 2017-18. However, Rs. 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

**(d) Other financial liabilities - Non Current**

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Rental Deposit - Biotech Facility	6,016	-
<b>TOTAL</b>	<b>6,016</b>	<b>-</b>

**(e) Non Current borrowings**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Loans repayable on demand</b>		
<b>Secured</b>	-	-
<b>Unsecured - amortised cost</b>		
Loan from holding Company	206,562	-
<b>Total non current borrowings</b>	<b>206,562</b>	<b>-</b>
Less: Interest accrued	-	-
<b>TOTAL</b>	<b>206,562</b>	<b>-</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**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 the option of the Company at any time or from time to time during the Loan Period ( i.e., 3 years calculated from the Effective Date).

**Note 13 (a): Other Current Liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory liabilities	5,933	3,813
Advance Rent Received SPIL	4,357	-
Advance Rent Biotech Facility	756	
<b>TOTAL</b>	<b>11,046</b>	<b>3,813</b>

**Note 13(b): Other Non Current Liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Rent Biotech Facility	3,970	-
<b>TOTAL</b>	<b>3,970</b>	<b>-</b>

**Note 14 (a): Revenue from operations**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products	-	2,197
Sale of services	193,733	257,186
<b>TOTAL*</b>	<b>193,733</b>	<b>259,383</b>

\*Refer note 20 for further details

**Note 14(b): Other Operating Income**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Facility Lease Charges - Biotech	16,341	-
Machinery Lease Charges - Biotech	13,070	-
Machinery Lease Charges - Other than Biotech	743	823
Notional Income on Advance Rent Biotech	565	-
<b>TOTAL#</b>	<b>30,719</b>	<b>823</b>

# Lease charges reclassified from Other Income to Other Operating Income in line with revised business strategy of the Company

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income from bank deposits at amortised cost	547	9,369
Liabilities no longer required written back*	2,907	1,139
Profit on Sale of Asset	-	9
Miscellaneous income	630	1,185
<b>TOTAL</b>	<b>4,084</b>	<b>11,702</b>

\* includes unclaimed balances of creditors ageing more than 3 years

**Note 16: Cost of materials consumed**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Raw materials and Packing materials at the beginning of the year	941	5,842
Add: Purchases	-	144
Less: Raw materials and Packing materials at the end of the year	619	941
<b>TOTAL</b>	<b>322</b>	<b>5,045</b>

The cost of materials consumed includes Rs 145 (Previous year Rs 3,898) written off inventories relating to biotech division.

**Note 17: Employee benefit Expenses**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	58,379	51,098
Contribution to provident fund and other funds	4,414	4,055
Staff welfare expenses	2,130	2,487
<b>TOTAL</b>	<b>64,923</b>	<b>57,640</b>

Salaries of Rs.2,226 (PY: Rs.4,668) to the extent attributable to qualifying projects transferred to CWIP

**Note 18: Finance Cost**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Term Loan - SPIL*	15,475	8,925
Others	-	-
<b>TOTAL</b>	<b>15,475</b>	<b>8,925</b>

\* Interest expense Rs.2,633 (PY-16,261) related to Biotech Project transferred to Capital work in progress

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Note 19 (a): Other Expenses**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Power and fuel	31,232	32,923
<b>Repairs and maintenance</b>		
- Buildings	1,211	1,501
- Plant and machinery	9,962	15,663
- Others	3,260	6,358
Contract manpower expenses	7,495	9,723
<b>Other manufacturing expenses</b>		
- Analytical Charges	105	96
- Quality Control Cost	10,632	7,166
- Consumables	12,859	15,626
Advertisement	197	284
Communication	318	675
Rates and taxes	2,717	3,271
Insurance	2,919	1,587
Legal and professional fees	2,258	2,702
Remuneration to Auditors (Refer note(i) below)	1,202	1,226
Printing & Stationery	429	567
Office and general maintenance	1,168	1,294
Security charges	2,417	2,455
Selling and distribution	3	5
Net gain/(loss) on foreign currency transactions	-	(1.00)
Miscellaneous Balance Written off	-	51
Travelling and conveyance	3,696	3,430
Miscellaneous Expenses	1,327	1,121
<b>TOTAL</b>	<b>95,407</b>	<b>107,723</b>

Power and Fuel Expenses of Rs. 4,351 (PY: Rs. 12,256) to the extent attributable to qualifying projects transferred to CWIP

**Note (i)**
**Details of payments to auditors**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Payment to auditors		
As Statutory auditor:	500	500
<b>In other capacities:</b>		
Certificates fees	350	200
Tax Audit fees	200	200
Other services	150	150
Out of pocket expenses	2	176
<b>TOTAL</b>	<b>1,202</b>	<b>1,226</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Note 19 (b): Exceptional Items**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provision for Service tax written back*	-	63,696
<b>TOTAL</b>	<b>-</b>	<b>63,696</b>

\*During the previous year, the Company has availed the Sabka Vishwas (legacy dispute resolution) scheme, (SVLDRS) 2019 for settling the service tax litigation and arrears. The Government Department has issued SVLDRS-4 (Discharge certificate) and based on the aforesaid certificates, the Company has reversed the provision made for balance principal amount and interest amount in the books to the extent of Rs.63,696.37 thousands and the reversal has been presented under exceptional items in the statement of profit & loss.

**Note 20: Customer contracts**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b><u>Contract with Customers</u></b>		
Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
<b><u>Revenue from operations</u></b>		
<b><u>Revenue from contract with customers</u></b>		
a) Sale of Oncology Products	-	2,197
b) Sale of Services- Contract Manufacturing)	193,733	257,186
c) Lease rental income	30,719	823
<b>TOTAL INCOME</b>	<b>224,452</b>	<b>260,206</b>

**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) <b>Basic Earnings Per Share</b>	Year ended March 31, 2021	Year ended March 31, 2020
From continuing operations attributable to the equity shareholders of the company	(0.20)	1.77
From Discontinued Operations	-	-
<b>Total basic earnings per share attributable to the equity shareholders</b>	<b>(0.20)</b>	<b>1.77</b>
b) <b>Diluted Earnings Per Share</b>	Year ended March 31, 2021	Year ended March 31, 2020
From continuing operations attributable to the equity shareholders of the company	(0.20)	1.77
From Discontinued Operations	-	-
<b>Total diluted earnings per share attributable to the equity shareholders</b>	<b>(0.20)</b>	<b>1.77</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

c)	Reconciliation of earnings used in calculating earnings per share	Year ended March 31, 2021	Year ended March 31, 2020
	<b>Basic Earnings Per Share</b>		
	Profit attributable to the equity shareholders		
	From continuing operations	(12,151)	107,775
	From discontinued operations	-	-
	<b>Profit attributable to the equity shareholders of the company used in calculating basic earnings per share:</b>	<b>(12,151)</b>	<b>107,775</b>
	<b>Diluted Earnings per share</b>		
	Profit attributable to the equity shareholders		
	From continuing operations	(12,151)	107,775
	From discontinued operations	-	-
	<b>Profit attributable to the equity shareholders of the company used in calculating diluted earnings per share</b>	<b>(12,151)</b>	<b>107,775</b>
d)	<b>Weighted average number of shares used as denominator</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
	Weighted average number of shares used as denominator in calculating basic earnings per share	61,030,568	61,030,568
	Adjustments:	-	-
	<b>Weighted average number of shares and potential equity shares used as denominator in calculating diluted earnings per share</b>	<b>61,030,568</b>	<b>61,030,568</b>

**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

	Wednesday, March 31, 2021			Tuesday, March 31, 2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>						
Trade Receivables			38,032			18,571
Cash and cash equivalents and Bank Balances			24,577			11,210
Other Financial Assets - Non Current			7,821			7,261
Other Financial Assets - Current			1,414			1,603
<b>TOTAL</b>			<b>71,844</b>			<b>38,645</b>
<b>Financial Liabilities</b>						
Borrowings	-		206,562	-		186,562
Trade payables			19,219			46,023
Other Financial liabilities- Current			34,838			32,982
Other Financial liabilities- Non Current			6,016			-
<b>TOTAL</b>			<b>266,635</b>			<b>265,567</b>

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

**Note 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

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**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.

<b>Contractual Maturities as at 31.03.2021</b>	<b>Due in 1st year</b>	<b>Due in 2nd to 5th year</b>	<b>Due in 6th to 7th year</b>	<b>Total</b>
<b>Non derivatives</b>				
Borrowings	-	206,562	-	206,562
Obligations under finance lease	-	-	-	-
Trade payables	19,219	-	-	19,219
Other financial liabilities	34,838	-	-	34,838
Other Financial liabilities- Non Current	-	-	10,893	10,893
<b>Total non-derivative liabilities</b>	<b>54,057</b>	<b>206,562</b>	<b>10,893</b>	<b>271,512</b>
<b>Contractual Maturities as at 31.03.2020</b>	<b>Due in 1st year</b>	<b>Due in 2nd to 5th year</b>	<b>Due in 6th to 7th year</b>	<b>Total</b>
<b>Non derivatives</b>				
Borrowings	186,562	-	-	186,562
Obligations under finance lease	-	-	-	-
Trade payables	46,023	-	-	46,023
Other financial liabilities	32,982	-	-	32,982
<b>Total non-derivative liabilities</b>	<b>265,567</b>	<b>-</b>	<b>-</b>	<b>265,567</b>

**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 medium term in nature.



**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Note 24 (a) Operating Lease**

Operating leases, in which the Company is the lessor, relate to equipments owned by the Company with lease terms upto 7 years. The agreement can be terminated any time by Lessor/ Lessee by giving 60 days prior written notice. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

**Maturity analysis of operating lease payments:**

Year	As at March 31, 2021	As at March 31, 2020
Year 1	39,958	743
Year 2	39,958	743
Year 3	39,958	498
Year 4	39,685	11
Year 5	39,215	-
Year 6	39,215	-
Year 7	9,804	-
<b>TOTAL</b>	<b>247,791</b>	<b>1,994</b>

The following table presents the amounts reported in profit or loss.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Lease income on operating leases (refer note 14(b))	30,154	823
Therein lease income relating to variable lease payments that do not depend on an index or rate	-	-

**Note 24 (b): Capital Management**

The company's 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.

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

Particulars	As at March 31, 2021	As at March 31, 2020
Net debt (total borrowings net of cash and cash equivalents)	181,985	175,742
Total equity (as shown in the balance sheet, including non-controlling interests).	484,082	496,290
<b>Gearing Ratio (Net debt to equity ratio)</b>	<b>38%</b>	<b>35%</b>

**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 Company 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

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

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 Pharma Group. In the current year, revenue earned from Sun Pharmaceutical Industries Limited is 100% (PY:99%) of the total revenue for the year.

**Note 26: Interests in other entities**
**a) Subsidiaries**

The Company's subsidiaries at 31 March 2021 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
		31.03.2021	31.03.2020	31.03.2021	31.03.2020	
		%	%	%	%	
Zenotech Farmaceutica Do Brasil Ltda	Brazil	66.39	66.39	33.61	33.61	NA
Zenotech Laboratories Nigeria Limited	Nigeria	NA*	NA*	NA*	NA*	NA
Zenotech Inc	USA	100	100	0	0	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 Company received winding up order for Zenotech Laboratories Nigeria Limited during the previous year and the Company is in the process of filing related reports with RBI. Winding up process for Zenotech Pharmaceutica do Brazil Ltda is in progress as on March 31, 2021.

**b) Interest in Associates and Joint Ventures- NIL**

**Note 27: Related party transactions**
**(A) Holding Company:**

Name	Type	Place of incorporation	Ownership interests	
			31.03.2021	31.03.2020
Sun Pharmaceutical Industries Limited	Immediate and ultimate parent entity	India	57.56%	57.56%

**(B) Key managerial personnel:**

Name	Designation
Mr. Rajendra Singh Parihar	Chief Executive Officer (upto August 14, 2020)
Mr. Devendra Chandrakant S. Kenkre	Chief Executive Officer (w.e.f. January 23, 2021)
Mr. Poly K V	Chief Financial Officer
Mr. Abdul Gafoor Mohammad	Company Secretary & Compliance Officer

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)  
(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

**(C) Transactions and balances with related parties:**

Particulars	Name of Entity	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>i). Operating transactions/balances with holding Company/group Company</b>			
Sales*		-	3,417
Conversion Charges*		193,733	256,883
Interest on borrowing		18,108	25,187
Trade Receivables (Balances as at)**		38,032	18237
Rental and Hire Charges Received*		743	823
Biotech Facility Lease Charges*		16,341	-
Biotech Facility Machinery Rental and Hire Charges*		13,070	
Biotech Facility Reimbursement of Expenses*	Sun Pharmaceutical Industries Limited	21,710	-
Biotech Facility Lease Security Deposit - (6 months rentals)		10,894	-
Biotech Equipments Lease (3 months advance rentals)		4,357	
Purchase of Fixed Assets		-	14
Purchase of Consumables		-	6
Trade Payables (Balances as at)**		-	24
Borrowings (Balances as at)		206,562	186,562
Purchase of Fixed Assets		-	-
Other income received	Sun Pharma Laboratories Limited	-	-
Trade Payables (Balances as at)**		-	1,497
Conversion Charges*	Sun Pharmaceutical	-	303
Trade Receivable (Balances as at)**	Medicare Limited	-	333

\*excluding taxes

\*\* Including GST & net of TDS

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>a). Loans from Sun Pharmaceutical Industries Limited</b>		
Beginning of the year	186,562	204,642
Loans advanced/ received	20,000	100,000
Loans repayment received/ made	-	(115,838)
Interest charged (net of TDS)	16,750	22,668
Interest paid (net of TDS)	(16,750)	(24,910)
<b>End of the year</b>	<b>206,562</b>	<b>186,562</b>
<b>b). Trade Receivables from Sun Pharmaceutical Industries Limited</b>		
Beginning of the year	(18,237)	(23,581)
Adjusted with sales/services	(282,446)	(294,537)
Receipts against bills	262,650	299,881
<b>End of the year</b>	<b>(38,032)</b>	<b>(18,237)</b>

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**(D) Key management personnel compensation:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short- term employee benefits	5,620	6,265

*Note:* The managerial personnel are covered by the Company's gratuity policy and Medclaim 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, during the previous year, the Company received the winding up order for its defunct subsidiary in Nigeria and the Company is in the process of filing related reports with RBI. Winding-up process for the defunct subsidiary in Brazil is in progress.

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**Note 29: Contingent assets and liabilities**
**(i). Contingent liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(a) Claims against the Company not acknowledged as debt</b>		
Employee claims towards Gratuity	1,860	1,860
Claims by erstwhile co-managing director	-	-
<b>TOTAL</b>	<b>1,860</b>	<b>1,860</b>
<b>(b) Guarantees</b>		
Bank Guarantees issued on behalf of third parties	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>(c) Other matters for which the Company is contingently liable</b>		
Income Tax	-	-
Customs & Central Excise	104,640	104,640
Service Tax #	-	-
Sales Tax / VAT	-	39
Wealth Tax	-	69
Others	-	-
<b>TOTAL</b>	<b>104,640</b>	<b>104,748</b>

# During the previous year, the Company availed the Sabka Vishwas (Legacy Dispute Resolution) Scheme, (SVLDRS) 2019 for settling the service tax litigation and arrears. The Department has issued SVLDRS-4 (Discharge certificate) and based on the aforesaid certificates, the Company reversed the provision made for balance principal amount and interest amount in the books and accordingly contingent liabilities towards penalties is NIL

**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 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 Rs. 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 Rs 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 Rs 113.62 per share.

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

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, 2021	As at March 31, 2020
<b>Non-current</b>		
<i>Property, plant &amp; equipments (First charge)</i>	742,314	487,278
<b>Total non-current assets pledged as security</b>	<b>742,314</b>	<b>487,278</b>
<b>Total assets pledged as security</b>	<b>742,314</b>	<b>487,278</b>

**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 2021 and as at 31 March 2020 that have not been hedged by derivative instruments or otherwise:

Particulars	As at 31 March 2021		As at 31 March 2020	
	(IN USD)	Rs.	(IN USD)	Rs.
Loans and advances to subsidiaries *	584,223	26,086	584,223	26,086
Trade payables	-	-	12,450	939
Other payables	-	-	-	-

\* Provided fully and hence not restated

**Note 32: Capital Commitments**

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated value of contracts remaining to be executed on capital account and not provided for		
Tangible Assets	1,729	31,406
Intangible Assets	-	-
<b>Total</b>	<b>1,729</b>	<b>31,406</b>

**Note 33:**

At end of the year, there is an outstanding amount of Rs. 80,901 (PY:Rs.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.

**Notes to the Standalone Financial Statements for the Year ended March 31, 2021** (Contd)

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

**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 2021 on unabsorbed depreciation amounting to Rs 5,79,652 (Previous year: Rs.5,23,822) and unabsorbed business losses amounting to Rs.3,75,588 (Previous Year: Rs 3,75,588) arising on account of temporary differences, as stipulated in IND AS 12- Income Taxes

**Note 35:**

As at the year end, the Company's current liabilities have exceeded its current assets by Rs. 76,013 primarily on account of provision for indirect tax related cases of Rs.83,488. Management is confident of its ability to generate cash inflows from operations and also raise long term funds to meet its obligations on due date.

**Note 36:**

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

**Note 37:**

The Standalone financial statements were approved by the board of directors on May 01, 2021.

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As per our Report of even date attached  
**for PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm Registration Number: 003990S/S200018

**for and on behalf of the Board of Directors of**  
**Zenotech Laboratories Limited**  
CIN: L27100TG1989PLC010122

**S. Prasana Kumar**  
Partner  
Membership No.: 212354

**Azadar Hussain Khan**  
Chairman  
DIN:01219312

**Kavita R. Shah**  
Director  
DIN:02566732

**Devendra Chandrakant S. Kenkre**  
Chief Executive Officer

**Poly K.V.**  
Chief Financial Officer

**Abdul Gafoor Mohammad**  
Company Secretary

Place: Hyderabad  
Date: May 01, 2021

Place: Delhi  
Date: May 01, 2021

Place: Mumbai  
Date: May 01, 2021

Place: Hyderabad  
Date: May 01, 2021



**Manufacturing facilities & Registered office :**

Survey No. 250-252,  
Turkapally Village, Shameerpet Mandal,  
Hyderabad-500 078, Telangana State  
Phone : +91 90320 44584 / 585 / 586  
Fax : +91 40 2348 0429

Website : [www.zenotechlab.com](http://www.zenotechlab.com)  
CIN : L27100TG1989PLC010122