



zenotech

CIN: L27100TG1989PLC010122

ZENOTECH LABORATORIES LIMITED

Registered Office & Factory:

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: August 30, 2022

To

BSE Limited,
Market Operations Dept.
P. J. Towers, Dalal Street,
Mumbai-400001.

Scrip Code: 532039

Dear Sir/ Ma'am,

Sub: Annual Report for the financial year 2021-22 including Notice of 33rd Annual General Meeting

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report including the Notice of 33rd Annual General Meeting of the Company for the financial year 2021-22.

The Thirty Third (33rd) Annual General Meeting of the members of Zenotech Laboratories Limited will be held on Saturday, September, 24, 2022 at 10:30 a.m. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

The Cut-off date for the purpose of determining the Members eligible to vote on the resolutions set out in the Notice of the AGM is Saturday, September 17, 2022. The remote e-voting period begins on Wednesday, September 21, 2022 at 09:00 a.m. IST and ends on Friday, September 23, 2022 at 05:00 p.m. IST.

The Notice of AGM is also available on the Company's website at: <http://zenotechlab.com/annual-report/>.

This is for your information and dissemination.

Thanking you,

Yours faithfully,
For **Zenotech Laboratories Limited**

Abdul Gafoor Mohammad

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer



Encl: as above



Annual Report 2021-22



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

Devendra Chandrakant Shenvi Kenkre	: Chief Executive Officer
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
Website: www.zenotechlab.com

Registrar and Share Transfer Agent

: **KFin Technologies Limited**
(formerly, 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

Statutory Auditors

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

Secretarial Auditor

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

Internal Auditor

: **V R P S & Co.,**
(formerly, N. Sai Baba & Co.,
Chartered Accountants
Hyderabad, Telangana State, India.

33RD ANNUAL GENERAL MEETING

Time : 10:30 A.M.

Date : Saturday, September 24, 2022

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

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Important Communication to Members:

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

NOTICE OF 33RD ANNUAL GENERAL MEETING

NOTICE is hereby given that the 33rd Annual General Meeting of the members of Zenotech Laboratories Limited will be held on **Saturday, September 24, 2022** at 10:30 a.m. IST through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”), to transact the following business:

Ordinary Business:

Item No. 1: Adoption of Audited Standalone Financial Statements

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022 together with the Reports of the Board of Directors and Auditors thereon.

Item No. 2: Re-appointment of a Director

To appoint Mr. Rakeshchandra Jagdishprasad Sinha (DIN: 07340998), who retires by rotation and being eligible, has offered himself for re-appointment, as a Director.

Special Business:

Item No. 3: Material Related Party Transaction(s) with Sun Pharmaceutical Industries Limited

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (**‘SEBI Listing Regulations’**), the applicable provisions of the Companies Act, 2013 read with Rules made thereunder and other applicable provisions, if any, [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force], the Company’s Policy on Materiality of and Dealing with Related Party Transactions, and subject to such approval(s), consent(s), permission(s) as may be necessary from time to time and based on the approval/ recommendation of the Audit Committee and the Board of Directors of the Company, approval of the Members be accorded to the Company to enter into/continue with the existing Material Related Party Transaction(s)/ Contract(s)/ Arrangement(s)/ Agreement(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) falling within the definition of ‘Related Party Transaction’ under Regulation 2(1)(zc) of the Listing Regulations read with the definition of ‘Related Party’ under Regulation 2(1)(zb) of the Listing Regulations in the course of sale and purchase of goods and/or material, availing/ rendering of any services, sharing of resources, reimbursement of expenses, purchase/ sale/ transfer/ exchange/ lease of business assets to meet business objectives and requirements or any other obligations including leasing of property, as detailed in the explanatory statement to this Resolution, with Sun Pharmaceutical Industries Limited (**‘SPIL’**), a holding Company/Promoter of the Company on such terms and conditions as mentioned therein and as may be mutually agreed between the Company and SPIL, aggregating to an amount of ₹ 200 Crores for each of the financial year (FY) from FY 2022-23 to FY 2025-26, i.e., four (4) financial years provided that the said contract(s)/ arrangement(s)/ agreement(s)/ transaction(s) shall being carried out at arm’s length and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as ‘the Board’), be and is hereby authorised, to do and perform all such acts, deeds, matters and things, as may be necessary, including finalising the terms and conditions, methods and modes in respect thereof and finalising and executing necessary documents, including contract(s), scheme(s), agreement(s) and such other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including Governmental/regulatory authorities, as applicable, in this regard and deal with any matters, take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director(s) or Chief Executive Officer or Chief Financial Officer or Company Secretary and Compliance Officer or any other Officer(s) /Authorised Representative(s) of the Company, to do all such acts and take such steps, as may be considered necessary or expedient, to give effect to the aforesaid resolution(s).

RESOLVED FURTHER THAT all actions taken by the Board or any person so authorized by the Board, in connection with any matter referred to or contemplated in any of the foregoing resolution(s), be and are hereby approved, ratified and confirmed in all respects.”

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

Date: July 22, 2022
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. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') setting out material facts concerning the business with respect to Item No. 3 forms part of this Notice. Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') and Secretarial Standard - 2 on General Meetings/issued by The Institute of Company Secretaries of India, in respect of Director retiring by rotation seeking re-appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished as an Annexure to the Notice.
2. In accordance with the provisions of the Act read with the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular Nos. 2/2022 and 3/2022 dated May 5, 2022 (hereinafter referred to as 'MCA Circulars'), the forthcoming 33rd AGM of the Company is scheduled on Saturday, September 24, 2022 through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM'). Hence, members can attend and participate in the ensuing 33rd AGM through VC/OAVM. The Registered Office of the Company shall be deemed to be venue for the AGM.
3. 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 this 33rd AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.**
4. Corporate members intending to appoint authorized representative(s) to attend and vote on their behalf at the 33rd AGM are requested to submit to the Company a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising their representative(s) to attend and vote by e-mail to abdul.gafoor@zenotech.co.in or mahadev.pcs@gmail.com before the commencement of the 33rd AGM.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 17, 2022 to September 24, 2022 (both days inclusive) for the purpose of AGM.
6. 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 17, 2022. A person who is not a Member as on the Cut-off Date should treat this Notice solely for information purposes. Those who acquire equity shares of the Company and become members of the Company after the Notice is sent, and hold equity shares as on the Cut-off Date, can login to vote/attend the 33rd AGM, as detailed in Note no. 21 of this Notice.
7. The attendance of the Members attending the 33rd 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.

9. In case of joint holders attending the 33rd AGM, the member whose name appears as the first holder in the order of names as per Register of Members will be entitled to vote, provided the votes are not already cast by remote e-voting.

DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDs

10. In line with MCA Circulars read with circulars issued by Securities Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CDF/CMD2/CIR/P/2022/62 dated May 13, 2022 (hereinafter referred to as "SEBI Circular for AGM"), the Notice of 33rd AGM along with the Annual Report is being sent only through electronic mode to those members whose email addresses are registered with the Company's Registrar & Share Transfer Agent, KFin Technologies Limited, (RTA)/ Depositories. Hard copies shall be sent to those members who shall request for the same. Members may note that the Notice of the 33rd AGM along with the Annual Report 2021-22 is also available for download on the website of the Company at www.zenotechlab.com and on the website of the Stock Exchange, i.e. BSE Limited and on the website of NSDL at www.evoting.nsdl.com
11. For receiving all communication (including Notice and Annual Report) from the Company electronically:
- (a) Members holding shares in physical mode and who have not registered/ updated their e-mail addresses with the Company/ RTA are requested to register/ update the same by writing to the Company/ RTA with details of folio number and attaching a self-attested copy of the PAN Card at abdul.gafoor@zenotech.co.in or to the Company's RTA at einward.ris@kfintech.com. Further, for updating KYC details, members are requested to submit Form ISR-1 to the Company's RTA.
- (b) Members holding shares in dematerialised mode are requested to register/ update their e-mail addresses with the relevant Depository Participants.

PROCEDURE FOR ATTENDING THE AGM THROUGH VC / OAVM:

12. The Members can join the 33rd AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure as detailed in this Notice. As per the MCA Circulars, the facility of participation at the 33rd AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (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. who are allowed to attend the 33rd AGM without restriction on account of first come first served basis.
13. Member 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 below for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. 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 who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ 1800 1020 990 /1800 224 430 or contact Mr. Amit Vishal, AVP, NSDL or Ms. Pallavi Mhatre, Senior Manager.

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

16. Shareholders who would like to express their views/ ask questions during the 33rd AGM may register themselves by sending their request, mentioning their name, demat account number/folio number, e-mail id and mobile number, at abdul.gafoor@zenotech.co.in on or before September 17, 2022.

Only registered speakers shall be allowed to express their views/ ask questions during the meeting for a maximum time of 3 (three) minutes each, once the floor is open for shareholder queries. The Company reserves the right to restrict the number of speakers and number of questions depending on the availability of time for the AGM.

17. The shareholders who do not wish to speak during the AGM but have queries may send their queries, mentioning their name, demat account number/ folio number, e-mail id and mobile number, to abdul.gafoor@zenotech.co.in. These queries will be suitably replied to by the Company by e-mail.

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

18. 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 9th December, 2020, the Company is providing a facility of remote e-voting to its Members in respect of the business to be transacted at the 33rd AGM of the Company. For this purpose, the Company has appointed National Securities Depository Limited (“NSDL”) for facilitating voting through electronic means, as the authorised e-voting agency.
19. 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 17, 2022 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.
20. **The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9:00 AM (IST) on September 21, 2022 End of remote e-voting: Up to 5:00 PM (IST) on September 23, 2022.** 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 17, 2022, 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.

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

Step 1: Access 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	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <p> </p>
<p>Individual shareholders holding securities in demat mode with CDSL</p>	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
<p>Individual shareholders (holding securities in demat mode) logging in through their depository participants</p>	<p>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.</p> <p>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.</p> <p>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.</p>

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 evoting@nsdl.co.in 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 helpdesk.evoting@cdslindia.com or call at toll free no.: 1800 22 55 33.

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.

- b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsd.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 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 **121094**.
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 for procuring user ID and password for e-Voting.

1. In case shares are held in physical mode, please provide Folio Number, name of shareholder, 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 update your e-mail id & mobile no. with your respective Depository Participant (DP).
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 & joining virtual meeting through Depository.

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

1. Only those members who are present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions by remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
2. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
3. 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

22. 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.nsd.com/> to reset the password.
23. 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.nsd.com/> or call on toll free no.: 1800 1020 990/ 1800 224 430 or send a request at 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, Senior Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Email: evoting@nsdl.co.in.

24. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. September 17, 2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode 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 17, 2022 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
25. The Company has appointed Mr. Mahadev Tirunagari, Practicing 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.
26. 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.
27. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: 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:

28. All the documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection electronically upto the date of 33rd AGM, and during the business hours. Those shareholders who wish to inspect the relevant registers/ documents electronically may send their requests to abdul.gafoor@zenotech.co.in, mentioning their name, demat account number/ folio number, e-mail id and mobile number.
29. 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 www.zenotechlab.com.

OTHER INFORMATION:

30. 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.
31. 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.
32. 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.
33. 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.

34. 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 Limited

(Formerly known as KFin Technologies Private Limited)

Unit: Zenotech Laboratories Limited

Selenium Tower B, Plot 31-32,

Gachibowli, Financial District,

Nanakramguda, Hyderabad – 500 032

Tel. No.: +91 40 6716 2222;

Fax No.: +91 40 2342 0814

E-mail Id: einward.ris@kfintech.com

Website: www.kfintech.com

35. 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 exclusively for quick redressal of members/ investors grievances.
36. The members are requested to get their physical shares dematerialised, since vide SEBI Circular dated June 08, 2018 read with SEBI Circular dated December 03, 2018 with effect from April 01, 2019, the securities shall not be transferred unless they are held in the dematerialised form. Further, vide SEBI Circular dated January 25, 2022, securities shall be issued in dematerialised form while processing requests for transmission/ transposition/ duplicate certificates, etc.

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, as amended ('Act')

The following Statement sets out all material facts relating to Item No. 3 mentioned in the accompanying Notice.

Item No.3: Material Related Party Transaction(s) with Sun Pharmaceutical Industries Limited

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations'), as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective April 1, 2022, states that all Material Related Party Transaction ('RPT') with an aggregate value exceeding Rs.1,000 crore or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, shall require approval of shareholders by means of an ordinary resolution. The said limits are applicable even if the transactions are in the ordinary course of business of the concerned company and at an arm's length basis.

The Audit Committee considered and approved Related Party Transactions proposed to be entered into/ on-going transactions with Sun Pharmaceutical Industries Limited, ('SPIL'), a holding Company/Promoter of the Company, since the Company manufactures the products offered by SPIL under Loan Licensing arrangement and mainly depends on SPIL for its current operations to sustain by itself. The maximum annual value of the proposed transactions with SPIL is estimated based on Company's current transactions with them and future business projections.

The Management has provided the Audit Committee with the relevant details, as required under law, of various proposed RPTs including material terms and basis of pricing. The Audit Committee, after reviewing all necessary information, has granted approval for entering into/continuing with the existing RPTs with SPIL aggregating to an amount of ₹ 200 Crores for each of the financial year (FY) commencing from FY 2022-23 to FY 2025-26, i.e., four (4) financial years. The Audit Committee has noted that the said transactions will be on an arms' length basis and in the ordinary course of business of the Company.

It is in the above context that Resolution No. 3 is placed for the approval of the Members of the Company.

The Audit Committee considered and approved the following cumulative transactions with SPIL aggregating to an amount of ₹ 200 Crores for each Financial Year from FY 2022-23 to FY 2025-26, i.e., four (4) financial years:

Sl. No.	Name of the Related Party	Relationship	Nature of transaction(s)* (singly or all together)	Tenure	Annual Limit {maximum value of the transaction(s) per annum for FY 2022-23 to FY 2025-26} (₹ in Crores)
1	Sun Pharmaceutical Industries Limited	Promoter Company	Sales	On-going**	200
2	Sun Pharmaceutical Industries Limited	Promoter Company	Conversion Charges	On-going**	
3	Sun Pharmaceutical Industries Limited	Promoter Company	Purchases	On-going	
4	Sun Pharmaceutical Industries Limited	Promoter Company	Leasing of Equipment/ Facility	7 years**	
5	Sun Pharmaceutical Industries Limited	Promoter Company	Purchase of Equipment	On-going	
6	Sun Pharmaceutical Industries Limited	Promoter Company	Term Loan/ Trade Advances	3 years**	
7	Sun Pharmaceutical Industries Limited	Promoter Company	Term Loan Interest	3 years**	
8	Sun Pharmaceutical Industries Limited	Promoter Company	Reimbursement of expenses	7 years**	

* Transaction(s) are in the ordinary course of business and on arms' length basis

** as per agreement entered by the Company with SPIL

Details of the proposed transactions with SPIL, being a related party of the Company, are as follows:

Information pursuant to SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021

- i) Type, material terms and particulars of the proposed transaction: As provided in the above table, all the transactions are material in nature and the transactions were on-going.
- ii) Name of the Related Party and its relationship with the Company including nature of its concern or interest (financial or otherwise): Sun Pharmaceutical Industries Limited, one of the Promoter of the Company and holding company.
- iii) Tenure of the proposed transaction (particular tenure shall be specified): As provided in the above table.
- iv) Value of the proposed transaction: As provided in the above table.
- v) The percentage of the Company's annual turnover, for the immediately preceding financial year, i.e. represented by the value of the proposed transaction: 100%
- vi) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company: Not applicable
- vii) Justification as to why the Related Party Transactions is in the interest of the Company: The above transactions are based on business requirements and are necessary for the smooth and efficient functioning of the Company.
- viii) A copy of the valuation or other external party report, if any such report has been relied upon:
Arm's length Certificate received from Independent Chartered Accountant.
- ix) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis: Negligible
- x) Any other information that may be relevant: The proposed transactions of the Company with the aforesaid party are in the ordinary course of business and on arm's length basis.

The related party transaction(s)/contract(s)/arrangement(s) mentioned in this proposal has been evaluated and confirmed by a reputed external independent Chartered Accountant that the proposed terms of the contract/agreement meet the arm's length testing criteria. The related party transaction(s)/contract(s)/arrangement(s) also qualifies as contract under ordinary course of business.

The RPTs will be entered based on the market price of the relevant material and services. Where market price is not available, alternative method including reimbursement of actual cost incurred or cost plus mark-up as applicable at the sole discretion of the independent Chartered Accountant has been considered as per arm's length pricing criteria.

Any subsequent material modifications in the proposed transactions, as defined by the Audit Committee as a part of the Company's Policy on Materiality of and Dealing with Related Party Transactions, shall be placed before the Members for approval, in terms of Regulation 23(4) of the Listing Regulations.

The Related Party Transactions placed for Members' approval are specific in nature and have been approved by the Audit Committee and Board of Directors of the Company. Further, the Audit Committee will review all related party transactions on annual basis, in the best interest of the Company.

The Members may please note that in terms of provisions of the Listing Regulations, none of the related party(ies) (whether such related party(ies) are a party to the aforesaid proposed transactions or not), shall vote to approve the Ordinary Resolution at Item No. 3 of the Notice.

Except Dr. Azadar Husain Asghar Mehdi Khan and Mr. Rakeshchandra Jagdishprasad Sinha, Directors, none of the Directors or Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the Resolution mentioned at Item No. 3 of the Notice.

The Board of Directors of the Company recommends the Material Related Party Transactions of the Company as set out in Item No. 3 of the Notice for approval of the Members by way of Ordinary Resolution.

Profile of Directors seeking appointment/re-appointment

 Details of Directors seeking appointment/re-appointment at the 33rd Annual General Meeting

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and revised Secretarial Standard 2 on General Meetings]

Name of the Director	Mr. Rakeshchandra Jagdishprasad Sinha
Director Identification Number (DIN)	07340998
Date of Birth	27/12/1964
Nationality	Indian
Date of First Appointment on the Board	01/02/2020
Qualifications	Bachelor of Commerce & LL.B
Expertise in specific functional area	He is a graduate in Commerce and LL.B, with 36 years of experience in the field of legal and compliance functions. At Sun Pharmaceutical Industries Limited, he is managing the legal function which comprises of over 20 lawyers across multiple jurisdictions. He is also commended for working on a number of important projects of Sun Pharma. In his 36 years of experience he has worked for many renowned companies/ groups viz., Reliance Industries Limited, Hitachi, Vedanta Group etc. He has also practiced as an advocate and was associated with Bank of Baroda and Government of Uttar Pradesh.
Number of Shares held in the Company	Nil
List of the Directorships held in other companies*	1. Sun Pharma Distributors Limited 2. Sun Pharmaceutical Medicare Limited 3. Realstone Infra Limited
Membership/ Chairmanships of Committees of other Public Companies* (includes only Audit Committee and Stakeholders Relationship Committee)	Nil
Relationships between Directors inter-se	N.A.

* Directorship includes Directorship of Public Companies & Committee membership includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not).

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

Date: July 22, 2022
 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

BOARD'S REPORT

Your Directors take pleasure in presenting the 33rd Annual Report and Company's Audited Financial Statements for the financial year ended March 31, 2022 ('FY 2021-22').

Financial Results-

₹ in Lakhs

S.No	Particulars	2021-22	2020-21
(i)	Revenue from operations	3,249.37	1,937.33
(ii)	Other Operating Income	407.14	301.54
(iii)	Other income	62.93	46.49
(iv)	Total Revenue (i+ii+iii)	3,719.44	2,285.36
(v)	Depreciation	697.35	645.60
(vi)	Finance cost	121.52	154.75
(vii)	Other expenses	1,910.44	1,606.52
(viii)	Total Expenses (v+vi+vii)	2,729.31	2,406.87
(ix)	Profit/(Loss) before exceptional items and tax (iv-viii)	990.13	(121.51)
(x)	Deferred tax	(1,227.46)	-
(xi)	Profit/(Loss) after tax (ix-x)	2,217.59	(121.51)
(xii)	Other Comprehensive Income	5.60	(0.57)
(xiii)	Total Comprehensive Income for the period (xi+xii)	2,223.19	(122.08)
(xiv)	Loss brought forward from previous year	(22,216.55)	(22,094.47)
(xiv)	Profit/(Loss) carried forward to Balance Sheet (xiii+xiv)	(19,993.36)	(22,216.55)

Performance review and the state of Company's affairs

During the year under review, the Company recorded revenue of ₹ 3,249.37 Lakhs (Previous year ₹ 1,937.33 Lakhs) from its operations, over 68% more than the corresponding previous year. The Company reported profit of ₹ 990.13 Lakhs as against previous year reported loss of ₹ 121.51 Lakhs. The Earnings per Share (EPS) of your Company grown up to ₹ 3.63 per share from ₹ (0.20) per share in the previous year. All the dosage forms that the Company manufactures currently, performed better in comparison with the sluggish market demand suffered in the year 2020-21. 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 resources to its maximum.

Your Company is constantly striving to optimize its operational capacities, restricting costs to remain competitive which would help to improve the operational efficiency.

Transfer to Reserves

The Board of Directors do not propose any transfer to reserve

Dividend

Considering carried forward losses and to conserve resources, the Board of Directors of your Company has decided that it would be prudent not to recommend any dividend for the year under review.

Subsidiaries/ Joint Ventures/ Associates

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 and the entity is no more in existence. The Company has engaged a consultant in Brazil to initiate necessary steps for winding up of Zenotech Farmaceutica Do Brasil Ltda, Brazil and the process is on-going. The Company has evaluated and concluded that it is not controlling Zenotech Inc., a US subsidiary. Accordingly, the Company is of the view that it does not have subsidiaries within the definition of IndAS 110. The Company does not have any joint venture or associates. For more information on subsidiaries, please refer to section "Consolidated financial statements" in this Report.

Annual Return:

Section 92 of the Companies Act, 2013 ('the Act') in form MGT-7 is made available on the website of the Company and can be accessed at <http://zenotechlab.com/annual-report/>.

Internal Controls

The Company believes that internal controls are the prerequisite of governance and that action emanating out of agreed business plans should be exercised within a framework of checks and balances. The Company has a well-established internal controls framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of internal controls. The management is committed to ensuring an effective internal controls environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations, ensures accuracy of records, promotes operational efficiency, protects resources and assets and overall minimize the risks.

Internal Financial Controls

The Company has a well-established internal financial controls framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of internal financial controls. The management is committed to ensuring an effective internal financial controls environment, commensurate with the size and complexity of the business, which provides an assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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.

Though our Country experienced continued lockdowns during the financial year, our team being part of essential services ensured manufacturing activity continued to operate. We are grateful to our employees who made this happen with a safety-first mind set. The top priority for the Human Resource function was providing a safe work environment to employees. Your Directors would like to take this opportunity to express their gratitude and appreciation for the passion, dedication and commitment of the employees and look forward to their continued contribution.

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 or email to abdul.gafoor@zenotech.co.in. 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 performance evaluation of the Board, its Committees and individual Directors.

Performance evaluation of the Board, its 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 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. The Board also assessed the fulfillment of the independence criteria as specified in Listing Regulations, by the Independent Directors of the Company and their independence from the management.

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 the 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 and programme details are available on the website of the Company <http://zenotechlab.com/wp-content/uploads/2022/08/Zenotech-Familiarization-Programme-FY-2021-22.pdf>.

Changes in Capital Structure

During the year under review, there was no change in the Capital Structure 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

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 31st 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 36th 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 Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, to undertake the Secretarial Audit of the Company for the financial year 2021-22. The Secretarial Audit Report for the financial year ended March 31, 2022, is appended herewith as Annexure-2 to this Report. The Secretarial Audit Report does not contain any qualifications, reservation or adverse remark.

Cost Auditor

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.

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 necessary steps for winding up of the defunct subsidiary in Brazil. 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 the requirements under Section 134 (5) read with Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards have been followed and there are no material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022, and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Management Discussion and Analysis

The Management Discussion and Analysis as prescribed under Part B of Schedule V read with Regulation 34(3) of the Listing Regulations is provided in a separate section and forms part of this Report.

Corporate Governance Report

Report on Corporate Governance and Compliance Certificate issued by Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, confirming compliance with the conditions of Corporate Governance as stipulated in Part C of Schedule V of the Listing Regulations, are provided in a separate section and forms part of this Report.

Public Deposits

The Company has not accepted any deposit from the Public during the year under review.

Directors and Key Managerial Personnel

Pursuant to Section 152 of the Companies Act, 2013, Mr. Rakeshchandra Jagdishprasad Sinha (DIN: 07340998), Director, is liable to retire by rotation at the ensuing 33rd Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his appointment.

Pursuant to Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. 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.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, the Independent Directors fulfil the conditions specified under the Act and Listing Regulations and are independent of the management. The Board skill/expertise /competencies matrix of all the Directors, including the Independent Directors is provided in the Corporate Governance Report forming part of this Annual Report.

Board Meetings

The Board of Directors of the Company met 5 (Five) times during the year under review. The dates of the Board meeting and the attendance of the Directors at the said meetings are provided in detail in the Corporate Governance Report, which forms a part of this Report.

Committees of the Board

As on March 31, 2022, the Board has 4 (four) Committees. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

The details pertaining to the meetings and composition of the Committees of the Board are included in the Corporate Governance Report, which forms part of this Report.

Loans, Guarantees & 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

The policy on Related Party Transactions as approved by the Board is available on the website of the Company and can be accessed through the web link: <http://zenotechlab.com/wp-content/uploads/2022/08/Zenotech-Policy-on-Related-Party-Transactions-2022.pdf>.

All contracts/ arrangements/transactions entered by the Company during the year under review with the related parties were in the ordinary course of business and on an arm's length basis.

As required under Section 134(3)(h) of the Act, details of transactions entered with related parties under the Act exceeding ten percent of the annual consolidated turnover as per the last audited financial statements are given in Form AOC-2 provided as Annexure-3 to this Report.

Risk Management

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

In compliance with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee. The details of membership of the Committee and the meetings held are detailed in the Corporate Governance Report, forming part of this Report. The CSR Policy of the Company is available on the website of the Company and can be accessed through the web link: <http://zenotechlab.com/wp-content/uploads/2022/05/Zenotech-CSR-Policy-2022.pdf>.

Further, the Company was unable to spend Rs. 4.26 Lakhs liable towards CSR activity during the year under review as proper avenue of utilization was not identified being the first year of CSR spend requirement. However, based on the recommendation of CSR Committee, the Board has decided to transfer the unspent CSR amount of Rs. 4.26 Lakhs to any of the funds specified in the Schedule VII of the Companies Act, 2013 within a period of 6 months of expiry of financial year 2021-22. The annual report on CSR activities is appended as Annexure-4 to this Report.

Disclosure under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavor of the management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on prevention, prohibition and redressal of sexual

harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has submitted the Annual Returns to the local authorities, as required under the above-mentioned Act.

During the financial year ended March 31, 2022, no complaint pertaining to sexual harassment was received by the Company. Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Environment, Health & Safety

The Company's Environment, Health & Safety (EHS) imperatives are part of its broader sustainability journey. These initiatives focus on reducing the carbon footprint, help enhance well-being of employees and set high safety standards for employees, contractors and visitors. The Company undertakes periodic internal audits to assess the safety practices and procedures in alignment with the EHS management system. As part of the auditing procedure, the Company recognises the critical areas requiring immediate corrective action. Further, as part of the EHS management system, the Company provides safety trainings through modules and safety drill practices to all its employees and workers. The safety training programs enable the development of strong foundation among the workforce, in terms of their ability to identify, mitigate and prevent risks pertaining to Occupational Health and Safety.

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), biological waste, e-waste, hazardous waste, used oil, etc., were sent through Pollution Control Board approved vendors for recycling / disposal.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as Annexure-5 to this Report.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism or 'Whistle Blower Policy' for directors and employees to report genuine concerns has been established. A copy of the Policy is available on the website of the Company www.zenotechlab.com and may be accessed through the web link <http://zenotechlab.com/wp-content/uploads/2015/07/Vigil-Mechanism.pdf>.

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

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

Credit Rating

No Credit Rating was obtained during the financial year 2021-22.

Material Changes and Commitments Affecting the Financial Position of the Company, between the end of the financial year and the date of this Report

There have been no material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of this report. 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: April 29, 2022

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 2021-22:

Name of the Director	Ratio of remuneration of each director/ to median remuneration of employees
Dr. Azadar Husain 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, except sitting fees.

- (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 2021-22
Dr. Azadar Husain 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.
Smt. Jagruti Prashant Sheth - Independent Director	N.A.
Mr. Rakeshchandra Jagdishprasad Sinha - Non-Executive Director	N.A.
Mr. Devendra Chandrakant Shenvi Kenkre - Chief Executive Officer	8.50%
Mr. Poly K.V.Chief Financial Officer	8.16%
Mr. Abdul Gafoor Mohammad Company Secretary & Compliance Officer	6.50%

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

- (iii) The percentage increase in the median remuneration of employees in the financial year: 8.10%
- (iv) The number of permanent employees on the rolls of Company: 137
- (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:
7.72%
- (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 other than sitting fees 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 : 29 April 2022
UDIN : F006681D000246470

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

[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 2022 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 evidences 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 2022 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 2022 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.

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 : 29 April 2022
UDIN : F006681D000246470

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

Annexure-4

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2021-22

1. Brief outline on CSR Policy of the Company:

The Company's CSR policy encompasses the company's philosophy towards corporate social responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. The CSR Policy and programs focus on the areas covered under Schedule VII of the Companies Act, 2013.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Azadar Husain Asghar Mehdi Khan	Chairperson	1	1
2.	Mr. Jignesh Anantray Goradia	Member	1	1
3.	Smt. Kavita Rakesh Shah	Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The details and the web-links, where such details can be accessed are given hereunder:

Details	Web-links
Composition of CSR Committee	http://zenotechlab.com/wp-content/uploads/2022/05/Zenotech-List-of-Committees.pdf
CSR Policy	http://zenotechlab.com/wp-content/uploads/2022/05/Zenotech-CSR-Policy-2022.pdf
CSR projects approved by the Board	http://zenotechlab.com/wp-content/uploads/2022/08/Zenotech-Annual-Plan-on-CSR-FY-2021-22.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
		NIL	

6. Average net profit of the company as per section 135(5) : ₹ 2,13,02,000

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 4,26,000.00

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 4,26,000.00

8. (a) CSR amount spent or unspent for the financial year: Nil

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Nil

(d) Amount spent in Administrative Overheads : Nil

- (e) Amount spent on Impact Assessment, if applicable : Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Nil
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	4,26,000
(ii)	Total amount spent for the Financial Year	0.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	(4,26,000)
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	(4,26,000)

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer.	
1.	2020-21	4,26,000	0.00	-	0.00	-	4,26,000
	Total	4,26,000	0.00	-	0.00	-	4,26,000

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Being the first year of CSR spend, the Company is yet to identify the ideal project for implementation.

For Zenotech Laboratories Limited

For and on behalf of the CSR Committee
of Zenotech Laboratories Limited

Chief Executive Officer

Chairman CSR Committee

Annexure-5

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:

B. TECHNOLOGY ABSORPTION-

- i. the efforts made towards technology absorption and the benefits derived there from: None
- ii. Particulars of imported technology (imported during the last 3 years reckoned from the beginning of the financial year): None

EXPENDITURE INCURRED ON RESEARCH & DEVELOPMENT

a. Expenditure on R&D:

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

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

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

d. Future course of action: N.A.

C. FOREIGN EXCHANGE EARNINGS / OUTGO:

The details of foreign exchange earnings / outgo during the year 2021 - 22 are as follows:

Total foreign exchange used and earned:

(₹ in thousands)

	31.03.2022	31.03.2021
Earnings in Foreign Currency		
Export of Goods (FOB Value)	-	-
CIF value of Imports		
Raw Materials	-	-
Components and Spare Parts	1,175.72	961.29
Capital Goods	8,327.43	5,619.51
Total	9,503.15	6,580.80
Professional fees/ services	-	121.64

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, 2022 and other details provided hereunder:

Name of the Director	Category of Directors	Attendance particulars - No. of Board Meetings during the Year 2021-22		Attendance- Last AGM held on September 25, 2021	No. of other Directorships and Committee Memberships/Chairmanships as of March 31, 2022*			Directorships in other listed entity (Category of Directorship)
		Held	Attended		Other Directorships	Committee Memberships [#]	Committee Chairmanships [#]	
Dr. Azadar Husain Asghar Mehdi Khan	Non-Independent, Non-Executive	5	5	Yes	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 2021-22		Attendance- Last AGM held on September 25, 2021	No. of other Directorships and Committee Memberships/Chairmanships as of March 31, 2022*			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	4	No	-	-	-	-
Mr. Rakeshchandra Jagdishprasad Sinha	Non-Independent, Non-Executive	5	5	Yes	3	-	-	-

* 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 2021-22 and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:

May 01, 2021; July 24, 2021; September 25, 2021; October 22, 2021 & January 28, 2022.

(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

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
In the fields of :						
Finance & Accounts		Yes	Yes	Yes	Yes	
Legal	Yes				Yes	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes
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. 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. All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Chief Executive Officer of the Company has been annexed as Annexure - A to this Corporate Governance Report.

4. 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 judgement 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 ₹ 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, 2022 is as follows:
- The Audit Committee met four (4) times during the year on: May 01, 2021; July 24, 2021; October 22, 2021 & January 28, 2022.

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

Name of the Director	Designation	Category	Number of Meetings	
			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.

5. Nomination and Remuneration Committee

(a) The Nomination and Remuneration Committee comprises of the following members as on March 31, 2022:

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 judgement.

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

During the year, the Nomination and Remuneration Committee met one (1) time on July 24, 2021.

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

All the members of the committee attended the meetings.

The Company Secretary is the Secretary of the Committee.

6. Remuneration of Directors:

(a) During the year ended March 31, 2022, 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, 2022. 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 2021-22.

The details of Remuneration paid/payable to the Directors during the year: (Amount in ₹)

SI. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Dr. Azadar Khan	Smt. Kavita Shah	Mr. Jignesh Goradia	Mr. Chintan Shah	Smt. Jagruti Sheth	Mr. Rakesh Sinha	
1	Independent Directors							
	Fee for attending board committee meetings	-	75,000	-	75,000	60,000	-	210,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	-	75,000	-	75,000	60,000	-	210,000
2	Other Non-Executive Directors	-	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	75,000	-	-	-	75,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	75,000	-	-	-	75,000
	Total (B)=(1+2)	-	75,000	75,000	75,000	60,000	-	285,000
	Total Managerial Remuneration	-	-	-	-	-	-	-
	Overall Ceiling as per the Act*	-	-	-	-	-	-	-

* Not applicable, since no remuneration (except Sitting Fee) is being paid to any Director during the FY 2021-22

7. Stakeholders' Relationship Committee

- (a) The Stakeholders' Relationship Committee comprises of the following members as on March 31, 2022.

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 January 28, 2022 during the financial year 2021-22.

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

Investor Complaints:

Details of investor complaints received and redressed during the financial year 2021-22 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	1	1	0

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

8. Corporate Social Responsibility Committee:

The Corporate Social Responsibility (CSR) Committee comprises of the following members as on March 31, 2022:

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	Non-Executive Independent

The Company Secretary is the Secretary of the Committee.

The terms of reference of the CSR Committee are:

- 1) To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities/ projects to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
- 2) to monitor the Corporate Social Responsibility Policy of the Company from time to time and recommend revision/ amendments thereof, wherever required;
- 3) to recommend the amount of expenditure to be incurred in the above referred activities/projects;
- 4) to formulate and recommend to the Board, an Annual Action Plan in pursuance of the Corporate Social Responsibility Policy of the Company and the provisions of the Companies Act, 2013, which shall include the list of CSR projects or programs, the manner of execution of such projects or programs, the modalities of utilization of funds and implementation schedules for the projects or programs;
- 5) to monitor and review the utilization of the funds on the CSR activities/projects, as approved by the Board;
- 6) to advise Board on surplus funds generated out of CSR projects undertaken, and recommend their utilization on the CSR activities/projects of the Company,
- 7) to monitor/ review the amount incurred towards administrative overheads and to recommend the Board its treatment, to review and monitor the applicability of the Impact Assessment of the CSR Projects undertaken by the Company and if applicable;
- 8) to review unspent amounts, if any, and recommend to Board, the transfer of such amounts in accordance with provisions of the Companies Act, 2013, etc.

The CSR Policy of the Company can be assessed through the web link: <http://zenotechlab.com/wp-content/uploads/2022/05/Zenotech-CSR-Policy-2022.pdf>

The CSR Committee has met one (1) time on January 28, 2022 during the financial year 2021-22

Name of the Director	Designation	Category	Number of Meetings	
			Held	Attended
Dr. Azadar Husain Asghar Mehdi Khan	Chairperson	Non-Executive Non-Independent	1	1
Mr. Jignesh Anantray Goradia	Member	Non-Executive Non- Director	1	1
Smt. Jagruti Prashant Sheth	Member	Independent Director	1	1

9. General Meetings and Postal Ballot/E-voting

Annual General Meeting

The 32nd Annual General Meeting of the Company was held on Saturday, September 25, 2021 at 10:30 AM through video conferencing/other audio-visual means, considering the COVID-19 pandemic and as permitted the Ministry of Corporate Affairs.

The Meeting was attended by all the Directors of the Company, except Smt. Jagruti Prashant Sheth, Independent Director could not attend the meeting due to her personal exigencies.

General Meetings and Tribunal convened meetings held during the preceding three years

Details of the General Meetings and Tribunal convened meetings held during the preceding three years and Special Resolutions passed therein are summarized as under:

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2020-21	32 nd AGM	Saturday, September 25, 2021 at 10:30 AM	Held through Video Conferencing / other audio - visual means	No Special Resolution passed
2019-20	31 st AGM	Saturday, September 26, 2020 at 10:30 AM	Held through Video Conferencing / other audio - visual means	<ol style="list-style-type: none"> 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 th 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

Postal Ballot/ E-voting

During the financial year ended on March 31, 2022, the Company has not passed any ordinary or special resolution through Postal Ballot.

As on date of this report and subject to the approval of Board of Directors, the Company is considering a Postal Ballot item to seek approval of the shareholders through Ordinary Resolution for Reclassification of Daiichi Sankyo Company Limited from 'Promoter' category to 'Public' category pursuant to the provisions of Regulation 31A of the SEBI Listing Regulations. The decision of the Board, if any, for such reclassification will be intimated to the Stock Exchange, BSE Limited in due course.

Procedure adopted by the Company for Postal Ballot

In view of the current extraordinary circumstances due to COVID-19 pandemic requiring social distancing, MCA in terms of its General Circulars, has advised the companies to take all decisions of urgent nature requiring members' approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of Postal Ballot/ E-Voting in accordance with the provisions of the Act and Rules made thereunder, without holding a general meeting that requires physical presence of members at a common venue.

Further, in terms of the General Circulars, the Company shall send Postal Ballot Notice by email to all its Members who have registered their email addresses with the Company or depository/ depository participants and the communication of assent / dissent of the Members shall only take place through the remote e-voting system.

Accordingly, the Company dispatches Postal Ballot Notice, together with the documents accompanying the same, to all the Members whose names appear in the Register of Members/ list of Beneficial Owners as received from the National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) or Registrar

and Share Transfer Agent (“KFin Technologies Limited”) as on the cut-off date to their email IDs registered with the Company/ Depositories/ RTA.

The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable Regulations.

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with related Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of KFin Technologies Limited (“KFin”/ Registrar”) for the purpose of providing e-voting. Voting rights are reckoned on the number of shares registered as on the cut-off date.

The Scrutiniser submits his report to the Chairperson/ Company Secretary, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairperson/ authorised officer. The results are also displayed on the Company website, www.zenotechlab.com, and also on the website of KFin i.e., <https://evoting.karvy.com>, besides being communicated to BSE Limited on which the shares of the Company are listed.

10. Disclosures

(i) Shareholding of Directors

As on March 31, 2022, 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. 29 to financial statements as at March 31, 2022.

(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 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:

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 28, 2022. At the meeting of independent directors, the performance of non-independent directors and the board as a whole was evaluated.
- (vii) The policy on dealing with the related party transactions is available on the website of the Company and can be accessed at: <http://zenotechlab.com/wp-content/uploads/2022/08/Zenotech-Policy-on-Related-Party-Transactions-2022.pdf>.
- (viii) **CEO & CFO Certificate**
Certificate from the Chief Executive Officer and Chief Finance Officer have jointly given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the 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) A Certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/ Ministry of Corporate Affairs or any such statutory authority has been annexed as Annexure - B to the Corporate Governance Report.
- (xiii) There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.
- (xiv) The Company has laid down procedures to inform Board members about the risk assessment and its minimisation, which is periodically reviewed to ensure that risk control is exercised by the management effectively.
- (xv) **Code for Prevention of Insider Trading Practices**
The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' which, inter alia, includes Policy for determination of 'Legitimate Purpose' and 'Code of Conduct for Prevention of Insider Trading in Securities of the Company in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Insider Trading Regulations").
The Code of Conduct has been formulated to regulate, monitor and ensure reporting of trading by the Designated Persons and their immediate relatives towards achieving compliance with the Insider Trading Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The Code lays down Guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with securities of the Company and caution them of the consequences of violations.
- (xvi) The Board has accepted the recommendations of all the Committees during the year 2021-22.
- (xvii) **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. 20_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.
- (xviii) 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	No*

Regulation	Particulars of Regulation	Compliance Status (Yes/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

*refer to Note under Disclosure 10(iii) above

(xix) 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

(xx) Details of compliance and Adoption/Non Adoption of the non-mandatory requirements for the year ended March 31, 2022:

- (i) The Company complies with all the mandatory requirements specified under Listing Regulations except as stated in Disclosure 10(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.

11. Means of communication

Website: The Company's website www.zenotechlab.com contains a separate dedicated section 'INVESTORS' where shareholders' information is available. The Annual Report for the year and Annual Report for the past years are also available on the website in a user friendly and downloadable form.

Financial Results: The annual, half-yearly and quarterly results are regularly posted by the Company on its website www.zenotechlab.com. These are also submitted to BSE Limited, on which the securities of the Company are listed in accordance with the requirements of the Listing Regulations and published in all English Editions of 'Financial Express' and Telugu Edition of 'Nava Telangana' which is published in Hyderabad.

Annual Report: Annual Report containing inter alia Audited Financial Statements, Board's Report, the Management Discussion and Analysis Report, Auditor's Report, and other important information is sent to the shareholders whose e-mail IDs are registered. However pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and MCA General Circular No. 20/2020 dated May 5, 2020 of Ministry of Corporate Affairs, due to COVID, no physical copies of the Annual Report for FY 2020-21 were sent. Pursuant to SEBI Circular dated May 13, 2022 and MCA Circulars dated May 5, 2022, the Annual Report for FY 2021-22 is being sent electronically. Hard copies shall be sent to those shareholders who request for the same.

Corporate Filing: Announcements, Quarterly Results, Shareholding Pattern, etc. of the Company are regularly filed by the Company with the Stock Exchange and are available on the website of BSE Limited - www.bseindia.com and also on the website of the Company - www.zenotechlab.com.

12. General Shareholder information

- i) Annual General Meeting
 - Date : Saturday, September 24, 2022
 - Time : 10:30 A.M.
 - Venue : Through Video Conferencing/ Other Audio Visual means
- ii) Financial Year ending : March 31, 2022
- iii) Book Closure : September 17, 2022 to September 24, 2022 (Both days inclusive)
- iv) Listing on Stock Exchange : BSE Limited
(Listing fees has been paid up to financial year 2022-23)
- v) Stock Code / Symbol on BSE
(Physical & Demat) : ZENOTECH / 532039

vi) International Securities Identification

Number (ISIN) allotted to the

Company's Shares : INE486F01012

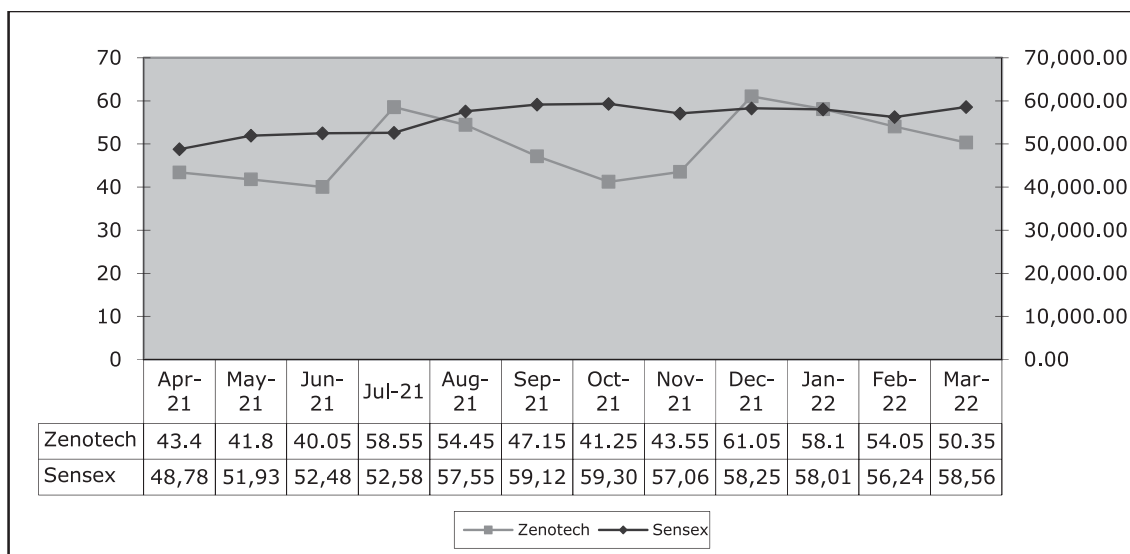
vii) Market Price Data: Details of Monthly High & Low during each month in the financial year ended March 31, 2022 and Company's closing share price as against BSE SENSEX closing on the BSE Limited, Mumbai, is provided hereunder:

(in ₹) / BSE-closing points

Month	High Price	Low Price	Close	BSE Sensex-Closing
April, 2021	47.85	34.70	43.4	48,782.36
May, 2021	48.00	41.00	41.8	51,937.44
June, 2021	45.00	38.05	40.05	52,482.71
July, 2021	62.65	38.60	58.55	52,586.84
August, 2021	62.05	47.05	54.45	57,552.39
September, 2021	56.70	45.55	47.15	59,126.36
October, 2021	52.00	41.05	41.25	59,306.93
November, 2021	49.00	38.00	43.55	57,064.87
December, 2021	64.40	40.00	61.05	58,253.82
January, 2022	62.55	53.00	58.1	58,014.17
February, 2022	62.50	48.35	54.05	56,247.28
March, 2022	56.00	48.60	50.35	58,568.51

(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 Limited**

(formerly known as, KFin Technologies Private Limited)

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

Phone: 040-67162222 Fax: 040-23001153, Toll Free No: 1800-3454-001

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, 2022

S.No.	Category	No. of Cases	% of Cases	No. of Shares	% of Total
1	1 - 5000	6056	78.05	816407	1.34
2	5001 - 10000	721	9.29	616720	1.01
3	10001 - 20000	402	5.18	637628	1.04
4	20001 - 30000	166	2.14	428017	0.70
5	30001 - 40000	71	0.92	258007	0.42
6	40001 - 50000	80	1.03	373537	0.61
7	50001 - 100000	122	1.57	907644	1.49
8	100001 & Above	142	1.82	56992608	93.39
	Total:	7760	100.00	61030568	100.00

b) Categories of Shareholders as on March 31, 2022

Sl. No.	Category	No. of Holders	No. of Shares	% to equity
1	Indian Promoters	1	42014578	68.84
2	Foreign Promoters	0	0	0
3	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	1	4364	0.01
4	HUF	262	919479	1.51
5	NBFC	0	0	0
6	Foreign Corporate Bodies	1	692791	1.14
7	Private Corporate Bodies	78	3303565	5.41
8	Indian Public	7318	13712337	22.46
9	Non Resident Indians	73	355496	0.58
11	Clearing members	26	27958	0.05
	TOTAL	7760	61030568	100.00

xii) Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 90.44 percent of the Company's Share Capital are dematerialized as on March 31, 2022. The Company's Shares are regularly traded on BSE Limited.

xiii) As on March 31, 2022, the Company did not have any outstanding GDRs /ADRs / Warrants or any convertible instruments.

xiv) No Credit Rating was obtained during the financial year 2021-22.

xv) Manufacture facility & Address for correspondence:

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

Annexure - A to Corporate Governance Report

Declaration of Compliance with Code of Conduct for the year ended March 31, 2022

I, Devendra Chandrakant Shenvi Kenkre, Chief Executive Officer of Zenotech Laboratories Limited ("the Company") hereby declare that, to the best of my information, all the Board Members and Senior Management Personnel of the Company have affirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Company.

For **Zenotech Laboratories Limited**

Date: April 29, 2022

Devendra Chandrakant S. Kenkre
Chief Executive Officer

Annexure - B to Corporate Governance Report

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI)

(Listing Obligation Disclosure requirement) Regulation, 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 L27100TG1989PLC010122 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) 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 31 March 2022 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: 29 April 2022
Place: Hyderabad
UDIN: F006681D000247515

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

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 2022, 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: 29 April 2022
Place: Hyderabad
UDIN: F006681D000247451

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY OVERVIEW

GLOBAL PHARMACEUTICAL INDUSTRY

The global pharmaceutical industry has demonstrated remarkable resilience by adapting to the rapidly evolving situation related to the COVID-19 pandemic and mitigating the disruptions caused by it. While COVID vaccination was one of the major focus areas across the world, the pharmaceutical industry also ensured availability of critical medicines used for COVID-19 treatment.

The global pharmaceutical market was valued at US\$1.4 Trillion in 2021 and is expected to reach ~US\$1.8 Trillion by 2026, growing at a CAGR of 3-6%. This includes the spending on COVID-19 vaccines, which is projected to reach a cumulative value of US\$251 Billion during this period. Excluding the spending on COVID-19 vaccines, the industry is expected to record ~5% CAGR between 2021 and 2026.

Growth in developed markets will be driven by the adoption of new treatments and specialty medicines, offset by the loss of exclusivity and competition from generics and biosimilars. The COVID-19 pandemic has been a wake-up call for governments across pharmerging markets and now there is increased focus on improving healthcare access in most countries. The overall growth in pharmerging markets will be driven by higher volumes, improving insurance coverage, higher incidence of chronic ailments and increased spending on innovative medicines, although patent expiration and low generic medicine pricing may dampen growth.

Table 1 - Global Pharmaceutical Market (US\$ Billion)

(US\$ Billion)				
Regions	2021	2017-2021 CAGR	2026	2022-2026 CAGR
Developed Markets	1,049	4.9%	1,230-1,260	2-5%
Pharmerging	353	7.8%	460-490	5-8%
Other Markets	19	0.1%	21-25	3-6%
Global Pharmaceutical Market	1,421	5.1%	1,730-1,760	3-6%

(Source: IQVIA Institute)

Table 2 - Global Pharmaceutical Market – Share by Product Type

(% of Total)										
Region	Original Brands (%)		Non-original Brands (%)		Unbranded Generics (%)		OTC, Vaccines & Others (%)		Total (US\$ Billion)	
	2021	2026	2021	2026	2021	2026	2021	2026	2021	2026
Developed Markets	74	75-76	11	11-12	10	7-9	5	4-5	1049	1230-1260
Pharmerging Markets	30	33-35	35	32-34	13	13	22	19-22	353	460-490
Other Markets	35	33-36	48	43-52	6	5-8	11	5-20	19	21-25
Global Markets	63	63-64	17	17-18	11	9-10	9	8-9	1421	1730-1760

(Source: IQVIA Institute)

Developed Markets

In terms of pharmaceutical spending, most developed markets returned to pre-pandemic levels during 2021. Although the impact of COVID-19 varies across the top ten developed markets, growth across these markets is expected to remain at a low single digit between 2022 and 2026. Spending on new specialty medicines for chronic, complex, and rare diseases will be the primary drivers of growth. However, the growth will be offset by loss of patent exclusivity on branded medicines, including a few biologics, and the increasing offtake of cheaper generics and biosimilar products.

Developed Markets – Pharmaceutical Spending and Growth

(US\$ Billion)

Region/Country	2021	2017-2021 CAGR	2026	2022-2026 CAGR
USA	580.4	4.9%	685-715	2.5-5.5%
Top 5 Western European Markets (WE5)	209.7	4.8%	245-275	3-6%
- Germany	64.6	6.2%	76-96	4.5-7.5%
- France	42.0	3.0%	48-52	2-5%
- Italy	36.6	5.9%	46-50	4-7%
- UK	36.5	3.0%	41-45	2-5%
- Spain	29.8	5.4%	32-36	1.5-4.5%
Japan	85.4	(0.5)%	73-93	(2)-1%
Canada	27.4	5.2%	32-36	3-6%
South Korea	17.9	6.0%	21-25	3.5-6.5%
Australia	14.4	0.6%	15-19	1.5-4.5%
Other Developed Markets	115.2	4.7%	132-152	3-6%
Total Developed Markets	1049.0	4.9%	1230-1260	2.5-5.5%

(Source: IQVIA Institute)

Pharmerging Markets

Most pharmerging markets were impacted due to the pandemic in 2020 and the recovery was uneven across countries in 2021. However, a steady growth is expected between 2022 to 2026 driven by favourable macroeconomic factors, improving access to healthcare systems and growing use of new medicines.

Pharmerging markets are expected to grow at 5-8% CAGR over the next five years. While most of these markets are expected to record high single to low double-digit growth, China's slowing growth is likely to temper overall growth. Pharmerging markets contributed about 33% to overall global pharmaceutical spending in 2021, which is expected to increase to about 38-40% over the next five years.

Pharmerging Markets – Pharmaceutical Spending and Growth

(US\$ Billion)

026 Region/Country	2021	2017-2021 CAGR	2026 2	2022-2026 CAGR
China	169.4	6.1%	190-220	2.5-5.5%
Brazil	31.6	11.7%	47-51	7.5-10.5%
India	25.2	11.1%	37-41	8-11%
Russia	18.8	11.4%	27-31	7.5-10.5%
Other Pharmerging Markets	109.2	8.3%	151-171	6.5-9.5%
Total Pharmerging Markets	354.2	7.8%	470-500	5-8%

(Source: IQVIA Institute)

Specialty Medicines

Specialty medicines are used to treat chronic, complex, and rare diseases. These medicines are typically more expensive than traditional medicines. Apart from that, they differ in terms of the complexity of disease management and their distribution.

The share of specialty medicines in overall pharmaceutical spending has been consistently increasing over the last decade, from 22% in 2011 to 39% in 2021. By 2026, it is expected to further increase to 45%. Higher income countries, including the top 10 developed markets and other high and upper-middle income countries, will be the main drivers of this increase. The spending share of pharmerging countries will be comparatively lower due to the higher prices of specialty medicines.

Share of Specialty Products in Overall Pharmaceutical Spending – By Market (%)

Year	2011	2016	2021	2026
Top 10 Developed Markets	26	38	48	58
Other Developed Markets	26	35	44	49
Pharmerging Markets	11	11	15	18
Global Markets	22	31	39	45

(Source: IQVIA Institute)

Active Pharmaceutical Ingredients (APIs)*

The global active pharmaceutical ingredients (APIs) market was valued at ~US\$209 Billion in 2021 and is expected to grow at about 7% CAGR to reach US\$334 Billion by 2028. The growth drivers include:

- Overall increase in demand for pharmaceutical products globally
- Patent expiries of many products globally
- Rising use of biologics

(*Source: Research and Markets)

Consumer Healthcare Market*

The consumer healthcare market deals with wellness, nutrition and skincare products. The segment also includes OTC medications used to treat pain, cough, itching, sleeping issues, gastrointestinal issues among others. The segment is driven by the increasing needs of modern health-conscious customers, looking for ways to maintain their health. The outbreak of the COVID-19 pandemic has been a boost for the industry as consumers are increasingly becoming conscious about self-care.

The size of the global consumer healthcare (CHC) market was about US\$ 151 Billion in 2021 recording ~5% growth over 2020. Vitamins Minerals & Supplements (VMS) continues to be the largest category, accounting for more than 30% of the market and growing at about 6%. This growth in VMS is despite the high base of the previous year, which had seen significant sales of immunity-related products due to the pandemic. Other categories which contributed to the overall growth of the CHC market were gastrointestinal, analgesics and lifestyle CHC products.

(Source: Nicholas Hall Data 2021))

INDIAN PHARMACEUTICAL INDUSTRY:

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

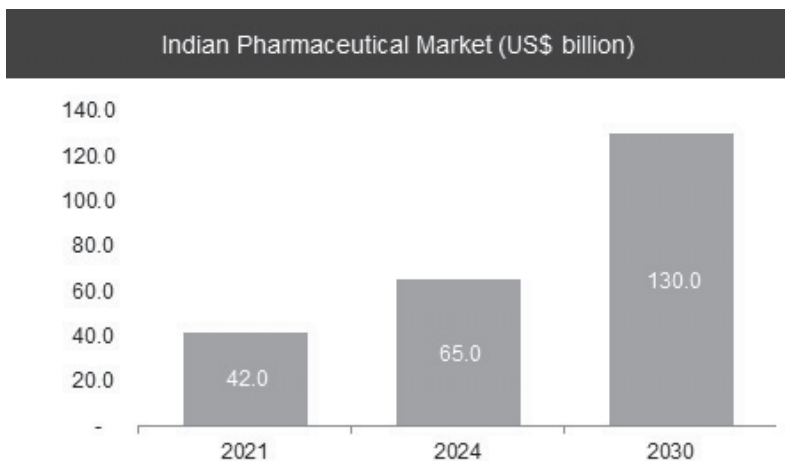
India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with the potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Market Size

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is at US\$ 42 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

India's biotechnology industry comprises biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US\$ 70.2 billion in 2020 and is expected to reach US\$ 150 billion by 2025.

India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion.



As of August 2021, CARE Ratings expect India's pharmaceutical business to develop at an annual rate of ~11% over the next two years to reach more than US\$ 60 billion in value.

In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US\$ 42 billion and ranks 3rd in terms of volume and 14th in terms of value worldwide.

In August 2021, the Indian pharmaceutical market increased at 17.7% annually, up from 13.7% in July 2020. According to India Ratings & Research, the Indian pharmaceutical market revenue is expected to be over 12% Y-o-Y in FY22.

Indian pharmaceutical exports stood at US\$ 24.44 billion in FY21 and US\$ 22.21 billion in FY22 (until February 2022). India is the 12th largest exporter of medical goods in the world. The country's pharmaceutical sector contributes 6.6% to the total merchandise exports. As of May 2021, India supplied a total of 586.4 lakh COVID-19 vaccines, comprising grants (81.3 lakh), commercial exports (339.7 lakh) and exports under the COVAX platform (165.5 lakh), to 71 countries. Indian drugs are exported to more than 200 countries in the world, with the US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. India's drugs and pharmaceuticals exports stood at US\$ 3.76 billion between April 2021 and May 2021. The Indian drugs and pharmaceuticals sector received cumulative FDIs worth US\$ 19.19 billion between April 2000 and December 2021. The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US\$ 1.206 billion between April-December 2021. In FY21, North America was the largest market for India's pharma exports with a 34% share and exports to the U.S., Canada, and Mexico recorded a growth of 12.6%, 30% and 21.4%, respectively.

SWOT Analysis

The Strong global prominence of Indian Pharma sector with robust R&D infrastructure and capabilities to develop technologically complex products in the generics, branded generics, API and specialty segments, focus on driving growth & profitability through a pragmatic mix of organic and inorganic initiatives and the ability to supply high-quality products at affordable prices across the world are the strengths of Indian Pharma sector.

Developed markets have witnessed a consistent increase in contribution of specialty products in their overall pharmaceutical spending and this trend is expected to continue in the future. Favourable macro-economic parameters for India and emerging markets are likely to ensure reasonable volume growth for pharmaceutical products across these markets in the long term. Growing penetration of generics in Japan and opening of the China market present good long term opportunities for Indian Pharma sector.

The current geopolitical issues give rise to uncertainties related to supply chains, inflation and overall economic growth to Indian Pharma companies. The potential fresh outbreaks of the pandemic across the world and subsequent disruption in economic activities may impact economic growth across countries and could indirectly impact pharmaceutical consumption. Given the additional spending on battling the pandemic, governments across the world may try to control pricing of certain products, which may lead to government mandated price controls on pharmaceutical products. Developing a specialty pipeline entails high upfront investments for long-term benefits, and may impact short-term profitability.

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 Response

Though the COVID-19 led restrictions were largely eased out in the year, it still remained challenging as multiple waves of the pandemic kept affecting the normal life. As the severity of the pandemic led restriction came down, Indian Pharmaceutical Market (IPM) bounced back with 18% annual growth against 4% in the previous year. This was achieved as the industry gradually resumed marketing activities to generate new prescriptions. IPM recorded ₹ 185,498 Crores annual sales as per IQVIA.

The Company continued its multi-pronged approach to overcoming the challenges of the global COVID-19 pandemic by focusing on continuity of manufacturing and supply chain to ensure adequate supplies of medicines to customers and ensuring safety of employees/work force across the manufacturing facilities.

On the business front, we have delivered a healthy performance amidst a tough operating environment.

Internal Control

The Company believes that internal controls are the prerequisite of governance and that action emanating out of agreed business plans should be exercised within a framework of checks and balances. The Company has a well-established internal controls framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of internal controls. The management is committed to ensuring an effective internal controls environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations, ensures accuracy of records, promotes operational efficiency, protects resources and assets and overall minimize the risks.

Internal Financial Controls

The Company has a well-established internal financial controls framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of internal financial controls. The management is committed to ensuring an effective internal financial controls environment, commensurate with the size and complexity of the business, which provides an assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Operational Performance

As stated in the Board’s Report, during the year under review, the Company recorded revenue of ₹ 3,249.37 Lakhs (Previous year ₹ 1,937.33 Lakhs) from its operations, over 68% more than the corresponding previous year. The Company reported profit of ₹ 990.13 Lakhs as against previous year reported loss of ₹ 121.51 Lakhs. The Earnings per Share (EPS) of your Company grown up to ₹ 3.63 per share from ₹ (0.20) per share in the previous year. All the dosage forms that the Company manufactures currently, performed better in comparison with the sluggish market demand suffered in the year 2020-21. 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 resources to its maximum.

Your Company is constantly striving to optimize its operational capacities, restricting costs to remain competitive which would help to improve the operational efficiency.

Financial Performance

(₹ in Lakhs)

	Particulars	2021-22	2020-21
(i)	Revenue from operations	3,249.37	1,937.33
(ii)	Other Operating Income	407.14	301.54
(iii)	Other income	62.93	46.49

	Particulars	2021-22	2020-21
(iv)	Total Revenue (i+ii+iii)	3,719.44	2,285.36
(v)	Depreciation	697.35	645.60
(vi)	Finance cost	121.52	154.75
(vii)	Other expenses	1,910.44	1,606.52
(viii)	Total Expenses (v+vi+vii)	2,729.31	2,406.87
(ix)	Profit/(Loss) before exceptional items and tax (iv-viii)	990.13	(121.51)
(x)	Deferred tax	(1,227.46)	-
(xi)	Profit/(Loss) after tax (ix-x)	2,217.59	(121.51)
(xii)	Other Comprehensive Income	5.60	(0.57)
(xiii)	Total Comprehensive Income for the period (xi+xii)	2,223.19	(122.08)
(xiv)	Loss brought forward from previous year	(22,216.55)	(22,094.47)
(xiv)	Profit/(Loss) carried forward to Balance Sheet (xiii+xiv)	(19,993.36)	(22,216.55)

Key Financial Ratios:

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

(Rs. in thousands)

S. No.	Particulars	2021-22	2020-21	Variance (%)	Reasons if variance is more than 25%
1.	Operating Profit Margin (%)	0.3	0.0	1955	Refer note - 1 below
2.	Net Profit Margin (%)	0.6	-0.1	1219	Refer note - 1 below
3.	Debtors Turnover (times)	8.4	6.8	23	-
4.	Inventory Turnover (times)	0.0	0.4	(96)	Refer note - 2 below
5.	Current Ratio (times)	0.5	0.5	(4)	-
6.	Return on Net worth (%)	0.3	0.0	1348	Refer note - 1 below
7.	Interest Coverage Ratio (times)	9.1	-0.2	4359	Refer note - 3 below
8.	Debt Equity Ratio (times)	0.3	0.8	(57)	Refer note - 3 below

Note - 1: Due to increase in revenue growth

Note - 2: Due to inventory write downs in previous year

Note - 3: Due to repayment of Term loan to the extent of Rs.1,46,562 during the year

HUMAN RESOURCES

During the year, the strength of human resource engaged by the Company is 213. 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 2022, 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 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 2022, and Profit 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.

Emphasis of Matter

We draw attention to Note 28(a) 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 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 financial statements of the Company is likely to be significantly low.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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
Going Concern	
<p>The Company has losses from last many years. Hence we were required to assess whether the going concern assumption is appropriate.</p>	<p>Our Audit Procedures included:</p> <ul style="list-style-type: none"> ● Review of management's budgets (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. ● Discussion with the management on the cash flow position and the plans for meeting the requirements of cash deficits, if any, in the business plans. ● Evaluation of the plans of the company for becoming cash positive from operations and becoming profitable over a period. ● Evaluation of the disclosures provided in the standalone financial statements to ensure that this aspect has been appropriately disclosed.

Key audit matters	Auditor's Response
Impairment of Property, Plant and Equipment	
Non-recognition of impairment provision on Property, Plant and Equipment.	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Checks to identify if the plant is performing below the rated capacity. • Review of all Long pending capital advances if any as at the reporting date of the financials. • Review the assessment made by the management and evaluating whether those are mitigating the risk of not considering the provision for impairment as at the reporting date of the financials.

Information Other than the Standalone Financial Statements and Auditors' Report There on

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 financial statements and our auditors' report thereon.

Our opinion on the 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 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 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 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 judgement 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 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, 2020 ("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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 2022 on its financial position in its 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 2022;
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
 - v. No dividend declared or paid during the year by the Company and accordingly reporting on compliance with section 123 of the Companies Act, 2013 is not applicable.

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

Viswanadh VNSS Kuchi
Partner
Membership No. 210789
UDIN : 22210789ALRKPH7032

Place of Signature: Hyderabad
Date: April 29, 2022

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 2022.

- (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 Property, Plant and Equipment.
 - (b) The Company has maintained proper records showing full particulars of intangible assets.
 - (c) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment 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 Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (d) 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 (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company as at Balance Sheet date.
 - (e) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets / Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.
 - (f) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a. 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. In our opinion, the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on verification between the physical stocks and the book records are not 10% or more in the aggregate for each class of inventory.
- b. Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) Based on our audit procedures & according to the information and explanation given to us, during the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 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 and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 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 or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (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. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (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 Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues 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 Goods and Service Tax, provident fund, employees' state insurance,

income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at 31 March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at 31 March 2022, 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	Remarks, if any
The Customs Act, 1962	Customs Duty	5160	Prior to the financial year 2011-12 (Customs Act)	Principal Commissioner of customs	Not applicable

- (viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.
- (ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there were no term loans taken by the Company and hence the question of the amount of loan so diverted and the purpose for which it is used does not arise. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) 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 has been noticed or reported during the year.
- (b) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24)

- (xiv) (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) 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 (2 of 1934).
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.
- (c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on our audit procedures and according to the information and explanations given to us, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act except in respect of following cases:

Financial year	Amount unspent on CSR activities other than Ongoing Projects (₹ In lakhs)	Amount Transferred to Fund specified in Sch VII within 6 months from the end of the Financial Year (₹ In lakhs)	Amount Transferred after the due date (₹ In lakhs)	Date of deposit
2020-21*	4.26	-	NA	NA*

*The time period for the transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report.

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

Viswanadh VNSS Kuchi
Partner
Membership No. 210789
UDIN : 22210789ALRKPH7032

Place of Signature: Hyderabad
Date: April 29, 2022

Annexure B

Referred to in paragraph 2(g) on 'Report on Other Legal and Regulatory Requirements' of our report of even date Report on the Internal Financial Controls 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 2022 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 control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in 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 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

We have audited the internal financial controls with reference to financial statements of Zenotech Laboratories Limited (“the Company”) as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal control 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”).

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

Viswanadh VNSS Kuchi
Partner
Membership No. 210789
UDIN : 22210789ALRKP7032

Place of Signature: Hyderabad
Date: April 29, 2022

Standalone Balance Sheet as at March 31, 2022

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

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3	709,091	742,314
(b) Capital Work-In-Progress	3	2,790	21,825
(c) Financial Assets			
(i) Investments	4(a)	-	-
(ii) Others	4(b)	7,821	7,821
Deferred Tax Assets (net)	5	122,746	-
Income Tax Assets (net)		21,970	11,930
(d) Other Non-current Assets	6	2,671	1,092
Total Non - Current Assets		867,089	784,982
Current Assets			
(a) Inventories	7	608	619
(b) Financial Assets			
(i) Trade Receivables	8(a)	39,282	38,032
(ii) Cash and Cash Equivalents	8(b)	24,148	24,577
(iii) Other Financial Assets	8(c)	1,575	1,414
(c) Other Current Assets	9	8,134	8,817
Total Current Assets		73,747	73,459
TOTAL ASSETS		940,836	858,441
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	610,306	610,306
(b) Other Equity	11	96,095	(126,224)
Total Equity		706,401	484,082
LIABILITIES			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12 (d)	60,000	206,562
(ii) Other financial liabilities	12 (c)	6,615	6,016
(b) Other Non Current Liabilities	13 (b)	3,214	3,970
(c) Provisions	14 (a)	8,851	8,339
Total Non - Current Liabilities		78,680	224,887
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade payables			
(a) Total outstanding dues of Micro and Small Enterprises	12 (a)	1,552	1,012
(b) Total outstanding dues other than above	12 (a)	19,110	18,207
(iii) Other financial liabilities	12 (b)	40,398	34,838
(b) Other Current Liabilities	13 (a)	11,817	11,046
(c) Provisions	14 (b)	82,878	84,369
Total Current Liabilities		155,755	149,472
TOTAL EQUITY AND LIABILITIES		940,836	858,441
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

Viswanath VNSS Kuchi
Partner
Membership No.: 210789
UDIN: 22210789ALRKPH7032

Azadar Husain 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: April 29, 2022

Place: Delhi
Date: April 29, 2022

Place: Mumbai
Date: April 29, 2022

Place: Hyderabad
Date: April 29, 2022

Statement of profit and loss for the Year ended March 31, 2022

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

Particulars	Note No.	For the Year ended 31 March 2022	For the Year ended 31 March 2021
Income			
I Revenue from Operation	15 (a)	324,937	193,733
II Other Operating income	15 (b)	40,714	30,719
III Other income	16	6,293	4,084
IV Total Income (I+II+III)		371,944	228,536
V Expenses			
Cost of materials consumed	17	11	322
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	17	-	-
Employee benefits expense	18	70,952	64,923
Finance costs	19	12,152	15,475
Depreciation and amortisation expense	3	69,735	64,560
Other expenses	20 (a)	120,081	95,407
Total Expenses (V)		272,931	240,687
VI Profit / (Loss) before exceptional items and tax (IV-V)		99,013	(12,151)
VII Exceptional items	19(b)	-	-
VIII Profit / (Loss) before tax (VI+VII)		99,013	(12,151)
IX Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(122,746)	-
X Profit / (Loss) for the period (VIII-IX)		221,759	(12,151)
XI Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		-	-
Remeasurement of employee benefits obligations to be reclassified to profit or loss	14(c)	560	(57)
XII Total Comprehensive Income for the year (X+XI)		222,319	(12,208)
XIII Earning per equity share (face value per equity share ₹ 10 each)	23		
(1) Basic (₹)		3.63	(0.20)
(2) Diluted (₹)		3.63	(0.20)
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
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Statement of changes in equity for the year ended 31 March, 2022

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

A. Equity Share Capital

Particulars	
As at 31.03.2021	610,306
Changes in Equity Share Capital	-
As at 31.03.2022	610,306
Particulars	
As at 31.03.2020	610,306
Changes in Equity Share Capital	-
As at 31.03.2021	610,306

B. Other Equity

Particulars	Reserves and Surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1st April 2020	2,095,431	(2,209,447)	(114,016)
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-
Additions during the year	-	-	-
Profit/(Loss) for the year	-	(12,151)	(12,151)
Other comprehensive income- Remeasurement of defined benefit obligations	-	(57)	(57)
Total comprehensive income for the year	-	(12,208)	(12,208)
Other Equity as on 31st March 2021	2,095,431	(2,221,655)	(126,224)
Balance as at 1 April 2021	2,095,431	(2,221,655)	(126,224)
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-
Profit/(Loss) for the year	-	221,759	221,759
Other comprehensive income- Remeasurement of defined benefit obligations	-	560	560
Total comprehensive income for the year	-	222,319	222,319
Other Equity as on 31st March 2022	2,095,431	(1,999,336)	96,095
Nature and purpose of reserves:			
<i>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</i>			

As per our Report of even date attached
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Standalone Cash Flow statement for the Year ended March 31, 2022

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

	For the Year ended 31 March 2022	For the Year ended 31 March 2021
A. Cash flows from operating activities		
Profit/(Loss) before taxation	99,013	(12,151)
Adjustments for:		
Depreciation and amortisation	69,735	64,560
Amounts written back	(779)	(2,907)
Unrealised foreign exchange loss, net	27	-
Interest expenses	12,152	15,475
Interest income	(986)	(547)
Exceptional items	-	-
Operating cash flows before working capital changes	179,162	64,430
Changes in Working Capital:		
(Increase)/decrease in trade receivables	(1,250)	(19,461)
(Increase)/decrease in inventories	11	322
(Decrease)/ increase in trade payables	2,222	(23,897)
(Increase)/decrease in other financial assets	(161)	189
(Increase)/decrease in current non financial assets	-	-
(Increase)/decrease in non-current financial assets	-	(560)
(Increase)/decrease in non-current assets	(0)	(228)
(Increase)/decrease in other current assets	683	15,925
(Decrease)/increase in provisions for non current liabilities	915	7,362
(Decrease)/increase in provisions for current liabilities	(1,172)	(611)
(Decrease)/increase in other financial liabilities	5,560	7,872
(Decrease)/increase in other current liabilities	744	7,233
Cash generated/(used) in operations	186,714	58,575
Income taxes paid/ TDS (net)	(10,040)	(1,165)
Net cash generated/(used) in operating activities (A)	176,674	57,410

Standalone Cash Flow statement for the Year ended March 31, 2022

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

	For the Year ended 31 March 2022	For the Year ended 31 March 2021
B. Cash flows from investing activities		
"Payment for Purchase of property plant equipment (Including Capital advance & Work in Progress)"	(19,375)	(49,115)
Deposits towards margin money	-	390
Interest income received	986	547
Net cash provided by/ (used in) investing activities (B)	(18,389)	(48,178)
C. Cash flows from financing activities		
Proceeds from issue of equity share capital - Rights Issue	-	-
Proceeds from borrowings, net	-	20,000
Repayment of long-term borrowings	(146,562)	-
Interest paid	(12,152)	(15,475)
Net cash provided by/(used in) financing activities (C)	(158,714)	4,525
Net increase/ (decrease) in cash and cash equivalents during the year (A+B+C)	(429)	13,757
Cash and cash equivalents at the beginning of the year	24,577	10,820
Cash and cash equivalents at the end of the year (refer Note 8 (b))	24,148	24,577

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

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
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Standalone Cash flow statement for the Year ended March 31, 2022

(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 2022	As at 31 March 2021
Cash and cash equivalents	24,148	24,577
Liquid Investments	-	-
Current borrowings (Including interest accrued)	-	-
Non-current borrowings	(60,000)	(206,562)
Net debt	(35,852)	(181,985)

Particulars	Other assets		Liabilities from financing activities			Total
	Cash and bank	Liquid Investments	Finance lease obligations	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2020	10,820	-	-	-	(186,562)	(175,742)
Cash flows	13,757	-	-	(20,000)	-	(6,243)
Conversion of Current to Non-Current	-	-	-	(186,562)	186,562	-
Interest expenses	-	-	-	-	(18,108)	(18,108)
Interest paid	-	-	-	-	18,108	18,108
Net debt as at 31 March 2021	24,577	-	-	(206,562)	-	(181,985)
Cash flows	(429)	-	-	146,562	-	146,133
Interest expenses	-	-	-	-	(12,152)	(12,152)
Interest paid	-	-	-	-	12,152	12,152
Net debt as at 31 March 2022	24,148	-	-	(60,000)	-	(35,852)

Notes to the Standalone Financial Statements for the Year ended March 31, 2022

(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 year 2019-20, 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 judgements, 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 14(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

The World Health Organisation had declared COVID-19 as a pandemic in March, 2020. 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, 2022. 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 24 (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 ₹ 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 (the 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:

The following Accounting Standards have been modified on miscellaneous issues with effect from 18th June 2021. Such changes include clarification/guidance on:

- i) Ind AS 107 Financial Instruments: Disclosures – Additional disclosures relating to interest rate benchmark reform.
- ii) Ind AS 109 Financial Instruments – Guidance provided on accounting for modifications of contracts resulting from changes in the basis for determining the contractual cash flows
- iii) Ind AS 116 Leases – Extension of optional practical expedient in case of rent concessions as a direct consequence of COVID-19 pandemic till 30th June, 2022
- iv) Ind AS 102 Share based payments – Alignment of liabilities definition with the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India.
- v) Ind AS 103 Business Combination – Alignment of assets and liabilities definition with the Framework for Preparation and Presentation of Financial Statements with Indian Accounting Standards
- vi) Amendment of definition of term 'recoverable amount' in Ind AS 105, Ind AS 16 and Ind AS 36 from 'fair value less cost to sell' to 'fair value less cost of disposal'.

(ii) New accounting standards/amendments notified but not yet effective

The following Accounting Standards have been modified on miscellaneous issues with effect from 1st April 2022. Such changes include clarification/guidance on:

- i) Ind AS 103 Business Combination – Identified assets acquired and liabilities assumed (including contingent assets and contingent liabilities) must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the Institute of Chartered Accountants of India (ICAI).
- ii) Ind AS 109 Financial Instruments – Guidance provided on identifying substantial modification of the terms of an existing financial liability basis difference in discounted present value of the cash flows between old and new terms (the '10 percent' test).
- iii) Ind AS 16 Property, Plant and Equipment (PPE) – Clarification provided on accounting for excess of net sale proceeds of items produced over the cost of testing as deduction from the directly attributable costs considered as part of cost of an item of PPE.
- iv) Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets – Illustrative guidance provided on the cost of fulfilling a contract - incremental costs of fulfilling the contract and allocation of other costs that relate directly to fulfilling contracts, and clarification provided on recognising impairment loss that has occurred on assets used in fulfilling the contract before a separate provision for onerous contract established.

None of these amendments is expected to have any material impact on the financial statements of the Company.

Notes to the Standalone Financial Statements for the Year ended March 31, 2022

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

Note 3: Property, Plant and Equipment

Particulars	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	EDP Equipment	Total
Gross Block at Cost/ Deemed Cost								
As at 1st April 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	319,596
As at 31st March 2021	10,831	210,149	763,075	6,477	3,371	3,251	17,614	1,014,768
Adjustments:	-	-	-	-	-	-	-	-
Additions	-	1,815	33,798	65	248	-	586	36,512
As at 31st March 2022	10,831	211,964	796,873	6,542	3,619	3,251	18,200	1,051,280
Depreciation and Impairment								
As at 1st April 2020	-	37,176	161,303	4,644	901	1,890	1,981	207,895
Adjustments:	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	8,525	49,680	387	526	325	5,117	64,560
As at 31st March 2021	-	45,701	210,983	5,031	1,426	2,215	7,099	272,455
Adjustments:	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	9,758	53,386	305	700	186	5,400	69,735
Impairment loss (note)	-	-	-	-	-	-	-	-
As at 31st March 2022	-	55,459	264,369	5,336	2,126	2,401	12,499	342,190
Net Book Value								
As at 31st March 2022	10,831	156,505	532,505	1,206	1,493	850	5,701	709,091
As at 31st March 2021	10,831	164,448	552,092	1,446	1,945	1,036	10,516	742,314
Note								
1. Plant & Equipment as at the year end includes assets given on operating lease: Cost ₹ 187,083 (PY: ₹ 187,083); Accumulated depreciation ₹ 26,521 (PY: ₹								
2. For details of the assets pledged for TDB loan, refer Note 32 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, 2022 (Contd)

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

B. Capital Work in Progress		
As at 1st April 2020		393,991
Additions during the year		50,636
Gross Capital Work In Progress		444,627
<i>Less: Transferred to Property, Plant and Equipment during the year</i>		319,646
<i>Less: Provision for Impairment</i>		(103,156)
Net CWIP as at March 31, 2021		21,825
As at 1st April 2021		21,825
Provision for Impairment		103,156
Additions during the year*		15,763
Gross Capital Work In Progress		140,744
<i>Less: Transferred to Property, Plant and Equipment during the year</i>		34,798
<i>Less: Provision for Impairment</i>		(103,156)
Net CWIP as at March 31, 2022		2,790
* including interest capitalised ₹ Nil (Previous year-2,633)		

Capital work in progress ageing

Particulars	Amount in CWIP as at March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2,790	-	-	-	2,790
Projects temporarily suspended					-
Total	2,790	-	-	-	2,790

Capital work in progress ageing

Particulars	Amount in CWIP as at March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	21,825	-	-	-	21,825
Projects temporarily suspended					-
Total	21,825	-	-	-	21,825

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (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, 2022	As at March 31, 2021
Investments in equity shares of Subsidiaries# at Deemed cost		
Unquoted		
Zenotech Farmaceutica Do Brasil Ltda*	-	-
39,600 (previous year: 39,600) shares of Reais 10 each		
Zenotech Laboratories Limited, Nigeria*	-	-
9,99,000 (previous year: 9,99,000) Ordinary shares of Naira 1 each		
Zenotech Inc., USA	-	-
10,00,000 (previous year: 10,00,000) shares of USD 0.10 each		
Investments in equity shares of Other Companies at Deemed cost		
Unquoted		
Equity shares in Credence Organics Private Limited**	-	-

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 and the Company received winding up order for Zenotech Laboratories Nigeria Limited during FY: 2019-20. However, related filings with RBI is pending. Winding up process for Zenotech Pharmaceutica do Brazil Ltda is in progress as on March 31, 2022.

** 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, 2022	As at March 31, 2021
Deposits with Government, public bodies		
-Considered good	6,821	6,821
-Credit Impaired	211	211
Margin Money deposits	1,000	1,000
Others	-	-
Total	8,032	8,032
Less: Provision for doubtful assets	211	211
TOTAL	7,821	7,821

Note 5: Deferred tax assets /(liabilities)

The balances comprises temporary differences attributable to :

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred Tax Asset on account of		
Provision for Grauity	1,262	-
Carry Forward Business Losses	168,793	-
Carry Forward Unabsorbed Depreciation	34,013	-
Total Deferred tax assets (A)	204,068	-

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Deferred Tax Liability on account of		
- Depreciation	81,322	-
Total Deferred tax Liability (B)	81,322	-
Total deferred tax assets/(Liabilities) (net) (A-B)	122,746	-

Note: In accordance with the Ind AS 12 - the deferred tax asset arising from timing differences are recognised and carry forwarded only if it is probable that, taxable profit will be available against which the deductible temporary difference can be utilised. In view of this, deferred tax asset (net) is recognised to the extent of ₹ 122,746/- in the current year

Note 6: Other Non Current Assets

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good except stated other wise)		
Deposits with Government, public bodies*	447	766
Capital Advances	2,224	326
Others	-	-
Total Other Non Current Assets	2,671	1,092

* Includes amount deposited under protest

Note 7: Inventories (at lower of cost and net realisable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials and Packing materials	608	619
Work-in-progress	-	-
Total Inventories	608	619

* 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 ₹ Nil (Previous year ₹ 145).

Note 8(a): Trade receivables- Current

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables considered good-Secured	-	-
Trade receivables considered good-Unsecured*	39,282	38,032
TOTAL	39,282	38,032
Less : Provision for Trade Receivables credit impaired	-	-
Total Trade Receivables	39,282	38,032

*Total trade receivables are from related party. Refer note 29 for related party disclosures

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 8(b): Cash and Bank Balances

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- in current accounts	24,146	24,573
Cash on hand	2	4
Other Bank Balances		
- Deposits with original maturity of less than 3 months	-	-
Cash and Bank balances (A)	24,148	24,577
Bank Balances other than above		
- Margin Money deposits	1,000	1,000
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
Total Bank balances other than above (B)	-	-
Total cash and Cash equivalents (A+B)	24,148	24,577

Note 8(c) . Other Financial Current Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Interest accrued but not due	1,575	1,414
Total Other Financial Current Assets	1,575	1,414

Note 8 (a): Trade receivables- Current

Table 1: (Balances which have specified due date)

Below table will capture ageing for balances from due date of receipt

External Trade Receivable	As at March 31, 2022						
	Outstanding for following periods from due date of receipt						
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	39,282	-	-	-	-	-	39,282
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total external trade receivables	39,282	-	-	-	-	-	39,282

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

External Trade Receivable	As at March 31, 2021						Total
	Outstanding for following periods from due date of receipt						
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	38,032	-	-	-	-	-	38,032
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total external trade receivables	38,032	-	-	-	-	-	38,032

Note 9: Other Current Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered doubtful		
Excess Remuneration paid, recoverable from an erstwhile managing director	7,980	7,980
Less: Provision for excess remuneration paid, recoverable	(7,980)	(7,980)
Unsecured, considered good		
Balance with Statutory authorities	3,492	7,496
Advance for supply of goods and services	739	243
Prepaid expenses	3,840	825
Advance to employees	63	162
Salaries Recoverable from employees	-	91
Total Other Current Assets	8,134	8,817

Note 10: Equity

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Value	No. of shares	Value
Authorised				
Equity shares of ₹ 10/- each	100,000,000	1,000,000	100,000,000	1,000,000
	100,000,000	1,000,000	100,000,000	1,000,000
Issued, Subscribed and Fully Paid-up				
Equity shares of ₹ 10/- each	61,030,568	610,306	61,030,568	610,306
TOTAL	61,030,568	610,306	61,030,568	610,306

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

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

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Value	No. of shares	Value
Equity shares				
At the beginning of the year	61,030,568	610,306	61,030,568	610,306
Issued during the year	-	-	-	-
Outstanding at the end of the year	61,030,568	610,306	61,030,568	610,306

(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.

(c) Shares held by holding company - Promoters

Particulars	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of shares	Value	No. of shares	Value	
Equity shares of ₹ 10/- each (Held by Sun Pharmaceutical Industries Limited)	42,014,578	420,145,780	35,128,078	351,280,780	19.60%
TOTAL	42,014,578	420,145,780	35,128,078	351,280,780	

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

Particulars	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class	
Sun Pharmaceutical Industries Limited*	42,014,578	68.84%	35,128,078	57.56%	11.28%
Daiichi Sankyo Company, Limited	-	0.00%	6,886,500	11.28%	-11.28%
Padmasree Chigurupati	3,209,982	5.26%	3,209,982	5.26%	0.00%

Sun Pharmaceutical Industries Limited had acquired 6,886,500 (11.28%) fully paid-up equity shares from Daiichi Sankyo Company, Limited on March 29, 2022 through inter-se transfer of shares (off-market transfer)

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, 2022, the amount of per share dividend recognised as distribution to equity shareholders was NIL (Previous year: NIL)

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 11: Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Securities premium reserve	2,095,431	2,095,431
Retained Earnings	(1,999,336)	(2,221,655)
Total Reserves & Surplus	96,095	(126,224)
Securities Premium Reserve		
Opening Balance	2,095,431	2,095,431
Rights issue	-	-
Closing Balance	2,095,431	2,095,431
Retained Earnings		
Opening balance	(2,221,655)	(2,209,447)
Net profit / (loss) for the period	221,759	(12,151)
Remeasurements of post-employment benefit obligation, net of tax (OCI)	560	(57)
Closing Balance	(1,999,336)	(2,221,655)
Total Other Equity	96,095	(126,224)

Note 12: Financial liabilities
(a) Trade payables

Table 1 (Balances which have specified due date)

Below table will capture ageing for balances from due date of payment

External trade Payable	As at Mar 31, 2022					
	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues						
MSME	1,552	-	-	-	-	1,552
Others	14,873	94	437	3,341	365	19,110
Disputed dues						
MSME	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total Trade payables	16,425	94	437	3,341	365	20,662
External trade Payable	As at Mar 31, 2021					
	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues						
MSME	1,012	-	-	-	-	1,012
Others	12,416	989	3,662	151	989	18,207
Disputed dues						
MSME	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total Trade payables	13,428	989	3,662	151	989	19,219

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 2: Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,552	1,012
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

(b) Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
*Interest accrued and due	27,645	27,645
Payable to employees	1,409	647
Expenses payables	11,344	6,546
Total other current financial liabilities	40,398	34,838

* Interest accrued and due to Technology Development Board (TDB). As per the settlement agreement dated 22nd February, 2018 signed between the Company and TDB, the shortfall if any between the sale proceeds of 600,000 shares of the Company held by TDB and the accrued interest of ₹ 27,645 (Rupees Two Crore Seventy Six Lakh Forty Five Thousand only) is payable by the Company. The realisable value of shares exceeds the amount due to TDB as on the Balance sheet date.

(c) Other financial liabilities - Non Current

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Rental Deposit - Biotech Facility	6,615	6,016
Total other non current financial liabilities	6,615	6,016

(d) Non Current borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand		
Secured	-	-
Unsecured - amortised cost		
Loan from holding Company	60,000	206,562
Total non current borrowings	60,000	206,562
Less: Interest accrued	-	-
Total Non current borrowings	60,000	206,562

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (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 24th Feb, 2021 (Effective Date)).

Note 13 (a): Other Current Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory liabilities	6,704	5,933
Advance Rent Received	4,357	4,357
Advance Rent Biotech Facility	756	756
Total Other current liabilities	11,817	11,046

Note 13(b): Other Non Current Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Rent Biotech Facility	3,214	3,970
Total other non current liabilities	3,214	3,970

Note 14 (a): Provisions - Long Term

Particulars	As at March 31, 2022	As at March 31, 2021
	Non-Current	
Provision for Compensated Leave absences (Refer Note 14(c))	4,333	4,057
Provision for Gratuity (Refer Note 14(c))	4,518	4,282
TOTAL	8,851	8,339

Note 14 (b): Provisions - Short Term

Particulars	As at March 31, 2022	As at March 31, 2021
	Current	Current
Provision for indirect taxation (Refer footnotes below)	80,901	83,488
Provision for Compensated Leave absences (Refer Note 14(c))	1,053	881
Provision for Gratuity (Refer Note 14(c))	498	-
Provision for Corporate Social Responsibility (Refer Note 20(ii))	426	-
TOTAL	82,878	84,369

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, 2022	As at March 31, 2021
Provision for Service Tax	-	-
Provision for Customs (EPCG Duty)	80,901	80,901
Provision for AP VAT	-	2,587
TOTAL	80,901	83,488

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

ii) Movements in provisions

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

Particulars	Towards Customs duty	Towards AP VAT
As at 1st April 2021	80,901	2,587
Charged/(credited) to profit or loss		
-additional provisions recognised	-	-
Amounts used during the year	-	(2,587)
TOTAL	80,901	-

ii) Movements in provisions

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

Particulars	Towards Customs duty	Towards AP VAT
As at 1st April 2020	80,901	2,587
Charged/(credited) to profit or loss		
-additional provisions recognised	-	-
Amounts used during the year	-	-
TOTAL	80,901	2,587

Note 14 (c):
a) Employee Benefits

Particulars	As at March 31, 2022	As at March 31, 2021
Amount recognised as expense in the statement of Profit and Loss		
- Provident Fund Contribution	3,167	2,913
TOTAL	3,167	2,913

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, 2022	As at March 31, 2021
Current Liability	1,053	881
Non-Current Liability	4,333	4,057
TOTAL	5,386	4,938

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

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Changes in defined benefit obligation

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefit obligation at the beginning of the year	4,282	3,299
Current Service Cost	1,117	1,030
Interest Cost	264	190
Actuarial (gain)/ loss on obligation	(560)	57
Benefits paid	(86)	(294)
Projected benefit obligation at the end of the year	5,016	4,282

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

Particulars	As at March 31, 2022	As at March 31, 2021
Current Liability	498	-
Non-Current Liability	4,518	4,282
Total	5,016	4,282

Expense recognised in the Statement of Profit and Loss

Particulars	As at March 31, 2022	As at March 31, 2021
Service Cost	1,117	1,030
Interest Cost	264	190
Total	1,381	1,220

Summary of Actuarial Assumptions

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.05%	6.25%
Salary escalation rate	7.00%	7.00%

Mortality

Age (Years)	Rates (p.a)
18	0.000874
23	0.000936
28	0.000942
33	0.001086
38	0.001453
43	0.002144
48	0.003536
53	0.006174
58	0.009651

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Maturity profile of the defined benefit obligation

Particulars	As at March 31, 2022	As at March 31, 2021
Weighted average duration of defined benefit obligation (in years)	9.92	10.97
Expected benefit payments for the year ending:		
– not later than 1 year	498	126
– less than 1 year and not later than 5 years	1,192	1,199
– less than 5 year and not later than 10 years	1,386	1,177
– above 10 years	8,661	7,080

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

Particulars	As at March 31, 2022	As at March 31, 2021
Remeasurement for the period - Obligation (gain)/loss arising from		
– change in demographic assumptions	-	-
– change in financial assumptions	(424)	(71)
– experience variance	(136)	129
Amount recognised in OCI	(560)	57

Sensitivity analysis of significant actuarial assumptions

Particulars	As at March 31, 2022		As at March 31, 2021	
	Decrease	Increase	Decrease	Increase
Discount rate(-/+1%)	5.16%	-4.78%	5.71%	-5.27%
Salary growth rate(-/+1%)	-4.80%	5.13%	-5.26%	5.64%

Note 15(a). Revenue from operations

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products	-	-
Sale of services	324,937	193,733
Total	324,937	193,733

*Refer note 21 for further details

Note 15(b). Other Operating Income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Facility Lease Charges - Biotech	21,788	16,341
Machinery Lease Charges - Biotech	17,427	13,070
Machinery Lease Charges - Other than Biotech	743	743
Notional Income on Advance Rent Biotech	756	565
Total	40,714	30,719

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 16: Other Income and other gains/(losses)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest income from bank deposits at amortised cost	986	547
Liabilities no longer required written back*	779	2,907
Miscellaneous income	4,528	630
Total	6,293	4,084

* includes unclaimed balance of creditors ageing more than 3 years

Note 17: Cost of material consumed

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Raw materials and Packing materials at the beginning of the year	619	941
Add: Purchases	-	-
Less: Raw materials and Packing materials at the end of the year	608	619
Total	11	322

The cost of material consumed includes ₹ Nil (Y: ₹ 145) Written off inventories relating to biotech division

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening Balance: Work-in progress/Stock in trade and finished goods	-	-
Closing Balance: Work-in progress/Stock in trade and finished goods	-	-
Total	-	-

Total changes in inventories of work-in-progress, stock in trade and finished goods

-

Note 18: Employee benefit Expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	64,229	58,379
Contribution to provident fund and other funds	4,228	4,414
Staff welfare expenses	2,495	2,130
Total	70,952	64,923

Salaries of ₹ Nil (PY: ₹ 2,226) to the extent attributable to qualifying projects transferred to CWIP

Note 19: Finance Cost

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on Term Loan - SPIL*	12,152	15,475
Others	-	-
Total	12,152	15,475

* interest expense ₹ Nil (PY: ₹ 2,633) related to Biotech project transferred to Capital Work in progress

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 20: Other Expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Power and fuel	32,547	31,232
Repairs and maintenance		
- Buildings	3,369	1,211
- Plant and machinery	22,408	9,962
- Others	4,693	3,260
Contract manpower expenses	9,878	7,495
Other manufacturing expenses		
- Analytical Charges	346	105
- Quality Control Cost	9,733	10,632
- Consumables	15,448	12,859
Advertisement	229	197
Communication	87	318
Rates and taxes	3,575	2,717
Insurance	5,498	2,919
Legal and professional fees	2,492	2,258
Remuneration to Auditors (Refer note(i) below)	856	1,202
Printing & Stationery	579	429
Office and general maintenance	709	1,168
Security charges	2,378	2,417
Selling and distribution	-	3
Net gain/(loss) on foreign currency transactions	27	-
Travelling and conveyance	3,370	3,696
Corporate Social Responsibility	426	-
Miscellaneous Expenses	1,433	1,327
Total	120,081	95,407

Power and Fuel Expenses of ₹ Nil (PY: ₹ 4,351) to the extent attributable to qualifying projects transferred to CWIP

Note (i) Details of payment to auditors

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Payment to auditors		
- As Statutory auditor:	500	500
In other capacities:		
- Certificates fees	100	350
- Tax Audit fees	200	200
- Other services	50	150
- Out of pocket expenses	6	2
Total	856	1,202

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note (ii) Corporate Social Responsibility Expenditure:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
i. Amount required to be spent by the company during the year	426	
ii. Amount of expenditure incurred	-	-
iii. Shortfall at the end of the year	-	-
iv. Total of previous years shortfall	-	-
v. Reason for shortfall	Company is planning to spend it in the current year	NA
vi. Nature of CSR activities	Disaster Relief, Education, Skilling, Employment, Entrepreneurship, Health, Wellness and Water, Sanitation and Hygiene, Heritage	
vii. Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
viii. where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately	NA	NA

Note 21: Customer contracts

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
CONTRACT WITH CUSTOMERS		
Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
Revenue from operations		
Revenue from contract with customers		
a) Sale of Oncology Products	-	-
b) Sale of Services- Contract Manufacturing	324,937	193,733
c) Lease rental income	40,714	30,719
Total	365,651	224,452

Note 22: Income Tax

The major components of income tax expenses for the year ended 31 March 2022 and 31 March 2021 are:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Statement of Profit and Loss:		
- Income Tax	-	-
- Deferred Tax	(122,746)	-
Income tax expense reported in the statement of profit & loss	(122,746)	-

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Reconciliation of tax expenses

Particulars	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax (a)	99,013	(12,151)
Income Tax Rate (b)	25.17%	25.17%
Calculated taxes based on above without any adjustments for deductions [(a) x (b)]	24,922	-
Adjustments		
On account of CSR expense	107	-
On account of Ind As Notional exp net of income	(39)	-
On account of losses where DT is not recognised	-	-
On account of past losses where DT is recognised on reasonable certainty of realisation	(147,736)	-
On account of other items	-	-
Income tax expense reported in the statement of profit & loss	(122,746)	-

Reconciliation of deferred tax asset (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance as of 1 April	-	-
Tax income / (expense) during the year recognised in profit or loss	122,746	-
Income tax expense reported in the statement of profit & loss	(122,746)	-

Note 23: Earnings Per shares

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.

	Year ended March 31, 2022	Year ended March 31, 2021
a) Basic Earnings Per Share		
- From continuing operations attributable to the equity shareholders of the company	3.63	(0.20)
- From Discontinued Operations	-	-
Total basic earnings per share attributable to the equity shareholders	3.63	(0.20)
b) Diluted Earnings Per Share		
- From continuing operations attributable to the equity shareholders of the company	3.63	(0.20)
- From Discontinued Operations	-	-
Total diluted earnings per share attributable to the equity shareholders	3.63	(0.20)

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

	Year ended March 31, 2022	Year ended March 31, 2021
c) Reconciliation of earnings used in calculating earnings per share		
Basic Earnings Per Share		
Profit attributable to the equity shareholders		
- From continuing operations	221,759	(12,151)
- From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating basic earnings per share:		
Diluted Earnings per share		
Profit attributable to the equity shareholders		
- From continuing operations	221,759	(12,151)
- From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating diluted earnings per share	221,759	
d) Weighted average number of shares used as denominator		
	No of shares	No of shares
Weighted average number of shares used as denominator in calculating basic earnings per share	61,030,568	61,030,568
Adjustments:	-	-
Weighted average number of shares and potential equity shares used as denominator in calculating diluted earnings per share	61,030,568	61,030,568

Note 24(a). Fair Value Measurements

Set out below, is a comparison by class of the carrying amounts and Fair Value of the Companies financial instruments

	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Trade Receivables			39,282			38,032
Cash and cash equivalents and Bank Balances			24,148			24,577
Other Financial Assets - Non Current			7,821			7,821
Other Financial Assets - Current			1,575			1,414
Total Financial Assets			72,826			71,844
Financial Liabilities						
Borrowings		-	60,000		-	206,562
Trade payables			20,662			19,219
Other Financial liabilities- Current			40,398			34,838
Other Financial liabilities- Non Current			6,615			6,016
Total Financial Liabilities			127,675			266,635

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 of these instruments.

Note 24(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, 2022 (Contd)

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

Note 25: 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.

Contractual Maturities as at 31.03.2022	Due in 1st year	Due in 2nd to 5th year	Due in 6th to 7th year	Total
Non derivatives				
Borrowings	-	60,000	-	60,000
Obligations under finance lease	-	-	-	-
Trade payables	20,662	-	-	20,662
Other financial liabilities	40,398	-	-	40,398
Other Financial liabilities- Non Current	-	-	10,893	10,893
Total non-derivative liabilities	61,060	60,000	10,893	131,953
Contractual Maturities as at 31.03.2021	Due in 1st year	Due in 2nd to 5th year	Due in 6th to 7th year	Total
Non derivatives				
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
Total non-derivative liabilities	54,057	206,562	10,893	271,512

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.

Note 26 (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.

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Maturity analysis of operating lease payments:

Year	As at March 31, 2022	As at March 31, 2021
Year 1	39,958	39,958
Year 2	39,958	39,958
Year 3	39,958	39,958
Year 4	39,685	39,685
Year 5	39,215	39,215
Year 6	39,215	39,215
Year 7	9,804	9,804
Total	247,791	247,791

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

Particulars	As at March 31, 2022	As at March 31, 2021
Lease income on operating leases (refer note 15 (b))	39,958	30,154
Therein lease income relating to variable lease payments that do not depend on an index or rate	-	-

Note 26 (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, 2022	As at March 31, 2021
Net debt (total borrowings net of cash and cash equivalents)	35,852	181,985
Total equity (as shown in the balance sheet, including non-controlling interests).	706,401	484,082
Gearing Ratio (Net debt to equity ratio)	5%	38%

Note 27: 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 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.

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

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:100%) of the total revenue for the year.

Note 28: Interests in other entities

a) Subsidiaries

The Company's subsidiaries as at 31 March 2022 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
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	
		%	%	%	%	
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 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 and the Company received winding up order for Zenotech Laboratories Nigeria Limited during FY: 2019-20. However, related filings with RBI is pending. Winding up process for Zenotech Pharmaceutica do Brazil Ltda is in progress as on March 31, 2022.

b) Interest in Associates and Joint Ventures- Nil

Note 29: Related party transactions

(A)

Holding Company:

Name	Type	Place of incorporation	Ownership interests	
			31.03.2022	31.03.2021
Sun Pharmaceutical Industries Limited	Immediate and ultimate parent entity	India	68.84%	57.56%

(B) Key managerial personnel:

Name	Designation
Mr. Devendra Chandrakant S. Kenkre	Chief Executive Officer
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, 2022 (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, 2022	For the year ended March 31, 2021
i). Operating transactions/balances with holding Company/group Company			
Sales*		-	-
Conversion Charges*		324,937	193,733
Interest on borrowing		12,152	18,108
Trade Receivables (Balances as at)**		39,282	38,032
Rental and Hire Charges Received*		743	743
Biotech Facility Lease Charges*		21,788	16,341
Biotech Facility Machinery Rental and Hire Charges*	Sun Pharmaceutical Industries Limited	13,070	13,070
Biotech Facility Reimbursement of Expenses*		42,573	21,710
Biotech Facility Lease Security Deposit - (6 months rentals)		10,894	10,894
Biotech Equipments Lease (3 months advance rentals)		4,357	4,357
Borrowings (Balances as at)		60,000	206,562

*excluding taxes

** Including GST & net of TDS

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

Particulars	As at March 31, 2022	As at March 31, 2021
a). Loans from Sun Pharmaceutical Industries Limited		
Beginning of the year	206,562	186,562
Loans advanced/ received	-	20,000
Loans repayment received/ made	(146,562)	-
Interest charged (net of TDS)	10,937	16,750
Interest paid (net of TDS)	(10,937)	(16,750)
End of the year	60,000	206,562
b). Trade Receivables from Sun Pharmaceutical Industries Limited		
Beginning of the year	(38,032)	(18,237)
Adjusted with sales/services	(460,439)	(282,446)
Receipts against bills	459,189	262,650
End of the year	(39,282)	(38,032)

(D) Key management personnel compensation:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Short- term employee benefits	6,702	5,620

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.

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 30:

- 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 has 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.

Accordingly, based on the steps taken by the Company and evidence available so far, any financial impact on the results of the Company is likely to be significantly low.

b) Investment in subsidiaries:

Upon obtaining control of the Company, the Management observed that no books of account and records were available regarding its overseas subsidiaries. The management has not received any response from the erstwhile Managing Director on the queries raised regarding details pertaining to these subsidiaries and seeking documents / certificates related to Forex transactions with these subsidiaries including certain loans and investment made in the same. Provision has not been made for potential and financial consequences arising out of such on-going evaluations, the outcome of which will depend on the nature and extent of non compliances which is currently not determinable. Meanwhile, the Company received the winding up order for its defunct subsidiary in Nigeria in FY: 2019-20 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.

Note 31: Contingent assets and liabilities

(i). Contingent liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Claims against the Company not acknowledged as debt		
- Employee claims towards Gratuity	1,860	1,860
- Claims by erstwhile co-managing director	-	-
TOTAL	1,860	1,860

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

(b) Guarantees		
- Bank Guarantees issued on behalf of third parties	-	-
TOTAL	-	-
(c) Other matters for which the Company is contingently liable		
- Income Tax	5,290	-
- Customs & Central Excise	104,640	104,640
TOTAL	109,930	104,640

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 ₹ 113.62 per share. Aggrieved by the pricing of the share, erstwhile promoter and one or two other shareholders filed a petition in the Hon'ble High Court of Madras. The Company has been named as Respondent in the said case. An interim injunction in connection with the offer was given by the Hon'ble High Court of Madras and subsequently it was quashed by the Hon'ble Supreme Court based on a petition filed by DS against the said injunction. Meanwhile some of the shareholders (excluding Ranbaxy) including erstwhile promoter of the Company filed a petition with Securities Appellate Tribunal (SAT) with respect to the pricing of the share of the Company against the order of the SEBI turning down erstwhile promoters' complaint. SAT directed DS to price the open offer at ₹ 160 per share. DS has filed an appeal against the SAT order in the Supreme Court. The Supreme Court vide its order dated July 8, 2010 has ruled in favour of DS and allowed the open offer to be made at the price of ₹ 113.62 per share.
- In June 2012, erstwhile promoter has filed a writ petition before Honourable Andhra Pradesh High Court against Foreign Investment Promotion Board and Daiichi Sankyo Company Limited challenging acquisition of 20% shares of the Company by DS through an open offer.
- d). In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.
- e). Other than those disclosed, the Company has not received any significant claims post 31 March 2011.

(ii) Contingent assets: Nil
Note 32: 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, 2022	As at March 31, 2021
Non-current		
<i>Property, plant & equipments (First charge)</i>	709,091	742,314
Total non-current assets pledged as security	709,091	742,314
Total assets pledged as security	709,091	742,314

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 33: 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 2022 and as at 31 March 2021 that have not been hedged by derivative instruments or otherwise:

Particulars	As at 31 March 2022		As at 31 March 2021	
	(IN USD)	Rs.	(IN USD)	Rs.
Loans and advances to subsidiaries *	584,223	26,086	584,223	26,086
Trade payables	-	-	-	-
Other payables	-	-	-	-

* provided fully and hence not restated

Note 34: Capital Commitments

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated value of contracts remaining to be executed on capital account and not provided for		
- Tangible Assets	882	1,729
- Intangible Assets	-	-
Total	882	1,729

Note 35: Financial Ratios

Ratio	Numerator	Denominator	Current Period	Previous Period	% variance
Current Ratio	Current Assets	Current Liabilities	0.47	0.49	(4)
Debt -equity Ratio*	Total Debt	Shareholder's Equity	0.08	0.43	(80)
Debt Service Coverage Ratio*	Earnings available for debt service	Debt service	2.08	4.39	(53)
Return On Equity**	Net profit after taxes	Average Shareholder's Equity	0.37	(0.02)	(1,600)
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	0.02	0.41	(96)
Trade Receivables Turnover Ratio	Revenue from operations	Average trade receivables	8.41	6.85	23
Net Capital Turnover Ratio**	Revenue from operation	Working Capital	(3.96)	(2.55)	55
Net Profit Ratio**	Net Profit for the year	Revenue from operations	0.68	(0.06)	(1,186)
Return On Capital Employed**	Profit before tax and finance costs	Capital employed	0.15	0.00	2,914

Reason for variance in excess of 25%

* Due to repayment of Term loan to the extent of ₹ 1,46,562 during the year

** Revenue growth has resulted in improvement in the ratios

Note 36:

At end of the year, there is an outstanding amount of ₹ 80,901 (PY: ₹ 80,901) provided towards expenses relating to unfulfilled export obligation under the Export Promotion Capital Goods Scheme. The Company has accrued these amounts based on the best estimates of the potential obligation based on the information available with it currently.

Notes to the Standalone Financial Statements for the Year ended March 31, 2022 (Contd)

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

Note 37:

As at the year end, the Company's current liabilities have exceeded its current assets by ₹ 82,008 primarily on account of provision for indirect tax related cases of ₹ 80,901. 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 38:

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

Note 39:

The Standalone financial statements were approved by the board of directors on April 29, 2022.

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

Viswanath VNSS Kuchi

Partner

Membership No.: 210789

UDIN: 22210789ALRKPH7032

Azadar Husain 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: April 29, 2022

Place: Delhi

Date: April 29, 2022

Place: Mumbai

Date: April 29, 2022

Place: Hyderabad

Date: April 29, 2022



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