



## ZENOTECH LABORATORIES LIMITED

CIN: L27100TG1989PLC010122

### Board of Directors

Dr. Azadar Husain Khan	:	Non Executive Director
Jignesh Anantray Goradia	:	Non Executive Director
Kavita Rakesh Shah	:	Independent Director
Chintan Jitendra Shah	:	Independent Director
Jagruti Prashant Sheth	:	Independent Director (w.e.f. 01/02/2020)
Rakeshchandra Jagdishprasad Sinha	:	Non Executive Director (w.e.f. 01/02/2020)

### Key Managerial Personnel

Rajendra Singh Parihar	:	Chief Executive Officer
Poly K V	:	Chief Financial Officer
Abdul Gafoor Mohammad	:	Company Secretary & Compliance Officer

### Manufacturing facilities &

<b>Registered Office</b>	:	Survey No. 250-252, Turkapally Village, Shameerpet Mandal, Hyderabad-500 078, Telangana State, India Telephone Nos. : +91 90320 44584/585/586 Fax No. :- +91 040-23480429 E-mail: info@zenotech.co.in Website: www.zenotechlab.com
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<b>Registrar and Transfer Agents</b>	:	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) E-mail: einward.ris@kfintech.com
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<b>Statutory Auditors</b>	:	M/s. PKF Sridhar & Santhanam LLP 8-2-577/B/5F, Road No.8, 5 <sup>th</sup> Floor, Maas Heights, Banjara Hills, Hyderabad-500 034, Telangana State, India
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<b>Secretarial Auditors</b>	:	Mr. Mahadev Tirunagari Company Secretary in Practice, Hyderabad, Telangana State, India
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### 31<sup>st</sup> Annual General Meeting

10:30 A.M., Saturday, September 26, 2020

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 31<sup>ST</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Thirty-First Annual General Meeting of the members of Zenotech Laboratories Limited (CIN: L27100TG1989PLC010122) will be held on Saturday, September 26, 2020 at 10:30 a.m. IST through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”), to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jignesh Anantray Goradia (DIN: 07229899), who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint the Statutory Auditors of the Company and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendation of the Audit Committee and the Board of Directors, M/s. PKF Sridhar & Santhanam LLP (ICAI Firm registration number- 003990S/S 200018), Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company for second term of 5 (five) years, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2025, on such remuneration and terms & conditions as set out in the explanatory statement to this Notice.”

### Special business:

4. Re-appointment of Mr. Chintan Jitendra Shah (DIN: 07325664) as an Independent Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, the Articles of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Chintan Jitendra Shah (DIN: 07325664), who holds office of Independent Director up to January 26, 2021 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from January 27, 2021 up to January 26, 2026.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary & Compliance Officer of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

5. Re-appointment of Smt. Kavita Rakesh Shah (DIN: 02566732) as an Independent Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, the Articles of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Smt. Kavita Rakesh Shah (DIN: 02566732), Independent Director of the Company (whose current tenure ended on May 25, 2020) who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years commencing from May 26, 2020 up to May 25, 2025.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary & Compliance Officer of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

6. Appointment of Smt. Jagruti Prashant Sheth (DIN:07129549) as an Independent Director

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 including any other Rules made thereunder and Regulation 16(1)(b) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with the Articles of Association of the Company, Smt. Jagruti Prashant Sheth (DIN : 07129549), who was appointed as an Additional Independent Director (in the capacity of a Non-Executive Independent Director) of the Company by the Board of Directors at its meeting held on February 1, 2020 pursuant to Section 161 of the Act and as recommended by the Nomination and Remuneration Committee and whose term of office expires at this Annual General Meeting (AGM) and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a term of 5 (five) consecutive years commencing from February 1, 2020 upto January 31, 2025, whose period of office will not be liable to determination by retirement of directors by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

7. Appointment of Mr. Rakeshchandra Jagdishprasad Sinha (DIN: 07340998) as a Director

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

**“RESOLVED THAT** Mr. Rakeshchandra Jagdishprasad Sinha (DIN: 07340998) who was appointed as an Additional Director of the Company w.e.f. February 1, 2020 by the Board of Directors and who holds office up to the date of this Annual General Meeting in terms of Section 161 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Articles of Association of the Company, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and being eligible, offer himself for appointment, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Non-executive, Non Independent Director of the Company, liable to retire by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

8. Approval of the annual limit for material related party transactions for a period of 5 years

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 & such other Rules as may be applicable to the Company and in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), modification(s) or re-enactment thereof), the approval of the Members of the Company be and is hereby accorded for entering into transaction(s) (including on-going transactions) in the ordinary course of business and on arms’ length basis with the following related parties up to the maximum amount mentioned herein, in each financial year, for a period of 5 years on such terms and conditions as may be mutually agreed between the Company and the said related parties:

S.No.	Name of the Related Party	Relationship	Nature of transaction(s)* (singly or all taken together)	Annual Limit {maximum value of the transaction(s) per annum} (₹ in crores)
1.	Sun Pharma Laboratories Limited	Wholly owned subsidiary of Sun Pharmaceutical Industries Limited, the holding company.	(a) Conversion Charges (b) Sales and/or purchases of materials/products (c) Availing or rendering of services (d) Purchase/Sale of Assets/ Business (e) Short-term borrowings (f) Interest on Short-term borrowings (g) Trade advances (h) Trade payables (i) Leasing of Property/facility	200

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

**RESOLVED FURTHER THAT** all the actions, decisions & approvals accorded by the Board of Directors (including the Audit Committee) in this connection be and are hereby approved & confirmed and the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters & things and to take such steps, settle any queries, difficulties, doubts that may arise with regard to any transaction(s) with the related parties and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto in the best interest of the Company."

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

Sd/-

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

Date: July 25, 2020

Place: Hyderabad

**Registered Office:**

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

**NOTES:**

1. In view of the continuing COVID-19 pandemic and restrictions imposed on the movement of people, the Ministry of Corporate Affairs ("MCA") vide its Circular dated 5 May 2020 read with Circulars dated 8 April 2020 and 13 April 2020 (collectively referred to as "MCA Circulars") and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 have permitted the holding of the Annual General Meeting ("AGM") through Video Conference/Other Audio Visual Means, without the physical presence of the Members at a common venue.  
  
Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circulars issued by MCA and SEBI, 31<sup>st</sup> AGM of the Company shall be conducted through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM.
2. This AGM will be conducted through VC / OAVM, there is no requirement of appointment of proxies. Hence, Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorization shall be sent to the Company at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) or to KFin Technologies Private Limited, Registrar and Share Transfer Agent at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 2020 to September 26, 2020 (both days inclusive) for the purpose of AGM.
5. The details required under Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as SEBI Listing Regulations, 2015) and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM forms part of the Notice.

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

6. In compliance with MCA Circular No. 20/2020 dated 5 May, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and owing to the difficulties involved in dispatching of physical copies of the financial statements including Board's Report, Auditor's report or other documents required to be attached therewith (together referred to as Annual Report), the Annual Report for FY 2019-20 and Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
7. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.
8. The Notice of AGM along with Annual Report for FY 2019-20, is available on the website of the Company at [www.zenotechlab.com](http://www.zenotechlab.com), on the website of Stock Exchange i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

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

9. Members will be able to attend the AGM through VC/OAVM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM.
10. 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. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.
11. 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.
12. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.

- Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager, NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) / +91 9920264780 or Ms. Pallavi Mhatre, Manager, at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) / +91-75066 82281.

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

- As the AGM is being conducted through VC / OAVM, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id/Folio No., e-mail id, mobile number at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Saturday, September 19, 2020 on the aforementioned e-mail id shall only be considered and responded to during the AGM.
- Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id / Folio No., PAN, mobile number at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) on or before September 19, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.
- The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

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

- 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, the Company is pleased to provide Members with a facility to exercise their right to vote by electronic means for the business to be transacted at the AGM.
- 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 19, 2020 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.
- The remote e-voting facility will be available during the following period: Commencement of remote e-voting: From 9:00 AM (IST) on September 23, 2020 End of remote e-voting: Up to 5:00 PM (IST) on September 25, 2020. 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 19, 2020, 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.

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

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

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

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

- 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 or on a laptop.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.



4. 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***.

5. 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.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. 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 113600.
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.

### Procedure for E- Voting on the day of the AGM:

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

### GENERAL INFORMATION FOR SHAREHOLDERS

21. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com/> to reset the password.
22. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com/> or call on toll free no.:1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).  
  
In case of any grievances connected with facility for remote e-voting or e-voting at the AGM, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.  
  
Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)  
Tel: +91 22 2499 4545/ 1800-222-990/ +91 75066 82281
23. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., September 19, 2020, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
24. The Company has appointed Mr. Mahadev Tirunagari, Practising Company Secretary, Hyderabad (FCS No.: 6681 CP No.: 7350) as the Scrutinizer to scrutinize the remote e-voting & e-voting process during the AGM in a fair and transparent manner.
25. 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.
26. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: [www.zenotechlab.com](http://www.zenotechlab.com) and on NSDL's website: <https://www.evoting.nsdl.com/> immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

### PROCEDURE FOR INSPECTION OF DOCUMENTS:

27. All the documents referred to in the accompanying Notice shall be available for inspection through electronic mode, basis the request being sent on [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in).
28. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at NSDL e-voting system at [https:// www.evoting.nsdl.com/](https://www.evoting.nsdl.com/).

### OTHER INFORMATION:

29. 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.
30. Members who hold shares under more than one folio in name(s) in the same order, are requested to send the relative Share Certificate(s) to the Company's Registrar and Transfer Agent for consolidating the holdings into one account. The Share Certificate(s) will be returned after consolidation.
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 Private Limited  
(Formerly known as Karvy Fintech Private Limited)  
Unit: Zenotech Laboratories Limited  
Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032  
Tel. No.: +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](mailto:abdul.gafoor@zenotech.co.in) exclusively for quick redressal of members/ investors grievances.
36. Pursuant to the provisions of Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities can be transferred only in dematerialised form w.e.f. 1 April 2019. Members are requested to convert their physical holdings into demat form to avoid any possibility of loss, mutilation etc., of physical share certificates. Any shareholder who is desirous of dematerializing their securities may write to Abdul Gafoor Mohammad, Company Secretary & Compliance Officer at [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in) or to the Registrar and Share Transfer Agent.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013 the following Explanatory Statement sets out material facts relating to the Special Business as set out at Item Nos. 3,4,5,6,7 and 8 of the accompanying Notice dated July 25, 2020.

### **Item No. 3: Re-appointment of M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company**

M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants (ICAI Firm Registration No. 003990S/S 200018) were appointed as Statutory Auditors of the Company by the Members at the 26<sup>th</sup> Annual General Meeting (AGM) held on September 28, 2015 to hold office as Statutory Auditors from the conclusion of 26<sup>th</sup> AGM held in the year 2015 till the conclusion of 31<sup>st</sup> AGM of the Company to be held in the year 2020. Their present term gets completed on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014.

Proposed Fee: Fixed Remuneration for Statutory Audit (including limited review) shall be ₹ 6 Lakhs (Rupees Six Lakhs only) plus applicable taxes, travelling and other out-of-pocket expenses incurred by them in connection with the statutory audit of the Company for the financial year 2020-21. The proposed fee is based on knowledge, expertise and industry experience possessed by them. The fees for any other professional work including certifications will be in addition to the audit fee as mentioned above and will be decided by the management in consultation with the Auditors. The Board of Directors are authorized to fix the remuneration for the remaining tenure of their appointment in consultation with the Audit Committee.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the re-appointment of M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, as Statutory Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 36<sup>th</sup> AGM to be held in the year 2025. On the recommendation of the Committee, the Board also recommended for the approval of the Members, the remuneration of M/s. PKF Sridhar & Santhanam LLP for the financial year 2020-21 as set out in the Resolution relating to their re-appointment.

M/s. PKF Sridhar & Santhanam LLP, statutory auditors have conducted the statutory audit of the Company from FY 2014-15 to FY 2019-20 and their performance was found to be satisfactory.

M/s. PKF Sridhar & Santhanam LLP, have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The firm is regularly Peer Reviewed and holds a valid Peer Review Certificate issued by the Institute of Chartered Accountants of India. M/s. PKF Sridhar & Santhanam LLP, has a robust audit process, specialised team for assurance and maintains highest standards of integrity and independence.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board of Directors recommends the ordinary resolution set out in Item no. 3 for your approval.

### **Item No. 4: Re-appointment of Mr. Chintan Jitendra Shah (DIN: 07325664) as an Independent Director**

Mr. Chintan Jitendra Shah (DIN: 07325664) was appointed as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at 27<sup>th</sup> Annual General Meeting of the Company held on September 24, 2016 to hold office up to January 26, 2021 ("first term" as per the explanation to Section 149(10) and 149(11) of the Act.).

The Nomination & Remuneration Committee at its Meeting held on July 25, 2020 after taking into account the performance evaluation of the Independent Director, during his first term of five years and considering the knowledge, acumen, expertise and experience in his respective fields and the substantial contribution made by the Director during his tenure as an Independent Director since his appointment, has recommended to the Board that continued association of the Director as an Independent Director would be in the interest of the Company.

Based on the above, the Nomination & Remuneration Committee and the Board have recommended the re-appointment of Mr. Chintan Jitendra Shah as an Independent Director on the Board of the Company, to hold office for the second term of five consecutive years commencing from January 27, 2021 up to January 26, 2026 and not liable to retire by rotation.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mr. Chintan Jitendra Shah for his appointment to the office of Independent Director.

Mr. Chintan Jitendra Shah has given a declaration to the Board that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations. In terms of proviso to sub-section (5) of Section 152, the Board of Directors is of the opinion that Mr. Chintan Jitendra Shah fulfils the conditions for independence specified in the Act, the Rules made thereunder and the Listing Regulations and that he is independent of the company's management, for the appointment as an Independent Director.

The Company has also received from the Director:-

- (a) the consent in writing to act as Director;
- (b) intimation that he is not disqualified under Section 164(2) of the Companies Act, 2013 and
- (c) a declaration to the effect that he is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI).

A copy of the draft letter for the re-appointment of the Independent Director setting out the terms and conditions of appointment would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and the same is also available on the Company's website: [www.zenotechlab.com](http://www.zenotechlab.com).

The other details including the shareholding of the Director, whose appointment is proposed at item no. 4 of the accompanying Notice, have been provided separately under Profile of Directors seeking appointment/ re-appointment.

The Board recommends the Resolution for re-appointment of Mr. Chintan Jitendra Shah as the Independent Director at item No. 4 of this Notice as a Special Resolution for your approval.

Mr. Chintan Jitendra Shah is concerned or interested in the resolution of the accompanying Notice relating to his own appointment.

None of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the Resolution at item no. 4.

#### **Item No. 5: Re-appointment of Smt. Kavita Rakesh Shah (DIN: 02566732) as an Independent Director**

Smt. Kavita Rakesh Shah (DIN: 02566732) was appointed as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at 26<sup>th</sup> Annual General Meeting of the Company held on September 28, 2015 to hold office up to May 25, 2020 ("first term" as per the explanation to Section 149(10) and 149(11) of the Act.).

The Nomination & Remuneration Committee at its Meeting held on May 23, 2020 after taking into account the performance evaluation of the Independent Director, during her first term of five years and considering the knowledge, acumen, expertise and experience in her respective fields and the substantial contribution made by the Director during her tenure as an Independent Director since her appointment, has recommended to the Board that continued association of the Director as an Independent Director would be in the interest of the Company.

Based on the above, the Nomination & Remuneration Committee and the Board have recommended the re-appointment of Smt. Kavita Rakesh Shah as an Independent Director on the Board of the Company, to hold office for the second term of five consecutive years commencing from May 26, 2020 up to May 25, 2025 and not liable to retire by rotation.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Smt. Kavita Rakesh Shah for her appointment to the office of Independent Director.

Smt. Kavita Rakesh Shah has given a declaration to the Board that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations. In terms of proviso to sub-section (5) of Section 152, the Board of Directors is of the opinion that Smt. Kavita Rakesh Shah fulfils the conditions for independence specified in the Act, the Rules made thereunder and the Listing Regulations and that she is independent of the company's management, for the appointment as an Independent Director.

The Company has also received from the Director:-

- (d) the consent in writing to act as Director;
- (e) intimation that she is not disqualified under Section 164(2) of the Companies Act, 2013 and
- (f) a declaration to the effect that she is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI).

A copy of the draft letter for the re-appointment of the Director as an Independent Director setting out the terms and conditions of appointment would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and the same is also available on the Company's website: [www.zenotechlab.com](http://www.zenotechlab.com).

The other details including the shareholding of the Director, whose appointment is proposed at item no. 5 of the accompanying Notice, have been provided separately under Profile of Directors seeking appointment/ re-appointment.

The Board recommends the Resolution for re-appointment of Smt. Kavita Rakesh Shah as an Independent Director at item no. 5 of this Notice as a Special Resolution for your approval.

Smt. Kavita Rakesh Shah is concerned or interested in the resolution of the accompanying Notice relating to her own appointment.

None of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the Resolution at item no. 5.

#### **Item No. 6: Appointment of Smt. Jagruti Prashant Sheth (DIN: 07129549) as an Independent Director**

Smt. Jagruti Prashant Sheth (DIN: 07129549), on the recommendation of the Nomination and Remuneration Committee was appointed as an Additional Director in the capacity of a Non-Executive Independent Director of the Company with effect from February 1, 2020 by the Board of Directors in accordance with the Articles of Association and Section 149(6), 161 and Schedule IV of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per Section 161 of the Act, Smt. Jagruti Prashant Sheth, holds office up to the date of the ensuing 31<sup>st</sup> Annual General Meeting of the Company. The Company has received requisite notice in writing under Section 160 of the Act from a member proposing the candidature of Smt. Jagruti Prashant Sheth to be appointed as an Independent Non-Executive Director at the ensuing AGM not liable to retire by rotation. Smt. Jagruti Prashant Sheth has consented to the proposed appointment and declared qualified. She possess requisite knowledge, experience, expertise and skill for the position of Independent Director as per required criteria under the Act and Rules & Regulations made thereunder.

Based on the recommendation received from the Nomination & Remuneration Committee and in view of her knowledge, skills and expertise related to the industry of the Company, it is proposed to appoint Smt. Jagruti Prashant Sheth as an Independent Non-Executive Director of the Company in terms of Section 149 read with Section 152 of the Act. In terms of Section 149 and Section 152 of the Act, Smt. Jagruti Prashant Sheth is not liable to retire by rotation. Smt. Jagruti Prashant Sheth, if appointed, will hold office for a consecutive term of 5 years commencing from February 1, 2020 upto January 31, 2025.

Smt. Jagruti Prashant Sheth has given a declaration to the Board that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations. In terms of proviso to sub-section (5) of Section 152, the Board of Directors is of the opinion that Smt. Jagruti Prashant Sheth fulfils the conditions for independence specified in the Act, the Rules made thereunder and the Listing Regulations and that she is independent of the company's management, for the appointment as an Independent Director.

The Company has also received from the Director:-

- (d) the consent in writing to act as Director;
- (e) intimation that she is not disqualified under Section 164(2) of the Companies Act, 2013 and
- (f) a declaration to the effect that she is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI).

A copy of the draft letter for the re-appointment of the Independent Director setting out the terms and conditions of appointment would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and the same is also available on the Company's website: [www.zenotechlab.com](http://www.zenotechlab.com).

The other details including the shareholding of the Director, whose appointment is proposed at item no. 6 of the accompanying Notice, have been provided separately under Profile of Directors seeking appointment/ re-appointment.

The Board of Directors recommends passing of the resolution set out in Item No.6 of this Notice.

Smt. Jagruti Prashant Sheth is concerned or interested in the resolution of the accompanying Notice relating to her own appointment.

None of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the Resolution at item no. 6.

#### **Item No. 7: Appointment of Mr. Rakeshchandra Jagdishprasad Sinha (DIN: 07340998) as a Director**

The Board of Directors based on the recommendation of Nomination and Remuneration Committee had appointed Mr. Rakeshchandra Jagdishprasad Sinha as an Additional Director with effect from February 1, 2020.

In terms of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Rakeshchandra Jagdishprasad Sinha holds office as an Additional Director only up to the date of the forthcoming Annual General Meeting. Mr. Rakeshchandra Jagdishprasad Sinha, being eligible has offered himself for appointment as a Director. The Company received a notice from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Rakeshchandra Jagdishprasad Sinha for the office of Director of the Company.

The other details of Mr. Rakeshchandra Jagdishprasad Sinha, in terms of Regulation 36(3) of the Listing Regulation and revised Secretarial Standard 2 is annexed to this Notice, have been provided separately under the profile of Directors seeking appointment/re-appointment.

The Board of Directors is of the opinion that Mr. Rakeshchandra Jagdishprasad Sinha's vast knowledge and legal experience will be of great value to the Company and has recommended the Resolution at Item No.7 of this Notice relating to his appointment as a Director, liable to retire by rotation as Ordinary Resolution for your approval.

Mr. Rakeshchandra Jagdishprasad Sinha is concerned or interested in the resolution of the accompanying Notice relating to his own appointment.

None of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the Resolution at item no. 7.

### **Item No. 8: To approve the annual limit for material related party transactions for a period of 5 years**

Pursuant to the provisions of Section 188 of the Companies Act, 2013 (as amended) read with Rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribes the procedure for approval of related party transaction(s).

Regulation 23 of the SEBI Listing Regulations has also prescribed seeking of Members' approval for material related party transaction(s). The proviso to Section 188 also states that nothing in Section 188(1) will apply to any transaction entered into by the Company in its ordinary course of business and on arms' length basis. In terms of the explanation to Regulation 23 of the SEBI Listing Regulations, transaction(s) with a related party are considered material if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Based on the approval of the Audit Committee, the Board is proposing to enter into related party transaction with Sun Pharma Laboratories Limited (SPLL), which is wholly owned subsidiary company of Sun Pharmaceutical Industries Limited, the holding company of Zenotech Laboratories Limited (the Company), for the manufacture of certain products using manufacturing facilities and spare capacity of the Company.

The Related Party Transactions (including on-going transactions), as mentioned in the resolution are in the ordinary course of business and at arms' length but however may exceed 10% of the annual turnover of the Company in each financial year.

In terms of Regulation 23(4) of the SEBI Listing Regulations, all material Related Party Transaction(s) shall require the approval of the Members through Ordinary Resolution and all entities/persons that are directly/indirectly related parties of the Company shall abstain from voting on such resolutions.

Accordingly, the Promoters shall abstain from voting on this resolution for approval of material related party transactions.

The disclosures required to be made under the provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 as amended are given herein below:

1. Nature of relationship: Sun Pharma Laboratories Limited (SPLL), which is wholly owned subsidiary company of Sun Pharmaceutical Industries Limited, the holding company of the Company.
2. Name of the Director or Key Managerial Personnel who is related, if any: Except Dr. Azadar Husain Khan and Mr. Rakeshchandra Jagdishprasad Sinha, none of the other Directors or Key Managerial Personnel are related.
3. Nature, material terms, monetary value and particulars of the contract or arrangement: As proposed in the resolution no. 8 of this Notice.
4. Any other information relevant or important for the Members to take a decision on the proposed resolution: The transactions of the Company with the aforementioned related parties put up for approval are in the ordinary course of business and on arms' length basis. These transactions are based on business requirements and are necessary for the smooth and efficient functioning of your Company.

Keeping in view the intent of the law, all transactions (irrespective of the nature of the transactions) with the Related Parties have been aggregated while applying threshold limits for seeking your approval.

The above contracts/arrangements/transactions as mentioned in the resolution are approved by the Audit Committee and the Board of Directors as the same are in the interest of the Company. Approval of the Members is also sought for all the actions, decisions and approvals accorded by the Board of Directors (including the Audit Committee) in connection with the aforementioned related party transactions.

The Board of Directors recommend the Ordinary Resolution set out at Item No. 8 of the accompanying Notice for the approval of the unrelated Members of the Company in terms of Regulation 23 of the SEBI Listing Regulations.

In terms of Regulations 23(4) of the SEBI Listing Regulations, no related party shall vote to approved such resolutions whether the entity is a related party to the particular transaction or not.

Pursuant to the above provisions, Dr. Azadar Husain Khan and Mr. Rakeshchandra Jagdishprasad Sinha and their relatives are deemed to be interested in SPLL which is a wholly owned subsidiary of Sun Pharmaceutical Industries Limited, the holding company of the Company, in which they are employees.

Except Dr. Azadar Husain Khan and Mr. Rakeshchandra Jagdishprasad Sinha, none of the other Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, in the resolution set out at Item No. 8 of the Notice.

### Profile of Directors seeking appointment/re-appointment

Details of Directors seeking appointment/re-appointment at the 31<sup>st</sup> 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. Jignesh Anantray Goradia	Mr. Chintan Jitendra Shah	Smt. Kavita Rakesh Shah	Smt. Jagruti Prashant Sheth	Mr. Rakeshchandra Jagdishprasad Sinha
Date of Birth	01/10/1967	04/03/1984	18/09/1967	12/11/1972	27/12/1964
Nationality	Indian	Indian	Indian	Indian	Indian
Date of First Appointment on the Board	08/07/2015	27/01/2016	01/04/2015	01/02/2020	01/02/2020
Qualifications	Chartered Accountant	Chartered Accountant	Chartered Accountant	Chartered Accountant	Bachelor of Commerce & LL.B
Expertise in specific functional area	He is a Member of the Institute of Chartered Accountants of India and is a practicing chartered accountant. He is the proprietor of M/s. Jignesh Goradia & Associates, Chartered Accountants, and has an experience of over 25 years in the field of audit, income tax and GST matters.	He is a member of the Institute of Chartered Accountants of India and is a practicing chartered accountant. He has an experience of over 12 years in the field of consultancy and advisory services in finance, indirect tax, direct tax, audit, income tax and GST matters.	She is a qualified Chartered Accountant and is a member of the Institute of Chartered Accountants of India. She also possesses Merchant Banking Certification from National Institute of Securities Market. She has an experience of over 28 years in accounting, auditing, taxation, company law matters, project financing, corporate restructuring, corporate and management consultancy, merchant banking, investment banking, etc.	She is a qualified Chartered Accountant and a Law graduate, with more than 22 years of practical experience with professional firms catering to large business houses in varied sectors. She specializes in Corporate Restructuring, Mergers, Amalgamations, Demergers, capital structuring, Valuations, Due Diligence, Private Equity deals, acquisitions (including negotiations and documentation), Pre-IPO & IPO structuring, Corporate Laws & Exchange Control Regulations, BIFR and sick company restructuring.	He is a graduate in Commerce and LL.B, with 34 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 34 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 as on March 31, 2020	Nil	Nil	Nil	Nil	Nil



Name of the Director	Mr. Jignesh Anantray Goradia	Mr. Chintan Jitendra Shah	Smt. Kavita Rakesh Shah	Smt. Jagruti Prashant Sheth	Mr. Rakeshchandra Jagdishprasad Sinha
List of the Directorships held in other companies*	Nil	Nil	Nil	Nil	1. Sun Pharma Distributors Limited. 2. Green Eco Development Centre Limited. 3. Sun Pharmaceutical Medicare Limite. 4. Realstone Infra Limited.
Membership/ Chairmanships of Committees of other Public Companies* (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil	Nil	Nil	Nil
Relationships between Directors inter-se	N.A.	N.A.	N.A.	N.A.	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**

Sd/-

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

Date: July 25, 2020

Place: Hyderabad

**Registered Office:**

Zenotech Laboratories Limited  
 Survey No.250-252, Turkapally Village,  
 Shameerpet 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 Thirty First Annual Report and audited accounts of the Company for the financial year ended March 31, 2020:

### Financial Results

₹ in Lakhs

	Particulars	2019-20	2018-19
(i)	Revenue from operations (net)	2,593.83	1,302.91
(ii)	Other income	125.25	470.96
(iii)	Total Revenue (i+ii)	2,719.08	1,773.87
(iv)	Depreciation	484.96	420.20
(v)	Other expenses	1,793.34	1,666.38
(vi)	Profit/(Loss) before exceptional items and tax	440.79	(312.71)
(vii)	Exceptional items	636.96	-
(viii)	Profit/(Loss) after tax	1,077.75	(312.71)
(ix)	Other Comprehensive Income	(4.68)	0.77
(x)	Total Comprehensive Income for the period (ix+x)	1,073.07	(311.94)
(xi)	Loss brought forward from previous year	(23,167.54)	(22,855.61)
(xii)	Profit/(Loss) carried forward to Balance Sheet (vii+ix)	(22,094.47)	(23,167.54)

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

During the year under review, the Company recorded revenue of ₹ 2,593.83 Lakhs (previous year ₹ 1,302.91 Lakhs) from its operations ~ 100% increase over the corresponding previous year. The Company reported a profit of ₹ 1,073.07 Lakhs as against the reported loss of previous year (311.94 Lakhs), including exceptional items of ₹ 636.96 Lakhs towards reversal of Service tax provisions under SVLDRS Scheme, 2019. During the year, the Company registered operational profit of ₹ 440.79 Lakhs for the first time since its inception. The operational performance for the Oral Solid Dosage (OSD) and Eye care facilities of the Company was at par with its installed capacities. However, the Cyto Injectables and General Injectables are yet to attain its optimum utilization due to low market demands. The Company started production from its newly commissioned Depot Injectable facility during the latter part of the year and expecting more revenues from this facility in future subject to market demands. Based on the projected business plans for the forthcoming years, the Company believes that it can maintain its positive performance by utilizing its existing resources to its maximum. Your Company is constantly striving to optimize its operational capacities, control costs to remain competitive which would help to improve the operational efficiency.

Revamping project of Biotech Facility of the Company is completed and Sun Pharmaceutical Industries Limited, holding company and one of the promoter of the Company, had initiated product development activities in the said facility. The Company had invested in enhancing its utilities, infrastructure and manpower to support its future operations.

### COVID-19

Pharmaceutical industry being part of the essential commodities was given special permission by the Indian Government to operate with minimal manpower and maintaining social distancing. The Company has followed the guidelines issued by the Government to run the operations with complete cautious approach about the health and safety of the employees. There is no material impact on the business of the Company during the year under review due to COVID-19 pandemic.

### Dividend

Your Directors do not recommend any dividend for the year under review, since the Company wishes to invest as much as possible into future growth.

### Reserves

During the year under review, your Directors do not propose any amount to carry to any reserves.

### **Subsidiaries, Joint Ventures or Associates**

The Company does not have any joint venture or associate company. All three overseas subsidiaries are reported defunct and no information with regard to their operations is available with the Company. Pursuant to the approval of members of Zenotech Laboratories Nigeria Limited, Nigeria, (Zenotech Nigeria) the Corporate Affairs Commission, Nigeria (CAC) has approved the members voluntary winding up of the entity, a subsidiary of the Company, vide its Letter dated April 17, 2019 and dissolved on the expiration of three months w.e.f. April 16, 2019. Further, the winding up process of Zenotech Farmaceutica Do Brasil Ltda, Brazil is on-going. For more information on subsidiaries, please refer to section "Consolidated financial statements" in this Report.

### **Extract of Annual Return:**

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

### **Internal Control Systems**

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

### **Human Resources & Industrial Relations**

The Company believes that Human Resource is its most valuable resource which has to be nurtured well and equipped to meet the challenges in the Industry the Company operates. The staff is highly motivated with good work culture, training, remuneration packages and the values. The total number of people employed in the company as on March 31, 2020 is 233. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the employees.

### **Remuneration Policy**

In terms of the provisions of Section 178(3) of the Act and Regulation 19 read with Schedule II Part D of Listing Regulations, the Nomination and Remuneration Committee is responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director. The Remuneration Policy can be accessed on the weblink at <http://zenotechlab.com/wp-content/uploads/2015/07/Remuneration-Policy.pdf>.

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

### **Particulars of Employees**

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

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

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

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

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

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

Criteria for evaluation of Board and its Committees:

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

Criteria for evaluation of Independent Directors:

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

Criteria for evaluation of Non-Independent Directors:

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

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

In a separate meeting of Independent Directors, performance of Non Independent Directors and performance of the Board as a whole was evaluated. Further they also evaluated the performance of the Chairperson of the Company, taking into account views of Non-executive Directors.

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

### **Familiarization programme for Independent Directors**

In compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarisation Programme for the independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The policy is available on the website of the Company [www.zenotechlab.com](http://www.zenotechlab.com).

### **Share Capital**

During the financial year under review, there was no change in the Share Capital of the Company. The Share Capital of the Company stood at ₹ 61,03,05,680/- (6,10,30,568 Equity Shares of ₹ 10/- each) as on March 31, 2020.

### **Variation in the Terms of "Objects of the Issue" mentioned in the Company's Letter of Offer dated June 21, 2017**

The Company had obtained approval of members by way of Postal Ballot on March 14, 2020 for revising the terms of Objects of the Rights Issue referred to in the Letter of Offer dated June 21, 2017 in relation to utilization of the Proceeds received from the Rights Issue of Equity Shares made in pursuance of the Letter of Offer by complying necessary provisions under Sections 13 and 27 of the Companies Act, 2013 and other relevant provisions under SEBI Regulations.

## Auditors and their Reports

### Statutory Auditors

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

Further, the first term of the appointment of Statutory Auditors expires at the conclusion of 31<sup>st</sup> Annual General Meeting. Accordingly, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the present Statutory Auditors of the Company, M/s. PKF Sridhar & Santhanam LLP would hold office until the conclusion of the ensuing Annual General Meeting.

In terms of the provisions of Section 139 (2) (b) of the Companies Act, 2013, an Audit Firm can be appointed for two terms of five consecutive years each. Based on the recommendations of Audit Committee, the Board of Directors may recommend the re-appointment of M/s. PKF Sridhar & Santhanam LLP as the Statutory Auditors of the Company, for approval of the Members in the forthcoming 31<sup>st</sup> Annual General Meeting, to hold office for a period of five consecutive years from the conclusion of the ensuing 31<sup>st</sup> Annual General Meeting until the conclusion of 36<sup>th</sup> Annual General Meeting to be held in the calendar year 2025.

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

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020, is appended herewith as Annexure 3 to this Report.

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

Observation no. 1(a): As you are aware that there are ongoing litigations between the erstwhile promoters and the present promoters of the Company. The present management of the Company took over the possession of the Company's premises effective from 11 November 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was found that, among others, various statutory books and records of the Company was missing. In order to recover the related missing records, the Company has initiated appropriate actions against Late Dr. Jayaram Chigurupati, the erstwhile Managing Director. The matter is currently subjudice. Further, the Company is in process of closure of all Civil Cases against Late Dr. Jayaram Chigurupati and his legal heirs, if any.

As reported by Secretarial Auditor, the Company is in process of closure of all Civil Cases against Late Dr. Jayaram Chigurupati and his legal heirs, if any.

Observation no. 1(b): In light of the non-availability of records of the Company as well its subsidiaries, the Company is unable to prepare consolidated accounts. In an effort to recover these missing related records, appropriate actions have already been initiated against the previous Managing Director, Dr. Jayaram Chigurupati who was in control over the affairs of the Company during the period of offence including filing of criminal complaint under the provisions of Section 630 of the erstwhile Companies Act, 1956 before the Economic Offence Court, Nampally, Hyderabad. Due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was abated.

The Company has evaluated and concluded that it is not controlling the US subsidiary. Further, the Board has decided to initiate the winding up process for the defunct 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.

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

### Reporting of Frauds by Auditors

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

## Consolidated financial statements

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

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

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

The Company had filed a complaint before the Hon'ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 against the former Managing Director, Late Dr. Jayaram Chigurupati, who was in complete control over the Company affairs during the period of these events. However, due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was abated.

## Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2020 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Report on Corporate Governance & Management Discussion and Analysis

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

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

## Public Deposits

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

## Maintenance of Cost Records

The Company is not required to maintain cost records specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013.

### **Code for Prevention of Insider Trading**

On December 31, 2018, Securities and Exchange Board of India amended the Prohibition of Insider Trading Regulations, 2015, prescribing various new requirements with effect from April 1, 2019. In line with the amendments, your Company has adopted an amended Code of Conduct to regulate, monitor and report trading by Designated Persons and their immediate Relatives under SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code of practices and procedures for fair disclosure of unpublished price sensitive information and has been made available on the Company's website at <http://zenotechlab.com/wp-content/uploads/2019/04/Zenotech-Code-of-Fair-Disclosure-01-Apr-2019.pdf>

### **Directors & Key Managerial Personnel**

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jignesh Anantray Goradia, Director (DIN: 07229899) is liable to retire by rotation at the ensuing 31<sup>st</sup> Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his appointment.

During the year under review, Smt. Jagruti Prashant Sheth (DIN: 07129549) was appointed as an Additional Independent Director of the Company with effect from February 1, 2020 and she has been appointed as Independent Director of the Company for a term of 5 (five) years effective from February 1, 2020 subject to approval of the members at the ensuing 31<sup>st</sup> Annual General Meeting of the Company. Mr. Rakeshchandra Jagdishprasad Sinha (DIN: 07040998), Non-executive Director was appointed as an Additional Director with effect from February 1, 2020 subject to approval of the members at the ensuing 31<sup>st</sup> Annual General Meeting of the Company.

Smt. Kavita Rakesh Shah (DIN: 02566732) was re-appointed as an Independent Director by the Board, in the Board Meeting held on February 1, 2020 based on the recommendation of Nomination and Remuneration Committee, for a further period of 5 (five) years effective May 26, 2020, subject to approval of the members by passing the Special Resolution at the ensuing 31<sup>st</sup> Annual General Meeting of the Company. The Board may also recommend the re-appointment of Mr. Chintan Jitendra Shah as an Independent Director in the due course, based on the recommendation of Nomination and Remuneration Committee, for a further period of 5 (five) years effective January 27, 2021, subject to approval of the members by passing the Special Resolution at the ensuing 31<sup>st</sup> Annual General Meeting of the Company.

Appropriate resolutions for the appointment/re-appointment of Directors are being placed for your approval at the ensuing 31<sup>st</sup> Annual General Meeting. Your Directors recommend the same for approval by the members at the ensuing 31<sup>st</sup> Annual General Meeting of the Company.

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

### **Declaration by Independent Directors**

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

### **Number of Meetings of the Board**

The Board of Directors of the Company met 5 (five) times during the financial year ended March 31, 2020. The details are given in Corporate Governance report that forms part of this Report. The intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also revised Secretarial Standard-1 (SS-1) on 'Meetings of the Board of Directors'.

### **Audit Committee**

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

### **Particulars of Loans, Guarantees or Investments**

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

### **Related Party Transactions:**

Related party transactions entered during the financial year ended March 31, 2020 are disclosed in Notes No. 27 of the Financial Statements of the Company. These transactions were entered in the ordinary course of business and at arm's length. Form AOC-2, containing the note on the aforesaid related party transactions is appended as Annexure 4 to this Report.

Based on the approval of the Audit Committee, the Board is proposing to enter into related party transaction with Sun Pharma Laboratories Limited (SPLL), which is wholly owned subsidiary company of Sun Pharmaceutical Industries Limited, the holding company of the Company, for the manufacture of certain products using manufacturing facilities and spare capacity of the Company.

Pursuant to the provisions of Regulation 23 of the SEBI Listing Regulations has also prescribed seeking of Members' approval for material related party transaction(s). The proviso to Section 188 also states that nothing in Section 188(1) will apply to any transaction entered into by the Company in its ordinary course of business and on arms' length basis. In terms of the explanation to Regulation 23 of the SEBI Listing Regulations, transaction(s) with a related party are considered material if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Hence, the Company is seeking approval of the Members at the ensuing 31<sup>st</sup> Annual General Meeting of the Company.

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

### **Risk Management Policy**

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

### **Corporate Social Responsibility**

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

The Company has constituted the Corporate Social Responsibility Committee and it comprises of Dr. Azadar Husain Khan as Chairperson of the Committee, Mr. Jignesh Anantray Goradia and Smt. Jagruti Prashant Sheth as Members. The Company is in the process of formulating CSR policy, in consultation with CSR Committee, in terms of Section 135 and other applicable provisions, if any, of the Companies Act, 2013 and read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

### **Prevention of Sexual Harassment Policy**

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees and visitors) are covered under this policy. During the year 2019-20 no complaints were received by the Company related to sexual harassment.

### **Environment, Health & Safety**

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

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

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



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

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is appended herewith as Annexure 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](http://www.zenotechlab.com) and may be accessed through the web link <http://zenotechlab.com/wp-content/uploads/2015/07/Vigil-Mechanism.pdf>.

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

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

**Material Changes**

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

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

**Acknowledgement**

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

For and on behalf of the Board of Directors

Place: Delhi

Date: May 23, 2020

Chairperson

## Annexure 1

## FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN  
as on financial year ended on March 31, 2020**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS:**

i)	CIN	L27100TG1989PLC010122
ii)	Registration Date	15/06/1989
iii)	Name of the Company	Zenotech Laboratories Limited
iv)	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Survey No. 250-252, Turkapally Village Shameerpet Mandal, Hyderabad-500 078, Telangana State, India Telephone Nos. : +91 90320 44584/585/586 Fax No. : +91 040-23480429 E-mail: <a href="mailto:info@zenotech.co.in">info@zenotech.co.in</a>
vi)	Whether listed company	Yes
vii)	Name, Address and contact details of the Registrar and Transfer Agent, if any.	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium Tower-B, Plot 31& 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana State Ph. No. +91-40-67162222 Fax: +91-40-23001153 e-mail: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Toll Free No: 1800-3454-001

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES\***

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

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

<sup>#</sup> Zenotech Laboratories Nigeria Limited was dissolved on July 15, 2019.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter &amp; Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	35128078	0	35128078	57.56	35128078	0	35128078	57.56	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(1):</b>	<b>35128078</b>	<b>0</b>	<b>35128078</b>	<b>57.56</b>	<b>35128078</b>	<b>0</b>	<b>35128078</b>	<b>57.56</b>	<b>0</b>
<b>(2) Foreign</b>									
NRIs – Individuals	0	0	0	0	0	0	0	0	0
Other - Individuals	0	0	0	0	0	0	0	0	0
Bodies Corp.	6886500	0	6886500	11.28	6886500	0	6886500	11.28	0
Banks/FI	0	0	0	0	0	0	0	0	0
Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2):</b>	<b>6886500</b>	<b>0</b>	<b>6886500</b>	<b>11.28</b>	<b>6886500</b>	<b>0</b>	<b>6886500</b>	<b>11.28</b>	<b>0</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>42014578</b>	<b>0</b>	<b>42014578</b>	<b>68.84</b>	<b>42014578</b>	<b>0</b>	<b>42014578</b>	<b>68.84</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	4414	0	4414	0.01	4790	0	4790	0.01	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>4414</b>	<b>0</b>	<b>4414</b>	<b>0.01</b>	<b>4790</b>	<b>0</b>	<b>4790</b>	<b>0.01</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1342667	0	1342667	2.20	1045370	0	1045370	1.71	(0.49)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individuals holding nominal share capital up to ₹ 1 lakh	3802132	45826	3847958	6.30	3761405	43603	3805008	6.23	(0.07)
ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	7859017	5092630	12951647	21.22	8039406	5092630	13132036	21.52	0.30

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Clearing Members	9669	0	9669	0.02	13062	0	13062	0.02	0.01
Foreign Bodies	0	692791	692791	1.14	0	692791	692791	1.14	0
Non Resident Indians	153252	7468	160720	0.26	315465	7468	322933	0.53	0.27
NBFC	6124	0	6124	0.01	0	0	0	0	(0.01)
<b>Sub-total (B)(2):-</b>	<b>13172861</b>	<b>5838715</b>	<b>19011576</b>	<b>31.15</b>	<b>13174708</b>	<b>5836492</b>	<b>19011200</b>	<b>31.15</b>	<b>0.01</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>13177275</b>	<b>5838715</b>	<b>19015990</b>	<b>31.16</b>	<b>13179498</b>	<b>5836492</b>	<b>19015990</b>	<b>31.16</b>	<b>0.01</b>
<b>Total (A+B)</b>	<b>55191853</b>	<b>5838715</b>	<b>61030568</b>	<b>100.00</b>	<b>55194076</b>	<b>5836492</b>	<b>61030568</b>	<b>100.00</b>	<b>0.01</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>55191853</b>	<b>5838715</b>	<b>61030568</b>	<b>100.00</b>	<b>55194076</b>	<b>5836492</b>	<b>61030568</b>	<b>100.00</b>	<b>0</b>

**(ii) Shareholding of Promoter-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sun Pharmaceutical Industries Limited	35128078	57.56	0	35128078	57.56	0	0
2	Daiichi Sankyo Company, Limited	6886500	11.28	0	6886500	11.28	0	0
	<b>TOTAL</b>	<b>42014578</b>	<b>68.84</b>	<b>0</b>	<b>42014578</b>	<b>68.84</b>	<b>0</b>	<b>0</b>

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

SN	Name	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Sun Pharmaceutical Industries Limited	35128078	57.56	-	-	-	35128078	57.56
2.	Daichi Sankyo Company, Limited	6886500	11.28	-	-	-	6886500	11.28

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

SN	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Padmasree Chigurupati	3060500	5.01	23-08-2019	149482	Transmission	3209982	5.26
2.	Hardik B. Patel	2426644	3.98	-	-	-	2426644	3.98
3.	Dr. Jayaram Chigurupati	2342114	3.84	23-08-2019	149482	Transmission	2192632	3.59
4.	Ruchit Bharat Patel	1213322	1.99	-	-	-	1213322	1.99
5.	Zenotech LLC	692791	1.14	-	-	-	692791	1.14
6.	Technology Development Board	600000	0.98	-	-	-	600000	0.98
7.	Kantilal M. Vardhan (HUF)	514244	0.84	-	-	-	514244	0.84
8.	Lakshmi M	259000	0.42	-	-	-	259000	0.42
9.	Ashok Lynn Angelo Coelho	133300	0.22	-	-	-	133300	0.22
10.	Rajan Bhasin	124057	0.20	-	-	-	124057	0.20

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Name of the Director/KMP	Shareholding at the beginning of the year 01.04.2019		Increase/Decrease in Shareholding			Cumulative Shareholding during the year 31.03.2020	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Dr. Azadar Hussain Khan – Director	0	0	-	-	-	0	0
2.	Smt. Kavita Rakesh Shah – Director	0	0	-	-	-	0	0
3.	Mr. Jignesh Anantray Goradia – Director	0	0	-	-	-	0	0
4.	Mr. Chintan Jitendra Shah – Director	0	0	-	-	-	0	0
5.	Smt. Jagruti Prashant Sheth - Director	0	0	-	-	-	0	0
6.	Mr. Rakeshchandra Jagdishprasad Sinha-Director	0	0	-	-	-	0	0
7.	Mr. Rajendra Singh Parihar – Chief Executive Officer (KMP)	1	0	-	-	-	1	0
8.	Mr. Poly K.V. – Chief Financial Officer (KMP)	1	0	-	-	-	1	0
9.	Mr. Abdul Gafoor Mohammad – Company Secretary (KMP)	0	0	-	-	-	0	0

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	20,24,00,000	-	20,24,00,000
ii) Interest due but not paid	2,76,44,955	22,41,592	-	2,98,86,547
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>				
Change in Indebtedness during the financial year	2,76,44,955	20,46,41,592	-	23,22,86,547
* Addition				
* Reduction				
Net Change	-	12,51,86,662	-	12,51,86,662
Indebtedness at the end of the financial year				
i) Principal Amount	-	14,32,66,673	-	14,32,66,673
ii) Interest due but not paid	-	26,84,53,335	-	26,84,53,335
iii) Interest accrued but not due	-	18,65,61,581	-	18,65,61,581
<b>Total (i+ii+iii)</b>	<b>2,76,44,955</b>	<b>-</b>	<b>-</b>	<b>2,76,44,955</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		---	---	---	---	
	Gross salary					
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	-	-	-	-	-
	Ceiling as per the Act	NA	NA	NA	NA	NA

## B. Remuneration to other directors

(Amount in ₹)

SN.	Particulars of Remuneration	Name of Directors						Total Amount
		Dr. Azadar Khan	Smt. Kavita Shah	Mr. Jignesh Goradia	Mr. Chintan Shah	Smt. Jagruti Sheth*	Mr. Rakesh Sinha*	
1	Independent Directors							
	Fee for attending board committee meetings	-	75,000	-	75,000	-	-	150,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	<b>75,000</b>	-	<b>75,000</b>	-	-	<b>150,000</b>
2	Other Non-Executive Directors	-	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	75,000	-	-	-	75,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	<b>75,000</b>	-	-	-	<b>75,000</b>
	<b>Total (B)=(1+2)</b>	-	<b>75,000</b>	<b>75,000</b>	-	-	-	<b>225,000</b>
	Total Managerial Remuneration	0	0	0	0	0	0	0
	Overall Ceiling as per the Act#	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\* Appointed as Additional Directors w.e.f. February 1, 2020

# Not applicable, since no remuneration is being paid to any Director during the FY 2019-20.

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total (in ₹)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,61,508	15,19,712	17,83,496	62,64,716
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	others, specify...				
5	Others, please specify	-	-	-	-
	<b>TOTAL</b>	<b>29,61,508</b>	<b>15,19,712</b>	<b>17,83,496</b>	<b>62,64,716</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

## Annexure 2

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

- (i) Ratio of the remuneration\* of each director to the median remuneration of the employees of the Company for the financial year 2019-20:

Name of the Director	Ratio of remuneration of each director/ to median remuneration of employees
Mr. Azadar Hussain Khan	N.A.
Smt. Kavita Rakesh Shah	N.A.
Mr. Jignesh Anantray Goradia	N.A.
Mr. Chintan Jitendra Shah	N.A.
Smt. Jagruti Prashant Sheth <sup>#</sup>	N.A.
Mr. Rakeshchandra Jagdishprasad Sinha <sup>#</sup>	N.A.

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

<sup>#</sup>Appointed as Additional Directors w.e.f. 01 Feb 2020

- (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 2019-20
Mr. Azadar Hussain Khan, Non-Executive Director	N.A.
Smt. Kavita Rakesh Shah, Independent Director	N.A.
Mr. Jignesh Anantray Goradia, Non-Executive Director	N.A.
Mr. Chintan Jitendra Shah, Independent Director	N.A.
Smt. Jagruti Prashant Sheth <sup>#</sup>	N.A.
Mr. Rakeshchandra Jagdishprasad Sinha <sup>#</sup>	N.A.
Mr. Rajendra Singh Parihar, Chief Executive Officer	9%
Mr. Poly K.V., Chief Financial Officer	9%
Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer	8%

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

<sup>#</sup>Appointed as Additional Directors w.e.f. 01 Feb 2020

- (iii) The percentage increase in the median remuneration of employees in the financial year: 9%
- (iv) The number of permanent employees on the rolls of Company: 123
- (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: 8%
- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Key Managerial Personnel and other employees. It is also affirmed that no remuneration is being paid to Directors other than sitting fees.



**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

UDIN : F006681B000270934

Place : Hyderabad

Date : 23 May 2020

**Form No. MR-3****SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

[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 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Zenotech Laboratories Limited for the financial year ended on 31 March 2020 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.

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

1. As informed by the management /reported in the Annual Report for the financial year ended 31 March 2020 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.

Further, two additional directors i.e. Ms. Jagruti Prashant Sheth and Mr. Rakeshchandra Jagdishprasad Sinha were appointed w.e.f. 01 February 2020. Apart from this, there were no other changes in the composition of the Board of Directors that took place during the period under review. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

1. Obtaining consent of the shareholders for variation in terms of objects of the rights issue
2. Approval of members voluntary winding up of Zenotech Laboratories Nigeria Limited
3. Appointing consultants for undertaking due diligence & proposal for closure of subsidiaries of the company

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

**Mahadev Tirunagari**

Company Secretary in Practice

FCS: 6681

CP No.: 7350

UDIN: F006681B000270934

Place: Hyderabad

Date: 23 May 2020

**Annexure 4**

**Form No. AOC-2**

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

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

**1. Details of contracts or arrangements or transactions not at arm’s length basis:**

(a) Name(s) of the related party and nature of relationship	Not applicable
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements / transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) date(s) of approval by the Board	
(g) Amount paid as advances, if any	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

**2. Details of material contracts or arrangement or transactions at arm’s length basis:**

(a) Name(s) of the related party and nature of relationship	*Please refer the note given below
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements / transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	

*\*NOTE: The details of names, nature of relationship; nature of such contracts/ arrangements/ transactions are disclosed in Note No. 27 of the Financial Statements.*

## 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:

Disclosure of particulars with respect to Conservation of Energy:

a)	Power and fuel consumption	2019-20	2018-19
1	Electricity		
	<b>i. Purchased</b>		
	Units	27,10,552	27,95,428
	amount(Rs)	2,26,18,001	2,18,88,202
	Rate/unit(Rs)	8.34	7.83
	<b>ii. Own generation through diesel generation set</b>		
	Units	113261	90003
	Total amount(Rs)	28,49,869	29,35,028
	Units per liter of diesel oil	2.98	2.51
	Rate/unit(Rs)	25.16	32.61
2	<b>(i) Diesel (used in boiler)</b>		
	Quantity (tones)	47	1,306
	Total cost (Rs)	2,81,218	87,30,192
	Average rate (Rs)	5976	5600
	<b>(ii) Furnace Oil (used in boiler)</b>		
	Quantity (tones)	1,812	397
	Total cost (₹)	50,66,822	12,29,886
	Average rate (₹)	2796	3100
b)	<b>Consumption per unit of production</b>		
	The company manufactures injectables of various forms and strengths. It is therefore, impractical to apportion the consumption and cost of utilities to each unit.		

#### (iii) Technology absorption-

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

#### iii. EXPENDITURE INCURRED ON RESEARCH & DEVELOPMENT

- a. Expenditure on R&D:

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

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

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

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

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

The details of foreign exchange earnings / outgo during the year 2019 - 20 are as follows:

Total foreign exchange used and earned: (₹ in thousands)

	<b>31.03.2020</b>	<b>31.03.2019</b>
Earnings in Foreign Currency		
Export of Goods (FOB Value)	-	-
CIF value of Imports		
Raw Materials	-	-
Components and Spare Parts	<b>4,301.29</b>	-
Capital Goods	<b>9,050.42</b>	4,889.97
<b>Total</b>	<b>13,351.71</b>	<b>4,889.97</b>
Professional fees/ services	<b>422.57</b>	504.20

**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 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

\*Appointed as Additional Directors w.e.f. 01/02/2020



- (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, 2020 and other details provided hereunder:

Name of the Director	Category of Directors	Attendance particulars - No. of Board Meetings during the Year 2019-20		Attendance- Last AGM held on September 21, 2019	No. of other Directorships and Committee Memberships/Chairmanships as of March 31, 2020*			Directorships in other listed entity (Category of Directorship)
		Held	Attended		Other Directorships	Committee Memberships#	Committee Chairmanships#	
Dr. Azadar Husain Khan	Non-Independent, Non-Executive	5	5	Yes	1	-	-	-
Smt. Kavita Rakesh Shah	Independent, Non-Executive	5	5	Yes	-	-	-	-
Mr. Jignesh Anantray Goradia	Non-Independent, Non-Executive	5	5	Yes	-	-	-	-
Mr. Chintan Jitendra Shah	Independent, Non-Executive	5	5	Yes	-	-	-	-
Smt. Jagruti Prashant Sheth (Refer Note below)	Independent, Non-Executive	-	-	-	-	-	-	-
Mr. Rakeshchandra Jagdishprasad Sinha (Refer Note below)	Non-Independent, Non-Executive	-	-	-	4	-	-	-

Note: Mr. Rakeshchandra Jagdishprasad Sinha and Smt. Jagruti Prashant Sheth were appointed as Additional Directors on the Board w.e.f. February 1, 2020

\* 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 2019-20 and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:  
May 18, 2019; August 3, 2019; September 21, 2019; November 2, 2019 and February 1, 2020.
- (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
<b>KNOWLEDGE</b>						
Specialisation / Expertise in one or more fields	Yes	Yes	Yes	Yes	Yes	Yes
In the fields of :						
Finance & Accounts		Yes	Yes	Yes	Yes	
Legal	Yes				Yes	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes
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 Behavioural Traits namely Integrity, Genuine Interest, Interpersonal Skills/Communication and Active Participation are concerned, all the Directors of the Company possess them.

- (j) The Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

### 3. Audit Committee

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

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

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

- (b) The terms of Reference of the Audit Committee are:
- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
  - (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    - b. changes, if any, in accounting policies and practices and reasons for the same;
    - c. major accounting entries involving estimates based on the exercise of judgment by management;
    - d. significant adjustments made in the financial statements arising out of audit findings;
    - e. compliance with listing and other legal requirements relating to financial statements;
    - f. disclosure of any related party transactions;
    - g. modified opinion(s) in the draft audit report;
  - (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

- (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the Company with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- (21) to include reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹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, 2020 is as follows:

The Audit Committee met four (4) times during the year on: May 18, 2019; August 3, 2019; November 2, 2019 and February 1, 2020.

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

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

The Company Secretary of the Company is the Secretary of the Committee.

#### 4. Nomination and Remuneration Committee

- (a) The Nomination and Remuneration Committee comprises of the following members as on March 31, 2020:

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

- (b) Terms of reference:

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

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

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

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

During the year, the Nomination and Remuneration Committee met two times on August 3, 2019 and February 1, 2020.

Name of the Director	Designation	Category	Number of Meeting	
			Held	Attended
Smt. Kavita Rakesh Shah	Chairperson	Independent Director	2	2
Mr. Jignesh Anantray Goradia	Member	Non-Executive Non-Independent	2	2
Mr. Chintan Jitendra Shah	Member	Independent Director	2	2

All the members of the committee attended the meetings.

The Company Secretary of the Company is the Secretary of the Committee.

#### 5. Remuneration of Directors:

- (a) During the year ended March 31, 2020, 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, 2020. 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 2019-20.

#### 6. Stakeholders' Relationship Committee

- (a) The Stakeholders' Relationship Committee comprises of the following members as on March 31, 2020

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 May 23, 2020 for the financial year ended March 31, 2020. Due to CoVID-19 virus pandemic, SEBI has issued a Circular dated March 26, 2020 providing relaxation from compliance with certain provisions of SEBI LODR. Hence, the compliance of conducting Stakeholders Relationship Committee [Regulation 20(3A) of SEBI LODR] for the FY 2019-20 extended till June 30, 2020.

Investor Complaints:

Details of investor complaints received and redressed during the financial year 2019-20 are as follows:

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

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

**7. Corporate Social Responsibility (CSR) Committee:**

The Corporate Social Responsibility (CSR) Committee was constituted on May 23, 2020 and comprises of the following members as on March 31, 2020:

- Dr. Azadar Husain Khan – Chairperson;
- Mr. Jignesh Anantray Goradia – Member; and
- Smt. Jagruti Prashant Sheth – Member

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

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

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

The Company is in the process of formulating CSR policy, in consultation with CSR Committee, in terms of Section 135 and other applicable provisions, if any, of the Companies Act, 2013 and read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

## 8. Annual General Meetings

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2018-19	30 <sup>th</sup> AGM	Saturday, September 21, 2019 at 10:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
2017-18	29 <sup>th</sup> AGM	Saturday, September 29, 2018 at 10:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
2016-17	28 <sup>th</sup> AGM	Saturday, September 23, 2017 at 10:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed

During the financial year ended on March 31, 2020, the Company has passed one (1) Special Resolution through Postal Ballot, the details of which are given hereunder:

- The date of Approval of Shareholders was March 14, 2020
- Resolution passed by way of Postal Ballot – Variation in the terms of “Objects of the Issue” mentioned in the Company’s Letter of Offer dated June 21, 2017
- The pattern of the Voting is votes casted in favour of Resolution is 72,328 and the votes casted against the Resolution is 3,520.

Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer, has conducted the postal ballot exercise on the instructions of the Board.

Special Resolution(s) as may be necessary under the Act and/or the SEBI Listing Regulations would be passed through Postal Ballot.

### Procedure for Postal Ballot:

#### Procedure Followed for Postal Ballot / E-voting

- i. In compliance with the Listing Regulations and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with the rules made there under, the Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The members had the option to vote either by postal ballot or e-voting.
- ii. The Company dispatched the postal ballot notice containing draft resolution together with the explanatory statement, postal ballot forms and self-addressed envelopes to the members whose names appeared in the register of members / list of beneficiaries as on the respective cut-off dates. The Company also published notices in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable rules.
- iii. Members were advised to carefully read the instructions printed on the postal ballot form before casting their vote and return the duly completed form in the attached self-addressed business reply envelope so as to reach the scrutinizer in case of members desiring to exercise their votes by physical postal ballot forms. Members voting through electronic mode were requested to follow the instructions for e-voting.
- iv. The result of postal ballot / e-voting is placed at the website of the Company at [www.zenotechlab.com](http://www.zenotechlab.com), besides being communicated to the Stock Exchange.

Particulars	Postal Ballot
Date of Dispatch of Postal Ballot Notice	February 12, 2020
Cut-off date for e-voting	February 7, 2020
Date of publication in Newspaper	February 13, 2020
Postal Ballot voting/ E-voting period	February 14, 2020 to March 14, 2020
Date of declaration of voting result	March 16, 2020

## 9. Disclosures

(i) Shareholding of Directors

As on March 31, 2020, no Director of the Company held any share in the Company.

(ii) Materially significant related party transactions

Transactions with related parties as per requirements of Ind-AS "Related Party Disclosures" are disclosed in Note No. 27 to financial statements as at March 31, 2020.

(iii) Compliance

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

Disclosures relating to subsidiaries:

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

Overseas Subsidiaries:

Due to the missing and non-availability of related records, the Company was unable to adhere to and comply with the applicable provisions of Companies Act, 2013 (Companies Act, 1956) and Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. To recover them, appropriate actions have been initiated against the previous Managing Director who was in control over the affairs of the Company during the period of the events. However, due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was abated.

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

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

(vi) During the year, a separate meeting of the independent directors was held on February 1, 2020 inter-alia to evaluate the performance of non-independent directors and the board as a whole.

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

(viii) In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated the code of conduct for prohibition of Insider Trading in the Company's Shares.

(ix) CEO & CFO Certificate

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

(x) Management Discussion and Analysis

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

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

(xii) Share Capital Audit: A practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) and the total issued and listed capital. It is reported by the Practicing Company Secretary that there were ongoing litigations between the erstwhile promoters and the present promoters of the Company. The present management of the Company took over the possession of the Company's premises effective from November 12, 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was

found that various statutory books and records of the Company were missing. In order to recover the related missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. Due to demise of Dr. Jayaram Chigurupati on January 31, 2019 the case before Economic Offence Court was abated. The company is making efforts to comply with the non-mandatory requirements specified under the corporate governance code.

- (xiii) Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and ensure compliance to the laid down ethical standards. The code is available on the Company's website <http://www.zenotechlab.com/investors>.
- (xiv) A certificate has been received from Mr. Mahadev Tirunagari, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.
- (xv) The Board has accepted the recommendations of all the Committees during the year 2019-20.
- (xvi) Fees to the Statutory Auditors of the Company: The total fees for all services paid by the Company on a consolidated basis, to the Statutory Auditors of the Company is mentioned at Note No. 19(a)\_Note (i) of the Notes to standalone financial statements. The Company has not availed any service from the network firm/network entity of which the Statutory Auditors is a part.
- (xvii) Commodity Price Risks and Commodity Hedging activities:  
The Company is not carrying on any Commodity Business and has also not undertaken any commodity hedging activities, hence the same are not applicable to the Company.
- (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 (Refer Disclosure 9 (iii) above)	No
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2)(b) to (i)	Website	Yes

- (xix) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- Number of complaints filed during the financial year: 0
  - Number of complaints disposed of during the financial year: 0
  - 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, 2020:
- The Company complies with all the mandatory requirements specified under Listing Regulations except as stated in Disclosure 8(iii) above.
  - The auditors have issued an unmodified opinion of the financial statements of the Company.
  - The Internal Auditor reports their findings to the Audit Committee of the Company.



## DECLARATION

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

I confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2020, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

**Rajendra Singh Parihar**

Chief Executive Officer

May 23, 2020

### 10. Means of communication

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

### 11. General Shareholder information

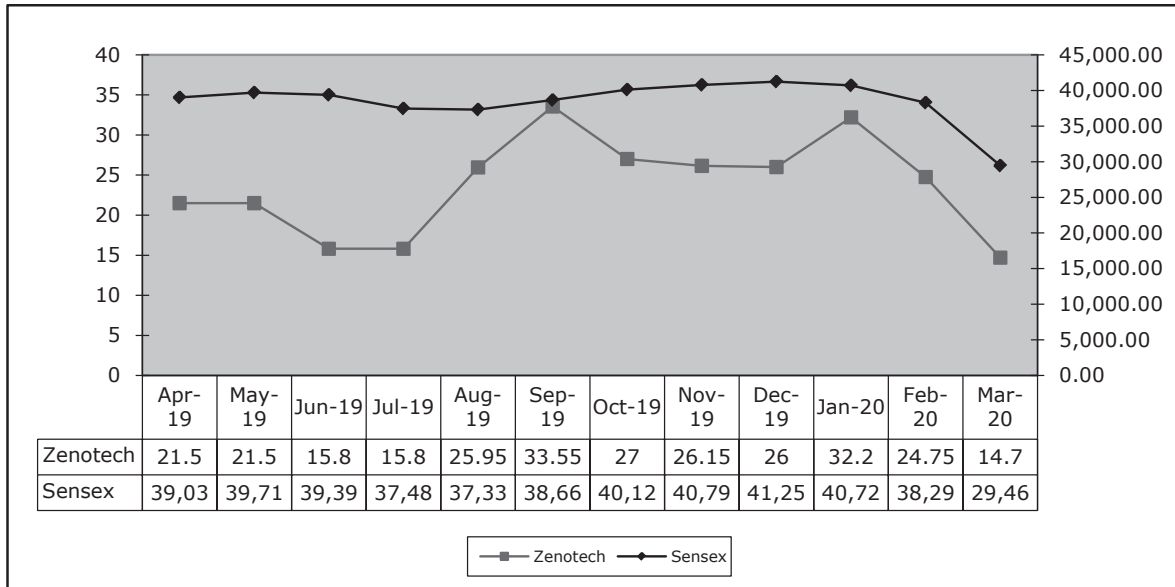
- i) Annual General Meeting
  - Date : Saturday, September 26, 2020
  - Time : 10:30 A.M.
  - Venue : Through Video Conferencing/ Other Audio Visual means
- ii) Financial Year ending : March 31, 2020
- iii) Book Closure : September 19, 2020 to September 26, 2020  
(Both days inclusive)
- iv) Listing on Stock Exchange : BSE Limited  
(listing fees has been paid up to financial year 2020-21)
- 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, 2020 and Company's closing share price as against BSE SENSEX closing on the BSE Limited, Mumbai, is provided hereunder:

(in ₹)

Month	High Price	Low Price	Close	BSE Sensex-Closing
April, 2019	24.55	20.90	21.50	39,031.55
May, 2019	22.55	18.55	21.50	39,714.20
June, 2019	22.00	14.05	15.80	39,394.64
July, 2019	16.95	14.70	15.80	37,481.12
August, 2019	25.95	15.00	25.95	37,332.79
September, 2019	34.50	25.15	33.55	38,667.33
October, 2019	33.50	24.35	27.00	40,129.05
November, 2019	33.50	25.10	26.15	40,793.81
December, 2019	27.90	23.55	26.00	41,253.74
January, 2020	34.25	24.80	32.20	40,723.49
February, 2020	33.15	24.00	24.75	38,297.29
March, 2020	26.00	12.00	14.70	29,468.49

(The information is sourced from BSE Limited website)

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



## ix) Registrar and Transfer Agents

Name & Address : KFin Technologies Private Limited  
(formerly know as, Karvy Fintech Private Limited)  
Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Hyderabad - 500 032  
Phone: 040-67162222  
Fax: 040-23001153  
e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Toll Free No: 1800-3454-001  
Website: [www.kfintech.com](http://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, 2020

S.No.	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1 - 5000	4594	74.24	7181400.00	1.18
2	5001 - 10000	624	10.09	5274070.00	0.86
3	10001 - 20000	378	6.11	6015710.00	0.99
4	20001 - 30000	178	2.88	4545070.00	0.74
5	30001 - 40000	59	0.95	2143520.00	0.35
6	40001 - 50000	78	1.26	3659900.00	0.60
7	50001 - 100000	125	2.02	9443830.00	1.55
8	100001 & Above	151	2.44	572042180.00	93.73
	<b>Total:</b>	<b>6187</b>	<b>100.00</b>	<b>610305680.00</b>	<b>100.00</b>

b) Categories of Shareholders as on March 31, 2020

Sl. No.	Category	No. of Holders	No. of Shares	Percentage to equity
1	Indian Promoters	1	35128078	57.56
2	Foreign Promoters	1	6886500	11.28
3	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	3	4790	0.01
4	HUF	266	995162	1.63
5	NBFC	0	0	0
6	Foreign Corporate Bodies	1	692791	1.14
7	Private Corporate Bodies	89	1045370	1.71
8	Indian Public	5747	15954944	26.14
9	Non Resident Indians	64	322933	0.52
11	Clearing members	15	13062	0.02
	<b>TOTAL</b>	<b>6187</b>	<b>61030568</b>	<b>100.00</b>

xii) Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 90.43 percent of the Company's Share Capital are dematerialized as on March 31, 2020. The Company's Shares are regularly traded on BSE Limited.

xiii) As on March 31, 2020, the Company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments

xiv) No Credit Rating was obtained during the year 2019-20.

xv) Manufacture facility & Address for correspondence:

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

## Certificate on Corporate Governance

To,  
**The Members,**  
**Zenotech Laboratories Limited**

I have examined the compliance of conditions of Corporate Governance by Zenotech Laboratories Limited ('the Company'), for the year ended 31 March 2020, 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: 23 May 2020  
 Place: Hyderabad  
 UDIN: F006681B000271044

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

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

To,  
**The Members,**  
**Zenotech Laboratories Limited**

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 Clause 10(i) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In my/~~our~~ opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company & its officers, I/~~We~~ hereby certify that none of the directors on the Board of the Company as stated below, for the financial year ending on 31<sup>st</sup> March 2020, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority.

S.No.	Name of the Director	DIN	Date of appointment in Company
1.	Azadar Husain 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 eligibility for the appointment/ continuity of every director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my verification. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 23 May 2020  
 Place: Hyderabad  
 UDIN: F006681B000271165

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

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

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

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

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

- A. We have reviewed financial statements and the cash flow statement for the quarter and year ended March 31, 2020 and that to the best of our knowledge and belief, we state that:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. No transactions entered into by the Company during the quarter and year ended March 31, 2020 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee that there are no deficiencies in the design or operation of such internal controls.
- D. We have indicated to the Auditors and the Audit Committee of the Board that during the period:
- (1) there are no changes in internal control over financial reporting;
  - (2) there are no changes in accounting policies and that the same have been disclosed in the notes to the financial statements; and
  - (3) there are no instances of frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Zenotech Laboratories Limited**

Place: Hyderabad  
Date: May 23, 2020

**Rajendra Singh Parihar**  
Chief Executive Officer

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY OVERVIEW

#### GLOBAL INDUSTRY OVERVIEW:

The global pharmaceutical market, estimated at US\$1.2 Trillion in 2019, is expected to expand at a Compounded Annual Growth Rate (CAGR) of 3-6% to US\$1.5-1.6 Trillion by 2024. Much of this is likely to be driven by the volume growth in pharmerging markets and the launch of high-end specialty innovative products in developed markets. However, overall tightening in pricing and patent expiry in developed markets could offset this growth.

Global pharmaceutical market growth

Regions	2019 (in US\$ Bn)	2014-2019 CAGR	2024 (in US\$ Bn)	2019-2024 CAGR
Developed	822	3.8%	985-1,015	2-5%
Pharmerging	358	7.0%	475-505	5-8%
Rest of the world	71	4.8%	85-95	2-5%
Global	1,250	4.7%	1,570-1,600	3-6%

#### Emerging trends and technologies:

The digital revolution and the availability of newer and improved biotechnological technologies is going to change profoundly the way medicine is practiced. Nine next generation biotherapeutics (NGB) have been launched already. Induced pluripotent stem cells (iPSC), CRISPR/Cas9 and other cells or gene-modifying techniques might be used to treat selected patient cohorts. The modalities to determine costs and accessibility for these treatments still need to be fine-tuned to allow for their broader sustainability. Bioethics considerations are also needed to better determine the allowed use of technologies such as CRISPR/Cas9. On the other hand, competition in the field is limited by the complexity of the manufacturing and distribution process.

Prescription digital therapeutics (DTx) might represent a completely new way to think about a pharmaceutical product. They are devices claimed to provide new treatment modalities and carrying indications and disease-specific treatment effectiveness claims in their prescribing labels. The number of mobile apps of this category submitted to the FDA for clearance or approval (under the De Novo pathway) is increasing. Areas of intervention include cognitive pathways and behavioural drivers of health, attention deficit hyperactivity disorder (ADHD), major depressive disorder and schizophrenia. Developers of these IT solutions often collaborate with pharmaceutical companies to complement their respective expertise towards the development of innovative approaches to cure.

The area of neglected tropical diseases has been traditionally covered by the activities of many philanthropic organisations, those research programmes are in many cases close to reach regulatory approval. Five to ten products are expected by industry experts to be launched in the next ten years. Priorities in funding of this type of research should be based on WHO's assessment, and it might be shifted to non-drug approaches or root causes identification.

Artificial intelligence, machine and deep learning will continue to be major areas of interest for investments, as they may support the identification and development of new breakthrough treatments, particularly in the areas of pre-clinical validation, target identification and efficiency of clinical development.

Real world evidence will be increasingly used to generate additional information to support the approval of new indications for already marketed medicinal products. Apps for remote monitoring and new study designs for site-less clinical trials are prerequisites to achieve this objective. The global industry expects health and patient senior advocacy roles – internal to pharmaceutical companies – to be present by 2019 in the most of the top 20 pharma companies, in order to better support the patient-centric approach to healthcare. These roles should bring clinical and commercial efforts together, to support patient engagement and clinical trial design.

Biopharma companies are expected to contribute to more than one-third of launches of new medicines in the next five years, but they might suffer pressures from payers to keep under control the high prices of this kind of products. Big, traditional pharma companies may continue to pursue M&A policies to acquire emerging biopharmas, or might prefer the way of partnership agreements to mitigate R&D risks.

Specific to the US are the monitoring of the outcomes of the reforms proposed by the government to deal with high prices of medicines and that of policies to control the prescription and use of opioids, a theme that will remain a complex and challenging topic to be addressed.

**The current trends of the market:**

The US market is expected to evolve faster (4–7%) compared to the top 5 European countries (1–4%) and Japan; emerging countries should also play an important role (5–8%). Among these last ones, Chinese market should reach a value of \$140–170 billion, even if its growth is declining to 3–6%. Turkey, Egypt and Pakistan are expected to experience the greatest growth in the next five years, while China, Brazil and India maintain by now the greater medicine spending. The launch of new, innovative medicinal products shall be the main driver for developed markets, coupled to improved access for the emerging ones. Biosimilars will gain an increasingly important role especially in the US, while the European scenario is dominated by policies to contain the costs for healthcare systems.

Pricing still remains a hot issue in the ongoing US debate, and it is subject to complex dynamics involving different phases of negotiations between manufacturers, the government and public and private payers. Innovative medicinal products are being launched with very high prices since many years; the industry expects it could reach a median price of \$100,000 per year by 2023 for oncological drugs. Price competition, independent review of prices and decline in the number of breakthrough approaches (i.e. CAR-T therapies or immune checkpoint inhibitors) compared to last five years might help, according to the report, to reduce such price increase. Pressures are also made in the US to reduce list price increases for established branded medicines. Net prices for manufactures increased at an estimated 1.5% in 2018 and are expected to rise at 0–3% over the next five years.

**Trends for new products:**

Average spending level on new products launched in 2019-2023 is expected to reach \$45.8 billion, slightly greater than \$43.4 billion observed for products launched in 2014-2018. This year and the next one are expected to show the bigger number of new launches, especially in the specialty, biologics and oncology areas, thus confirming the trend towards an increasing role of precision medicine where a new treatment is supposed to reach fewer patients. Stratification using specific biomarkers is an add-on characteristic of such approach.

The industry expects the launch of some 70-90 new oncology products in the next five years, out of more than 700 currently in late clinical development. Other emerging therapeutic areas that might see the launch of new products include non-alcoholic steatohepatitis (NASH), migraines, neuromuscular diseases, autism and other developmental disorders, and a range of molecular targets for cell and gene therapies.

**The patent cliff of 2019:**

The current year will see the loss of exclusivity for many branded products, leading to the launch of the corresponding generic or biosimilar versions of the drug. The impact on the market for small molecule-based products is expected to exceed \$121 billion in the next five years (+15%) in the developed areas, and to reach \$17.0 billion in 2023 for biologics.

Among the main products interested is adalimumab (Humira), which is already available as biosimilar in Europe, while it will maintain exclusivity in the US up to 2023. By this year nivolumab (Opdivo) and pembrolizumab (Keytruda) will be the only brands not be facing generic or biosimilar competition. The US is expected to present the greater growth of the biosimilar market, even if introduction of new bio-similars should continue to occur more rapidly in Europe. The introduction of incentives for this sort of medicinal products and an improved communication of their benefits to patients and providers are also envisaged by the report.

**Specialty medicines to treat chronic disease**

Ageing has a great impact on the increasing number of patients suffering for chronic diseases. This area, together with those of complex and rare diseases, is the target of specialty medicines. A market that will represent around 50% of the total in 2023, when spending for specialty products is expected to reach \$475–505 billion. Oncology, autoimmune, immunology, HIV and multiple sclerosis are the most interesting therapeutic areas, says IQVIA, covering 74% of the expected growth in developed countries.

**INDIAN PHARMACEUTICAL INDUSTRY:**

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicines in the UK.

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

**Market Size**

Indian pharmaceutical sector is expected to grow to US\$ 100 billion, while medical device market is expected to grow US\$ 25 billion by 2025. Pharmaceuticals export from India stood at US\$ 20.70 billion in FY20. Pharmaceutical export include bulk drugs, intermediates, drug formulations, biologicals, Ayush and herbal products and surgical.

India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics is expected to grow at an average growth rate of around 30 per cent a y-o-y to reach US\$ 100 billion by 2025.

India's domestic pharmaceutical market turnover reached ₹ 1.4 lakh crore (US\$ 20.03 billion) in 2019, up 9.8 per cent y-o-y from ₹ 129,015 crore (US\$ 18.12 billion) in 2018.

### Investments and Recent Developments:

The Union Cabinet has given its nod for the amendment of existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflow worth US\$ 16.50 billion between April 2000 and March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- Affordable medicines under Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) achieved record sales turnover of ₹ 52 crore (US\$ 7.38 million) in the month of April 2020.
- During December 2019, on moving annual total (MAT) basis, industry growth was at 9.8 per cent, with price growth at 5.3 per cent, new product growth at 2.7 per cent, while volume growth at two per cent y-o-y.
- In October 2019, Telangana Government proposed Hyderabad Pharma City with financial assistance from the Central government of ₹ 3,418 crore (US\$ 489 million).
- As on August 2019, the moving annual turnover (MAT) for biosimilar molecules sold in the domestic market stood at ₹ 1,498 crore (US\$ 214.31 million).
- Healthcare sector witnessed private equity of total US\$ 1.1 billion with 27 deals in H1's 2019.
- Indian pharmaceutical industry's export to the US will get a boost as branded drugs worth US\$ 55 billion will become off-patent during 2017-2019.

### Government Initiatives

Some of the initiatives taken by the Government to promote the pharmaceutical sector in India are as follows:

- India plans to set up a nearly ₹ 1 lakh crore (US\$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023.
- In November 2019, the Cabinet approved extension/renewal of extant Pharmaceuticals Purchase Policy (PPP) with the same terms and conditions while adding one additional product namely, Alcoholic Hand Disinfectant (AHD) to the existing list of 103 medicines till the final closure/strategic disinvestment of Pharma CPSUs.
- Under Budget 2020-21, ₹ 65,012 crore (US\$ 9.30 billion) has been allocated to the Ministry of Health and Family Welfare. The Government has allocated ₹ 34,115 crore (US\$ 4.88 billion) towards the National Health Mission under which rural and urban people will get benefited.
- ₹ 6,400 crore (US\$ 915.72 million) has been allocated to health insurance scheme Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY).
- As per Economic Survey 2019-20, Government expenditure (as a percentage of GDP) increased to 1.6 per cent in FY20 from 1.2 per cent in FY15 on health.
- The National Health Protection Scheme is the largest Government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to ₹ 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy to stop any misuse due to easy availability.
- Government of India unveiled 'Pharma Vision 2020' to make India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investment.

### Road Ahead

Medicine spending in India is projected to grow 9-12 per cent over the next five years, leading India to become one of the top 10 countries in terms of medicine spending.



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

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, life-saving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

### **Overview on Biotechnology Industry**

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

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

#### **Government Health Expenditure:**

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

#### **Threat of Drug Substitution:**

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

### **Overview on Ophthalmology Industry**

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

#### **Ophthalmic drug Market:**

Ophthalmology is a branch of medicine that deals with the anatomy, physiology, and diseases of the eye. An ophthalmologist is a specialist in medical and surgical eye problems, who performs operations on eyes. They are specially trained to provide the full spectrum of eye care, from prescribing glasses and contact lenses to complex and delicate eye surgery. The devices include glasses, lenses, diagnostics, lasers, solutions, and surgical instruments. The global ophthalmology drug and device market is expected to register a CAGR of 5.3% during the forecast period of 2018-2023.

Cataract volume has registered a rapid increase in the recent years. The aging population is expected to burden all areas of health care, and ophthalmologists provide approximately 90% of their procedure-based services to seniors. Cataract surgery is the most frequent surgical procedure performed in many countries and provides significant improvements in quality of life, to elderly population at low costs.

With an increase in the demand for ophthalmological devices, projecting future cataract surgery needs are vital for health resource, hospital, and surgical center management and planning. Other factors, such as availability of new drugs and devices and prevalence of eye disease are expected to drive the market over the forecast period.

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

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

## Overview on Oncology Industry

Oncology Market size was valued at \$136.7 billion in 2019 and is poised to grow at a CAGR of 11.9% during the forecast period 2020-2025. Oncology is a branch of medicine that deals with the prevention, diagnosis, and treatment of cancer. Cancer is a disease, which involves the abnormal growth of cells that result in the formation of a tumor. However, benign tumor are not cancers. The abnormal tumor cells tend to spread to other local tissues and different parts of the body through the blood and lymphatic system. Treatment of cancer depends upon the stages of the disease progression. Increased prevalence of cancer, unhealthy lifestyle, and increasing geriatric population are the primary factors driving the growth of the oncology market. High market growth potential in developing nations, rise in the number of pipeline products, and the upsurge in demand for personalized medicines are poised to create new opportunities for the market players during the forecast period 2020-2025.

### Oncology Market review:

The analysis of the following segments of the Oncology Market is based on:

By Cancer Type: Breast Cancer, Lung Cancer, Kidney cancer, Liver cancer, Ovarian Cancer, Prostate Cancer, Skin Cancer, Pancreatic Cancer, Colorectal, Blood Cancer and others;

By Therapy Type: Medical Oncology, Radiation Oncology, Surgical Oncology and others;

By Geography: North America, South America, Asia-Pacific, Europe, Rest of the World

#### By Cancer Type - Segment Analysis

Based on cancer type the oncology market is segmented into Breast Cancer, Lung Cancer, Kidney cancer, Liver cancer, Ovarian Cancer, Prostate Cancer, Skin Cancer, Pancreatic Cancer, Colorectal, Blood Cancer, others. Lung Cancer is the fastest growing segment by cancer type this is owing to consumption of cigarettes and alcohol. Moreover, according to the American Cancer Society about 228,820 new cases of lung cancer is poised to witness in U.S in 2020.

#### By Therapy Type - Segment Analysis

Based on Therapy type Oncology Market is segmented into Medical Oncology, Radiation Oncology, Surgical Oncology, and others. Medical Oncology is the fastest-growing segment by therapy type and is estimated to grow with CAGR of 12.2% during the forecast period 2020-2025. Medical Oncology is a modality of treatment of cancer care, which uses Chemotherapy, Immunotherapy, Hormonal Therapy, and Targeted Therapy to treat cancer in an effective manner. The Food and Drug Administrative (FDA) has approved targeted therapies for the treatment of some patients with the following types of cancers such as bladder cancer, brain cancer, breast cancer, cervical cancer, colorectal cancer, endometrial cancer.

#### By Geography - Segment Analysis

Based on Geography Oncology Market is segmented to North America, South America, Europe, Asia Pacific, and Rest of the world. North America dominated the Oncology Market with market share of 53.19% in 2019. This is owing to emerging bio pharmacy companies in the U.S. for oncology and the growing concern of people towards health are contributing to the growth of the oncology market. Asia pacific is estimated to be fastest growing CAGR during the forecast period 2020-2025 owing to high number of cases in India, Taiwan, Malaysia, and China. India has the largest number of Breast Cancer Patients with mortality rates of 55% followed by Oral Cavity Cancer with a mortality rate of 60%. Higher incidence of gallbladder cancer in north India and NE region compared to other parts.

## OPPORTUNITIES AND THREATS

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

## OUTLOOK

The COVID-19 outbreak and the lockdown across countries manifested into a healthcare-cum-economic crisis. The situation is uncertain and it is difficult to predict when economies will fully normalise. Hence, FY21 is likely to be a challenging year.

The world population at large, will have to learn to co-exist with the COVID-19 virus till an effective vaccine is developed and a significant portion of the world population is inoculated with the vaccine. Many existing medicines are being evaluated as potential options in COVID-19 treatment. Any positive outcome from the clinical trials of these products may also help in treating patients.

This co-existence with the virus will remarkably change things in the future:

- Since pharmaceuticals are viewed as essential items, the pharmaceutical industry has witnessed relatively less adverse impact of the pandemic, unlike other sectors, Zenotech continues to manufacture its products despite the lockdown.
- The economic disruption linked to COVID-19 will take time to recover, with the outlook for economic activities globally, being inhibited. It may have a consequential effect on GDP across countries, bearing adverse impact on consumption of pharmaceutical products.
- It is possible that a certain percentage of the global workforce will continue to work from home, which will result in significant change in their consumption pattern of products and services.
- Social distancing may become the new normal for everybody till the virus is contained. This will require individuals and corporates to adopt safer protocols in offices, manufacturing facilities, travelling, meetings, amongst others.
- Sales force visit to doctors had stopped as clinics and hospital OPD consultations, were temporarily closed. Elective surgeries have been deferred. This will have a near-term impact on marketing and selling of pharmaceutical products and prescription generation for acute care products.
- Lead times for transportation of raw materials and finished goods increased due to the lockdown, but are expected to gradually normalize once the lockdowns across economies are relaxed.
- Zenotech is focused on profitable growth, sustainable cash flows and controlling costs, objectives that have become more critical during these times of uncertainty.

## **RISKS AND CONCERNS**

Every business carries inherent risks and all of them cannot be eliminated. The management at Zenotech has been striving to minimize the known risks. Further, Pharma companies in India, will need to realign their quality and compliance structure to conform to the constantly evolving regulatory guidelines. With the FDA and other regulators broadening the scope of compliance requirements, it helps if companies have a holistic approach and make regulatory compliance part of their corporate strategy. This includes effective training, proper timely communication, periodic reviews, and support from the top management. Regulators have to focus on aligning country-specific regulatory frameworks to global standards enabling harmonization of standards and help companies drive efficiencies.

## **COVID-19 Risk Response**

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

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

Following are some priorities for Zenotech to ensure business continuity:

1. Employee protection – Keep workplace COVID-19 free, working remotely wherever feasible
2. Supply chain protection - Keep plants operational with safety protocols, maintain adequate stock levels, ensure timely deliveries, enhance captive consumption, and have close vendor connect to ensure supply chain continuity
3. Support mechanisms and infrastructure –collaboration tools, strengthen security related controls and enable access for remotely operating vendors
4. Financial health – Focus on collections and effective debtor management to maintain adequate liquidity, while simultaneously continuing to focus on cost optimisation.

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

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

## OPERATIONAL PERFORMANCE

As already stated, during the year under review, the Company recorded revenue of ₹ 2,593.83 Lakhs (previous year ₹ 1,302.91 Lakhs) from its operations ~ 100% increase over the corresponding previous year. The Company reported a profit of ₹ 1,073.07 Lakhs as against the reported loss of previous year (311.94 Lakhs), including exceptional items of ₹ 636.96 Lakhs towards reversal of Service tax provisions under SVLDRS Scheme, 2019. During the year, the Company registered operational profit of ₹ 440.79 Lakhs for the first time since its inception. The operational performance for the Oral Solid Dosage (OSD) and Eye care facilities of the Company was at par with its installed capacities. However, the Cyto Injectables and General Injectables are yet to attain its optimum utilization due to low market demands. The Company started production from its newly commissioned Depot Injectable facility during the latter part of the year and expecting more revenues from this facility in future subject to market demands. Based on the projected business plans for the forthcoming years, the Company believes that it can maintain its positive performance by utilizing its existing resources to its maximum. Your Company is constantly striving to optimize its operational capacities, control costs to remain competitive which would help to improve the operational efficiency.

Revamping project of Biotech Facility of the Company is completed and Sun Pharmaceutical Industries Limited, holding company and one of the promoter of the Company, had initiated product development activities in the said facility. The Company had invested in enhancing its utilities, infrastructure and manpower to support its future operations.

## Financial Performance

₹ in Lakhs

S. No.	Particulars	2019-20	2018-19
(i)	Revenue from operations (net)	2,593.83	1,302.91
(ii)	Other income	125.25	470.96
(iii)	Total Revenue (i+ii)	2,719.08	1,773.87
(iv)	Depreciation	484.96	420.20
(v)	Other expenses	1,793.34	1,666.38
(vi)	Profit/(Loss) before exceptional items and tax	440.79	(312.71)
(vii)	Exceptional items	636.96	-
(viii)	Profit/(Loss) after tax	1,077.75	(312.71)
(ix)	Other Comprehensive Income	(4.68)	0.77
(x)	Total Comprehensive Income for the period (ix+x)	1,073.07	(311.94)
(xi)	Loss brought forward from previous year	(23,167.54)	(22,855.61)
(xii)	Profit/(Loss) carried forward to Balance Sheet (vii+ix)	(22,094.47)	(23,167.54)

## Key Financial Ratios:

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

S. No.	Particulars	Unit	2019-20	2018-19*
1.	Operating Profit Margin	%	0.4	-
2.	Net Profit Margin	%	0.4	-
3.	Debtors Turnover	times	0.2	0.5
4.	Inventory Turnover	times	0.4	0.3
5.	Current Ratio	times	0.2	0.4
6.	Return on Net worth	%	-0.2	-
7.	Interest Coverage Ratio	times	-11.1	(25.6)
8.	Debt Equity Ratio	times	0.7	1.2

\*Since EBIDTA was negative, profit margin ratios have not been mention in the year 2018-19

## HUMAN RESOURCES

During the year, the strength of human resource engaged by the Company is 233. 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 2020, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, 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.

#### Key Audit Matters

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

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

Key audit matters	Auditor's Response
<b>Going Concern</b>	
The Company has losses from last many years Hence we were required to assess whether the going concern assumption is appropriate.	<p>Our Audit Procedures included:</p> <ul style="list-style-type: none"> <li>● Review of management's budgets (including consideration of adjustment for COVID19 impact on business if any) to gain an understanding of the inputs and process underpinning the cash flow model prepared for the going concern assessment.</li> <li>● Discussion with the management on the cash flow position and the plans for meeting the requirements of cash deficits, if any, in the business plans.</li> <li>● Evaluation of the plans of the company for becoming cash positive from operations and becoming profitable over a period.</li> <li>● Evaluation of the disclosures provided in the standalone financial statements to ensure that this aspect has been appropriately disclosed.</li> </ul>

Key audit matters	Auditor's Response
<b>Impairment of Property, Plant and Equipment</b>	
Non-recognition of impairment provision on Property, Plant and Equipment.	Our audit procedures included: <ul style="list-style-type: none"> <li>● Checks to identify if the plant is performing below the rated capacity.</li> <li>● Review of all Long pending capital advances if any as at the reporting date of the financials.</li> <li>● Review the assessment made by the management and evaluating whether those are mitigating the risk of not considering the provision for impairment as at the reporting date of the financials.</li> <li>● Review to ensure there is no significant movement in the land price as per registration value prescribed by State Government which calls for impairment, if any.</li> </ul>

### Emphasis of Matter

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

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

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

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

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

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

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

### Responsibilities of the Management and Those Charged with Governance for Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 2020 on its financial position in its standalone financial statements – Refer Note 29 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020.
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

**Ramanarayanan J**  
Partner  
Membership No. 220369  
UDIN : 20220369AAAAFR9909

Place of Signature: Chennai  
Date: 23-May-2020



## 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 2020.**

- (i) In respect of the Company's fixed assets :
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were supposed to be physically verified by the management during the year end which has been postponed to next year due to nation-wide lockdown imposed for containing COVID19 pandemic by the Indian Government. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification in the past 2 years.
  - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date.
- (ii) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.
- (iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees or security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore clause 3(iv) of the Order is not applicable to the Company.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.
- (vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues were in arrears, as at 31 March 2020 for a period of more than six months from the date they became payable.

According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax(GST), Duty of customs, Excise duty and Value added tax as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of statute	Nature of dues	Amount ₹ in '000*	Period to which amounts relates	Forum where dispute is pending
A.P. Vat Act, 2005	VAT	1,685	FY 2009-10 to 2012-13	Deputy Commissioner Commercial Taxes (Appeal)
A.P. Vat Act, 2005	Sales Tax	39 **	Prior to Financial year 2011-12 (Sales Tax)	Commercial Tax Officer, Srinagar Colony Circle
The Customs Act, 1962	Customs Duty	5,160	Prior to Financial year 2011-12 (Customs Act)	Principal Commissioner of Customs, Hyderabad

\*excluding penalty & Interest.

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

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

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

\*amount of accrued interest only.

- (ix) According to the information and explanations given to us, the Company has utilized the money raised by way of Right issue of Equity shares during FY 2017-18 for the purposes for which they were raised.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- (xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment of shares or private placement of shares or fully or partly paid convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.
- (xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

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

**Ramanarayanan J**  
Partner  
Membership No. 220369  
UDIN : 20220369AAAAFR9909

Place of Signature: Chennai  
Date: 23-May-2020

## Annexure B

**Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

### Opinion

We have audited the internal financial controls with reference to standalone financial statements of Zenotech Laboratories Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone 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 2020, 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").

### 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

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

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

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

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

**Ramanarayanan J**  
Partner  
Membership No. 220369  
UDIN : 20220369AAAAFR9909

Place of Signature: Chennai  
Date: 23-May-2020

**Standalone Balance Sheet as at March 31, 2020**

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

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant and Equipment	3	487,278	431,086
(b) Capital Work-In-Progress	3	290,836	169,514
<b>(c) Financial Assets</b>			
(i) Investments	4(a)	-	-
(ii) Others	4(b)	7,261	6,368
Income Tax Assets (net)		10,765	7,930
(d) Other Non-current Assets	5	2,333	38,992
<b>Total Non - Current Assets</b>		<b>798,473</b>	<b>653,890</b>
<b>Current Assets</b>			
(a) Inventories	6	941	5,842
<b>(b) Financial Assets</b>			
(i) Trade Receivables	7(a)	18,571	23,581
(ii) Cash and Cash Equivalents	7(b)	10,820	131,963
(iii) Bank balances other than above	7(b)	390	560
(iv) Other Financial Assets	7(c)	1,603	3,180
(c) Other Current Assets	8	24,742	26,817
<b>Total Current Assets</b>		<b>57,067</b>	<b>191,943</b>
<b>Total Assets</b>		<b>855,540</b>	<b>845,833</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	9	610,306	610,306
(b) Other Equity	10	(114,016)	(221,323)
<b>Total Equity</b>		<b>496,290</b>	<b>388,983</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities		-	-
(b) Provisions	11 (a)	4,890	3,372
<b>Total Non - Current Liabilities</b>		<b>4,890</b>	<b>3,372</b>
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	12 (a)	186,562	202,400
<b>(ii) Trade payables</b>			
(a) Total outstanding dues of Micro and Small Enterprises	12 (b)	2,069	3,949
(b) Total outstanding dues other than above	12 (b)	43,954	37,204
(iii) Other financial liabilities	12 (c)	32,982	33,427
(b) Other Current Liabilities	13	3,813	4,507
(c) Provisions	11 (b)	84,980	171,991
<b>Total Current Liabilities</b>		<b>354,360</b>	<b>453,478</b>
<b>Total Equity and Liabilities</b>		<b>855,540</b>	<b>845,833</b>
See accompanying notes referred to above form an integral part of Financial Statements			
Summary of Significant accounting policies		1 & 2	

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

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

**Ramanarayanan J**  
 Partner  
 Membership No.: 220369

**Azadar Hussain Khan**  
 Chairman  
 DIN:01219312

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

**R.S.Parihar**  
 Chief Executive Officer

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

**Abdul Gafoor Mohammad**  
 Company Secretary

Place : Chennai  
 Date : May 23, 2020

Place : Hyderabad  
 Date : May 23, 2020

## Statement of profit and loss for the Year ended March 31, 2020

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

Particulars	Note No.	For the Year ended 31 March 2020	For the Year ended 31 March 2019
<b>Income</b>			
I Revenue from Operation	14	259,383	130,291
II Other income	15	12,525	47,097
III <b>Total Income (I+II)</b>		<b>271,908</b>	<b>177,388</b>
<b>IV Expenses</b>			
Cost of materials consumed	16	5,045	7,055
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	16	-	119
Employee benefits expense	17	57,640	49,804
Finance costs	18	8,925	1,177
Depreciation and amortisation expense	3	48,496	42,020
Other expenses	19 (a)	107,723	108,483
<b>Total Expenses (IV)</b>		<b>227,829</b>	<b>208,658</b>
V Profit / (Loss) before exceptional items and tax (III-IV)		44,079	(31,270)
VI Exceptional items	19 (b)	63,696	-
VII Profit / (Loss) before tax (V+VI)		107,775	(31,270)
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX Profit / (Loss) for the period (VII-VIII)		107,775	(31,270)
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of employee benefits obligations to be reclassified to profit or loss	11(c)	(468)	77
XI Total Comprehensive Income for the year (IX+X)		107,307	(31,193)
XII Earning per equity share (face value per equity share ₹ 10 each)	21		
(1) Basic (₹)		1.77	(0.51)
(2) Diluted (₹)		1.77	(0.51)

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

Summary of Significant accounting policies 1 & 2

As per our Report of even date attached  
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Company Secretary

Place : Chennai  
Date : May 23, 2020

Place : Hyderabad  
Date : May 23, 2020

**Statement of changes in equity for the year ended 31 March, 2020**

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

**A. Equity share Capital**

Particulars	Equity
As at 31.03.2019	610,306
Changes in Equity Share Capital	-
<b>As at 31.03.2020</b>	<b>610,306</b>
As at 31.03.2018	610,306
Changes in Equity Share Capital	-
<b>As at 31.03.2019</b>	<b>610,306</b>

B. Other Equity	Reserves and Surplus		Total other equity
	Securities premium	Retained earnings	
<b>Balance as at 1st April 2018</b>	<b>2,095,431</b>	<b>(2,285,561)</b>	<b>(190,130)</b>
Additions during the year	-	-	-
Profit/(Loss) for the year	-	(31,270)	(31,270)
Other comprehensive income- Remeasurement of defined benefit obligations	-	77	77
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(31,193)</b>	<b>(31,193)</b>
<b>Other Equity as on 31st March 2019</b>	<b>2,095,431</b>	<b>(2,316,754)</b>	<b>(221,323)</b>
<b>Balance as at 1 April 2019</b>	<b>2,095,431</b>	<b>(2,316,754)</b>	<b>(221,323)</b>
Profit/(Loss) for the year	-	107,775	107,775
Other comprehensive income- Remeasurement of defined benefit obligations	-	(468)	(468)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>107,307</b>	<b>107,307</b>
<b>Other Equity as on 31st March 2020</b>	<b>2,095,431</b>	<b>(2,209,447)</b>	<b>(114,016)</b>

Nature and purpose of reserves:

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

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## Standalone Cash flow statement for the Year ended March 31, 2020

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

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
<b>A. Cash flows from operating activities</b>		
Profit/(Loss) before taxation	107,775	(31,270)
<b>Adjustments for:</b>		
Depreciation and amortisation	48,496	42,020
Amounts written back	(1,139)	(32,687)
Unrealised foreign exchange loss, net	(1)	1,244
Interest expenses	8,925	1,177
Interest income	(9,369)	(12,482)
Exceptional items	(63,696)	-
<b>Operating cash flows before working capital changes</b>	<b>90,990</b>	<b>(31,998)</b>
<b>Changes in Working Capital:</b>		
(Increase)/ decrease in trade receivables	5,011	(23,542)
(Increase)/ decrease in inventories	4,901	2,366
(Decrease)/ increase in trade payables	6,009	16,184
(Increase)/ decrease in other financial assets	1,577	1,072
(Increase)/ decrease in current non financial assets	-	-
(Increase)/ decrease in non-current financial assets	(893)	(1,439)
(Increase)/ decrease in non-current assets	7,445	(5,337)
(Increase)/ decrease in other current assets	2,075	(16,720)
(Decrease)/ increase in provisions for non current liabilities	1,050	602
(Decrease)/ increase in provisions for current liabilities	(2,640)	4,289
(Decrease)/ increase in other financial liabilities	1,797	(107)
(Decrease)/ increase in other current liabilities	(693)	(81,214)
<b>Cash generated/(used) in operations</b>	<b>116,629</b>	<b>(135,844)</b>
Income taxes paid/ TDS (net)	(2,835)	(4,590)
<b>Net cash generated/(used) in operating activities (A)</b>	<b>113,794</b>	<b>(140,434)</b>
<b>B. Cash flows from investing activities</b>		
Payment for Purchase of property plant equipment (Including Capital advance & Work in Progress)	(217,470)	(180,336)
Deposits towards margin money	170	6,000
Interest income received	9,369	12,482
<b>Net cash provided by/ (used in) investing activities</b>	<b>(207,931)</b>	<b>(161,854)</b>



## Standalone Cash flow statement for the Year ended March 31, 2020

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

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of equity share capital - Rights Issue	-	-
Proceeds from short-term borrowings, net	<b>100,000</b>	202,400
Repayment of long-term borrowings	<b>(115,838)</b>	-
Interest paid	<b>(11,167)</b>	(52,197)
<b>Net cash provided by/(used in) financing activities (C)</b>	<b>(27,005)</b>	<b>150,203</b>
Net increase/ (decrease) in cash and cash equivalents during the year (A+B+C)	<b>(121,143)</b>	(152,085)
Cash and cash equivalents at the beginning of the year	<b>131,963</b>	284,048
<b>Cash and cash equivalents at the end of the year (refer Note 7 (b) )</b>	<b>10,820</b>	<b>131,963</b>

Note 1: Cash and cash equivalents does not include restricted cash balance (Margin money) of ₹ 1,390 (previous year: ₹ 1,560).

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

Note 3: Please refer Net Debt Reco annexed

As per our Report of even date attached  
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 Chief Financial Officer

**Abdul Gafoor Mohammad**  
 Company Secretary

Place : Chennai  
 Date : May 23, 2020

Place : Hyderabad  
 Date : May 23, 2020

## Standalone Cash flow statement for the Year ended March 31, 2020

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

### Net debt reconciliation

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

	31 March 2020	31 March 2019
Cash and cash equivalents	10,820	131,963
Liquid Investments	-	-
Current borrowings (Including interest accrued)	(186,562)	(204,642)
Non-current borrowings	-	-
<b>Net debt</b>	<b>(175,742)</b>	<b>(72,679)</b>

	Other assets		Liabilities from financing activities			Total
	Cash and bank	Liquid Investments	Finance lease obligations	Non-current borrowings	Current borrowings	
<b>Net debt as at 1 April 2018</b>	284,048	-	-	-	(53,262)	230,786
Cash flows	(152,085)	-	-	-	(202,400)	(354,485)
Interest expenses	-	-	-	-	(2,632)	(2,632)
Interest paid	-	-	-	-	53,652	53,652
<b>Net debt as at 31 March 2019</b>	<b>131,963</b>	-	-	-	<b>(204,642)</b>	<b>(72,679)</b>
Cash flows	(121,143)	-	-	-	15,838	(105,305)
Interest expenses	-	-	-	-	(25,185)	(25,185)
Interest paid	-	-	-	-	27,427	27,427
<b>Net debt as at 31 March 2020</b>	<b>10,820</b>	-	-	-	<b>(186,562)</b>	<b>(175,742)</b>

## Notes to the Standalone Financial Statements for the Year ended March 31, 2020

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

### 1.1 Corporate information

Zenotech Laboratories Limited ( the “Company” ) is a public limited company listed on BSE. The Company is a pharmaceutical specialty generic injectables company engaged in the area of manufacturing biotechnology products. The Company’s injectables product portfolio primarily serves niche therapy areas like oncology and anesthesiology.

### 1.2 Going concern

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

### 1.3 Consolidated Financial Statements

The Books of accounts and other related records/documents of the overseas subsidiaries of the Company were missing and due to non-availability of those records/information, complaint before the Hon’ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 was filed against the former Managing Director, Late Dr. Jayaram Chigurupati, who was in complete “control over the Company’s affairs during the period of those events”, which is 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, the Company received the winding up order for its defunct subsidiary in Nigeria. The Company engaged consultant in Brasil 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 INDAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

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

### **i) Useful life of PPE**

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

**ii) Measurement of defined benefit plan obligation**

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

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

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

**iii) Impairment of non-financial assets**

Property Plant & Equipment are tested for impairment when the events occur or changes in circumstances indicate that recoverability amount of asset or cash generating unit is less than its carrying value. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate the projected cash flows, risk adjusted discount rate, future economic and market conditions.

**iv) Write down in value of Inventories**

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

**v) Estimation for Litigations**

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

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

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions there is no material impact on its financial results as at March 31, 2020. 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 results. The Company will continue to monitor any material changes to future economic conditions.

**d. Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

- > Quantitative disclosures of fair value measurement hierarchy (Refer Note 22 (a) & (b))

#### **e. Revenue recognition**

With effect from 1 April 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' which introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer.

The Company has opted for the modified retrospective application permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended 31st March 2019 only (i.e. the initial application period). Modified retrospective application also requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at 1st April 2018 ('transition date') in equity and the impact on such transition date is not material.

Also, the Company has elected to use the practical expedient that there is no financing component involved when the credit period offered to customers is less than 12 months (also refer Credit Risk).

Prior to adoption of INDAS 115, the Company's revenue was primarily comprised of Revenue from Contracts and Interest income. The recognition of these revenue streams is largely unchanged by Ind AS 115.

#### **Sale of goods:**

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

#### **Rendering of Services:**

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

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

#### **Interest income**

Interest on deposits is recognized on the time proportion method using the underlying interest rates.

**f. Taxes****Current income tax**

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

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

**Deferred tax**

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

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

Expenses and assets are recognised net of the GST paid, except:

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

**h. Property, plant and equipment**

Freehold land is carried at historical cost.

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

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

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

Depreciation is fully provided using the Straight Line Method ('SLM') over the useful lives of the assets considered by the management's technical assessment, as given below:

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

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

Assets costing below ₹5,000/- are depreciated in full in the same year.

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

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

**i. Borrowing costs**

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

**j. Inventories**

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

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

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

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

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.



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

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

**I. Provisions, contingent Liabilities & contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

**m. Retirement and other employee benefits**

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

**n. Earnings per shares:**

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

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

**o. Leases:**

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

**p. Financial instruments**

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

**Financial assets**

Initial recognition and measurement

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

For purposes of subsequent measurements, 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

**Equity investments**

All equity investments in subsidiaries are measured at cost less diminution other than temporary. All equity investments in scope of Ind AS 109 are measured at fair value.

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

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

**Derecognition**

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

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

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

**Impairment of financial assets**

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

- > Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- > Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

- > Trade receivables or contract revenue receivables; and
- > The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

In accordance with IndAS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets that are debt instruments, and are measured at amortised cost.

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

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

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

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

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

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

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

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost

#### **Subsequent measurement**

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

- > **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

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

> **Financial liabilities at amortised cost**

After initial recognition financial liabilities if any are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

> **Derecognition**

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

> **Offsetting of financial instruments**

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

**q. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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

**r. Recent Accounting Pronouncements:**

- (i) New standards notified and adopted by the Company

**Ind AS 116 Leases**

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

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

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

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

The adoption of this new standard did not have any significant impact on the financial statements.

**Other Amendments to the existing standards**

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

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

The above amendments came into force from 1st April 2019. The effect of these amendments on the financial statements is not material.

- (ii) New standards notified but not yet effective  
None

### Notes to the Standalone Financial Statements for the Year ended March 31, 2020

(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
<b>Gross Block at Cost</b>								
As at 1st April 2018	10,831	153,642	387,781	5,034	683	2,758	975	561,704
Adjustments:								
Additions	-	7,181	17,442	413	1,538	-	2,223	28,797
As at 31st March 2019	10,831	160,823	405,223	5,447	2,221	2,758	3,198	590,501
Adjustments:								
Additions	-	-	-	-	-	-	(51)	(51)
	-	9,439	94,052	516	126	-	589	104,722
As at 31st March 2020	10,831	170,262	499,275	5,963	2,347	2,758	3,736	695,172
<b>Depreciation and Impairment</b>								
As at 1st April 2018	-	21,166	90,299	3,857	264	1,147	662	117,395
Adjustments:								
Depreciation charge during the year		7,265	33,293	520	210	371	361	42,020
As at 31st March 2019	-	28,431	123,592	4,377	474	1,518	1,023	159,415
Adjustments:								
Depreciation charge during the year		-	-	-	-	-	(17)	(17)
Impairment loss (note)		8,745	37,711	266	427	372	975	48,496
As at 31st March 2020	-	37,176	161,303	4,643	901	1,890	1,981	207,894
<b>Net Book Value</b>								
As at 31st March 2020	10,831	133,086	337,972	1,320	1,446	868	1,755	487,278
As at 31st March 2019	10,831	132,392	281,631	1,070	1,747	1,240	2,175	431,086

#### Note:

- Plant & Equipment as at the year end includes assets on operating lease: Cost ₹ 12,738 (PY: ₹22,212); Accumulated depreciation ₹ 7,946 (PY: ₹ 7,301) and carrying value as at the reporting date of ₹ 4,793 (Previous year ₹ 5,437).
- During the year the Company had purchased equipments of ₹ 14 (PY: ₹ 1269) from holding company group
- For details of the assets pledged for TDB loan, refer Note 30 of the financial statements.

### Notes to the Standalone Accounts Contd...

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

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e. 1st April, 2015 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as gross block.

Particulars	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	EDP Equipment	Total
Gross block as at 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

### B. Capital Work in Progress

<b>As at 1st April 2018</b>	<b>126,395</b>
Additions during the period	167,768
Gross Capital Work In Progress	294,163
Less: Transferred to Fixed Assets during the year	21,492
Less: Provision for Impairment	(103,156)
<b>Net CWIP as at March 31, 2019</b>	<b>169,514</b>
<b>As at 1st April 2019</b>	<b>272,671</b>
Additions during the period*	219,866
Gross Capital Work In Progress	492,537
Less: Transferred to Fixed Assets during the year	98,545
Less: Provision for Impairment	(103,156)
<b>Net CWIP as at March 31, 2020</b>	<b>290,836</b>

\* including interest capitalised ₹16,261 (Previous year-1,455)

## Notes to the Standalone Accounts Contd...

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

### Note 4: Financial Assets

#### 4(a). Non-current investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Investments in equity shares of Subsidiaries# at Deemed cost Unquoted</b>		
Zenotech Farmaceutica Do Brasil Ltda*	-	-
39,600 (previous year: 39,600) shares of Reais 10 each		
Zenotech Laboratories Nigeria Limited*	-	-
9,99,000 (previous year: 9,99,000) Ordinary shares of Naira 1 each		
Zenotech Inc., USA	-	-
10,00,000 (previous year: 10,00,000) shares of USD 0.10 each		
<b>Investments in equity shares of Other Companies at Deemed cost Unquoted</b>		
Equity shares in Credence Organics Private Limited**	-	-

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

\* During the year ended March 31, 2017, the Company had decided to wind up its overseas subsidiary namely Zenotech Farmaceutica do Brasil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017. During the year, the Company received winding up order for Zenotech Laboratories Nigeria Limited. Winding up process for Zenotech Pharmaceutica do Brasil Ltda is in progress as on March 31, 2020.

\*\* 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, 2020	As at March 31, 2019
Deposits with Government, public bodies		
-Considered good	6,257	5,364
-Credit Impaired	211	211
Margin Money deposits	1,000	1,000
Others	4	4
<b>Total</b>	<b>7,472</b>	<b>6,579</b>
Less: Provision for doubtful receivables	211	211
<b>Total Other Non-current Financial Assets</b>	<b>7,261</b>	<b>6,368</b>

### Note 5: Other Non Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good except stated other wise)		
Deposits with Government, public bodies*	538	28,658
Capital Advances	1,795	10,334
Others	-	-
<b>Total</b>	<b>2,333</b>	<b>38,992</b>

\* Includes amount deposited under protest



**Notes to the Standalone Accounts Contd...**

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials and Packing materials	941	5,842
Work-in-progress	-	-
<b>Total Inventories</b>	<b>941</b>	<b>5,842</b>

\* 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 ₹ 3,898 - (Previous year ₹1,500/-).

**7(a). Trade receivables- Current**

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good-Secured	-	-
Trade receivables considered good-Unsecured*	18,571	23,581
Trade receivables which have significant increase in credit risk	-	-
Trade receivables-credit impaired	-	-
<b>Total</b>	<b>18,571</b>	<b>23,581</b>
Less : Provision for Trade Receivables credit impaired **	-	-
<b>Total trade receivables</b>	<b>18,571</b>	<b>23,581</b>

\*Refer note 27 for related party disclosures

**\*\* Provision for Trade Receivables credit impaired**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	-	295
Add : Provision during the year	-	-
<b>Total</b>	<b>-</b>	<b>295</b>
Less : Provision adjusted against bad debts written off	-	(295)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

**7(b). Cash and Bank Balances**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- in current accounts	5,803	1,937
Cash on hand	17	26
<b>Other Bank Balances</b>		
Deposits with original maturity of less than 3 months	5,000	130,000
<b>Cash and Cash equivalents (A)</b>	<b>10,820</b>	<b>131,963</b>
<b>Bank Balances other than above</b>		
- Margin Money deposits	1,390	1,560
Less: Margin Money Deposit with Bank maturing after 12 months from the balance sheet date classified as Non-Current (Note 4(b))	1,000	1,000
<b>Total Bank Balances other than above (B)</b>	<b>390</b>	<b>560</b>
<b>Total cash and Bank Balances ( A+B)</b>	<b>11,210</b>	<b>132,523</b>

## Notes to the Standalone Accounts Contd...

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

### 7(c). Other Financial Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured considered good</b>		
Interest accrued but not due	1,603	3,180
<b>Total Other Financials Current Assets</b>	<b>1,603</b>	<b>3,180</b>

### Note 8: Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered doubtful</b>		
Excess Remuneration paid, recoverable from an erstwhile managing director	7,980	7,980
Less: Provision for excess remuneration paid, recoverable	(7,980)	(7,980)
<b>Unsecured, considered good</b>		
Balance with Statutory authorities	23,691	24,564
Advance for supply of goods and services	111	423
Prepaid expenses	697	586
Advance to employees	61	24
Unbilled revenue (Contract Assets)*	-	1,220
Salaries Recoverable from employees	182	-
<b>Total Other Current Assets</b>	<b>24,742</b>	<b>26,817</b>

### Note 9: Equity

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Value	No. of shares	Value
<b>Authorised</b>				
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
<b>Issued, Subscribed and Fully Paid-up</b>				
Equity shares of ₹10/- each	61,030,568	610,306	61,030,568	610,306
<b>TOTAL</b>	<b>61,030,568</b>	<b>610,306</b>	<b>61,030,568</b>	<b>610,306</b>

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

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Value	No. of shares	Value
<b>Equity shares</b>				
At the beginning of the year	61,030,568	610,306	61,030,568	610,306
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>61,030,568</b>	<b>610,306</b>	<b>61,030,568</b>	<b>610,306</b>

## Notes to the Standalone Accounts Contd...

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

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

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

### (c) Shares held by holding company

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Value	No. of shares	Value
Equity shares of ₹ 10/- each ( Held by Sun Pharmaceutical Industries Limited)	35,128,078	351,280,780	35,128,078	351,280,780
	<b>35,128,078</b>	<b>351,280,780</b>	<b>35,128,078</b>	<b>351,280,780</b>

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

	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Sun Pharmaceutical Industries Limited*	35,128,078	57.56%	35,128,078	57.56%
Daiichi Sankyo Company, Limited	6,886,500	11.28%	6,886,500	11.28%
Padmasree Chigurupati	3,209,982	5.26%	3,060,500	5.01%

Note:

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

"During the year ended March 31, 2020, the amount of per share dividend recognised as distribution to equity shareholders was NIL (Previous year: NIL)"

### Note 10: Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Retained Earnings</b>		
Securities premium reserve	2,095,431	2,095,431
Retained Earnings	(2,209,447)	(2,316,754)
<b>Total Reserves &amp; Surplus</b>	<b>(114,016)</b>	<b>(221,323)</b>
<b>Securities Premium Reserve</b>		
Opening Balance	2,095,431	2,095,431
Rights issue	-	-
<b>Closing Balance</b>	<b>2,095,431</b>	<b>2,095,431</b>
<b>Retained Earnings</b>		
Opening balance	(2,316,754)	(2,285,561)
Net profit / (loss) for the period	107,775	(31,270)
Remeasurements of post-employment benefit obligation, net of tax (OCI)	(468)	77
<b>Closing Balance</b>	<b>(2,209,447)</b>	<b>(2,316,754)</b>
<b>GRAND TOTAL</b>	<b>(114,016)</b>	<b>(221,323)</b>

## Notes to the Standalone Accounts Contd...

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

### Note 11

#### (a): Provisions - Long Term

Particulars	As at March 31, 2020	As at March 31, 2019
	Non-Current	Non-Current
Provision for Compensated Leave absences (Refer Note 11(c))	1,952	1,598
Provision for Gratuity (Refer Note 11 (c))	2,938	1,774
<b>Total</b>	<b>4,890</b>	<b>3,372</b>

#### (b): Provisions - Short Term

Particulars	As at March 31, 2020	As at March 31, 2019
	Current	Current
Provision for indirect taxation (Refer footnotes below)	83,488	171,116
Provision for Compensated Leave absences (Refer Note 11(c))	1,131	581
Provision for Gratuity (Refer Note 11(c))	361	294
<b>Total</b>	<b>84,980</b>	<b>171,991</b>

i) Information about individual provisions and significant estimates.

#### Provision for indirect taxation

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

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Service Tax	-	86,262
Provision for Customs (EPCG Duty)	80,901	80,901
Provision for AP VAT	2,587	3,953
<b>Total</b>	<b>83,488</b>	<b>171,116</b>

ii) Movements in provisions

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

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

ii) Movements in provisions

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

Particulars	Towards Service Tax	Towards Customs duty	Towards AP VAT
<b>As at 1st April 2018</b>	<b>82,505</b>	<b>80,901</b>	<b>3,953</b>
Charged/(credited) to profit or loss			
-additional provisions recognised	7,269	-	-
Amounts used during the year	(3,512)	-	-
<b>As at 31st March 2019</b>	<b>86,262</b>	<b>80,901</b>	<b>3,953</b>

## Notes to the Standalone Accounts Contd...

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

### (c): a) Employee Benefits

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Amount recognised as expense in the statement of Profit and Loss		
Provident Fund Contribution	2,513	1,928

### b) Leave Obligation

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Liability	1,131	581
Non-Current Liability	1,952	1,598
<b>Total</b>	<b>3,083</b>	<b>2,179</b>

### c) Gratuity (Unfunded)

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

#### Changes in defined benefit obligation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Projected benefit obligation at the beginning of the year	2,068	1,490
Current Service Cost	619	542
Interest Cost	144	113
Actuarial (gain)/ loss on obligation	468	(77)
Benefits paid	-	-
Projected benefit obligation at the end of the year	3,299	2,068

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Liability	361	294
Non-Current Liability	2,938	1,774
<b>Total</b>	<b>3,299</b>	<b>2,068</b>

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Service Cost	619	542
Interest Cost	144	113
Net Gratuity Costs	763	655

## Notes to the Standalone Accounts Contd...

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

### Summary of Actuarial Assumptions

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Discount rate	6.10%	7.50%
Salary escalation rate	7.00%	7.00%

### Maturity profile of the defined benefit obligation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Weighted average duration of defined benefit obligation (in years)	10.40	9.85
Expected benefit payments for the year ending		
Not later than 1 year	361	294
Later than 1 year and not later than 5 years	877	507
Later than 5 year and not later than 10 years	915	573
Above 10 years	4,820	3,748

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Remeasurement for the period - Obligation (gain)/loss arising from		
- change in demographic assumptions	-	(0)
- change in financial assumptions	425	40
- experience variance	43	(117)
<b>Amount recognised in OCI</b>	<b>468</b>	<b>(77)</b>

### Sensitivity analysis of significant actuarial assumptions

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate(-/+1%)	5.35%	-4.94%	5.12%	-4.74%
Salary growth rate(-/+1%)	-4.92%	5.28%	-4.78%	5.12%

## Note 12: Financial liabilities

### (a) Current borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Loans repayable on demand		
Secured	-	-
Unsecured - amortised cost		
Loan from holding Company (including interest accrued)	186,562	204,642
Total current borrowings	186,562	204,642
Less: Interest accrued	-	2,242
<b>Current borrowings (as per Balance Sheet)</b>	<b>186,562</b>	<b>202,400</b>

## Notes to the Standalone Accounts 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 any time or from time to time during the Loan Period ( i.e., 1 year calculated from the Effective Date). During the year the Company had repaid ₹115,838 towards principal out of unutilized funds from Rights Issue proceeds as modified by special resolution dated 14th March, 2020 passed by shareholders through postal ballot .

### (b) Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
A). Trade payables-Micro and Small Enterprises (Refer footnotes below)	2,069	3,949
<b>Total (A)</b>	<b>2,069</b>	<b>3,949</b>
B). Trade payables-Others		
Related parties (Refer Note: 27(D))	1,521	1,438
Others	42,433	35,766
<b>Total (B)</b>	<b>43,954</b>	<b>37,204</b>
<b>Total trade payables (A + B)</b>	<b>46,023</b>	<b>41,153</b>

Note 1:

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

Note 2:

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

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,041	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	28	-
(iii) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) the amount of interest accrued and remaining unpaid at the end of each accounting year	28	-
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

## Notes to the Standalone Accounts Contd...

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

### (c) Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued and due*	27,645	29,887
Payable to employees	491	575
Expenses payables	4,846	2,965
<b>Total other current financial liabilities</b>	<b>32,982</b>	<b>33,427</b>

\* Includes ₹ Nil (Previous year ₹ 2,242) Interest accrued and due pertaining to related parties

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

### Note 13: Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory liabilities	3,813	4,507
<b>Total</b>	<b>3,813</b>	<b>4,507</b>

### Note 14: Revenue from operations

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products	2,197	7,602
Sale of services	257,186	122,689
<b>Total*</b>	<b>259,383</b>	<b>130,291</b>

\*Refer note 20 for further details

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

#### A) Other Income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income from bank deposits at amortised cost	9,369	12,482
Liabilities no longer required written back*	1,139	32,687
Lease Rental Income from Related Party	823	1,333
Profit on Sale of Asset	9	-
Miscellaneous income	1,185	595
<b>Total (A)</b>	<b>12,525</b>	<b>47,097</b>

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



## Notes to the Standalone Accounts Contd...

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

### Note 16

#### Cost of materials consumed

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Raw materials and Packing materials at the beginning of the year	5,842	8,089
Add: Purchases	144	4,808
Less: Raw materials and Packing materials at the end of the year	941	5,842
<b>Total cost of materials consumed</b>	<b>5,045</b>	<b>7,055</b>

The cost of materials consumed includes ₹ 3,898 (Previous year ₹ 1,500) written off inventories relating to biotech division.

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening Balance</b>		
Work-in progress	-	119
<b>Total opening goods</b>	<b>-</b>	<b>119</b>
<b>Closing balance</b>		
Work-in progress	-	-
<b>Total closing balance</b>	<b>-</b>	<b>-</b>
<b>Total changes in inventories of work-in-progress, stock in trade and finished goods.</b>	<b>-</b>	<b>119</b>

### Note 17: Employee benefit Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	51,098	44,471
Contribution to provident fund and other funds	4,055	2,739
Staff welfare expenses	2,487	2,594
<b>Total</b>	<b>57,640</b>	<b>49,804</b>

Salaries of ₹ 4,668 (PY: ₹ 252) to the extent attributable to qualifying projects transferred to CWIP

### Note 18: Finance Cost

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on Term Loan - SPIL*	8,925	1,177
Others	-	-
<b>Total</b>	<b>8,925</b>	<b>1,177</b>

\* Interest expense ₹ 16,261 (PY-1,455) related to Biotech Project transferred to Capital work in progress

## Notes to the Standalone Accounts Contd...

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

### Note 19

#### (a): Other Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Power and fuel	32,923	36,821
Repairs and maintenance		
- Buildings	1,501	1,321
- Plant and machinery	15,663	13,804
- Others	6,358	4,540
Contract manpower expenses	9,723	10,753
Other manufacturing expenses		
- Analytical Charges	96	94
- Quality Control Cost	7,166	7,236
- Consumables	15,626	8,616
Advertisement	284	209
Communication	675	195
Rates and taxes	3,271	8,967
Insurance	1,587	1,678
Legal and professional	2,702	3,937
Remuneration to Auditors (Refer note(i) below)	1,226	1,294
Printing & Stationery	567	543
Office and general maintenance	1,294	314
Security charges	2,455	2,524
Selling and distribution	5	51
Net gain/(loss) on foreign currency transactions	(1)	1,244
Miscellaneous Balance Written off	51	769
Travelling and conveyance	3,430	2,350
Miscellaneous	1,121	1,223
<b>Total</b>	<b>107,723</b>	<b>108,483</b>

Power and Fuel Expenses of ₹ 12,256 (PY: ₹ 4,965) to the extent attributable to qualifying projects transferred to CWIP

#### Note (i)

##### Details of payments to auditors

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Payment to auditors		
As Statutory auditor:	500	475
In other capacities:	-	-
Certificates fees	200	230
Tax Audit fees	200	200
Other services	150	150
Out of pocket expenses	176	239
<b>Total payment to auditors</b>	<b>1,226</b>	<b>1,294</b>

## Notes to the Standalone Accounts Contd...

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

### (b) Exceptional Items

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Provision for Service tax written back*	63,696	-
<b>Total</b>	<b>63,696</b>	<b>-</b>

The Company has availed the Sabka Vishwas (legacy dispute resolution) scheme, (SVLDRS) 2019 for settling the service tax litigation and arrears. The Government Department has issued SVLDRS-4 (Discharge certificate) and based on the aforesaid certificates, the Company has reversed the provision made for balance principal amount and interest amount in the books to the extent of ₹ 63696.37 thousands and the reversal has been presented under exceptional items in the statement of profit & loss.

### Note 20: Customer contracts

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>CONTRACT WITH CUSTOMERS</b>		
Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
<b>Revenue from operations</b>		
<b>Revenue from contract with customers</b>		
a) Sale of Oncology Products	2,197	7,602
b) Sale of Services- Contract Manufacturing)	257,186	122,689
c) Lease rental income	823	1,333
<b>Total Income</b>	<b>260,206</b>	<b>131,624</b>

### Note 21: Earnings Per Share

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

#### a) Basic Earnings Per Share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
From continuing operations attributable to the equity shareholders of the company	1.77	(0.51)
From Discontinued Operations	-	-
<b>Total basic earnings per share attributable to the equity shareholders</b>	<b>1.77</b>	<b>(0.51)</b>

#### b) Diluted Earnings Per Share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
From continuing operations attributable to the equity shareholders of the company	1.77	(0.51)
From Discontinued Operations	-	-
<b>Total diluted earnings per share attributable to the equity shareholders</b>	<b>1.77</b>	<b>(0.51)</b>

## Notes to the Standalone Accounts Contd...

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

### c) Reconciliation of earnings used in calculating earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Basic Earnings Per Share</b>		
Profit attributable to the equity shareholders		
From continuing operations	107,775	(31,270)
From discontinued operations	-	-
<b>Profit attributable to the equity shareholders of the company used in calculating basic earnings per share:</b>	<b>107,775</b>	<b>(31,270)</b>
<b>Diluted Earnings per share</b>		
Profit attributable to the equity shareholders		
From continuing operations	107,775	(31,270)
From discontinued operations	-	-
<b>Profit attributable to the equity shareholders of the company used in calculating diluted earnings per share</b>	<b>107,775</b>	<b>(31,270)</b>

### 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:	-	-
<b>Weighted average number of shares and potential equity shares used as denominator in calculating diluted earnings per share</b>	<b>61,030,568</b>	<b>61,030,568</b>

## Note 22

### (a): Fair Value Measurements

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

	March 31, 2020			March 31, 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>						
Trade Receivables			18,571			23,581
Cash and cash equivalents and Bank Balances			11,210			132,523
Other Financial Assets - Non Current			7,261			6,368
Other Financial Assets - Current			1,603			3,180
<b>Total Financial Assets</b>			<b>38,645</b>			<b>165,652</b>
<b>Financial Liabilities</b>						
Borrowings		-	186,562		-	202,400
Trade payables			46,023			41,153
Other Financial liabilities			32,982			33,427
<b>Total Financial Liabilities</b>			<b>265,567</b>			<b>276,980</b>

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

## Notes to the Standalone Accounts Contd...

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

### (b): Fair Value Hierarchy

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

## Note 23: Financial Risk Management

### A) Credit Risk

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

### B) Liquidity Risk

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

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

i) **Financial Arrangements** NIL

#### ii) Maturities of financial liabilities

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

There are no derivatives financial liabilities for the company.

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

₹' 000

Contractual Maturities as at 31.03.2020	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
<b>Non derivatives</b>				
Borrowings	186,562	-	-	186,562
Obligations under finance lease	-	-	-	-
Trade payables	46,023	-	-	46,023
Other financial liabilities	32,982	-	-	32,982
<b>Total non-derivative liabilities</b>	<b>265,567</b>	-	-	<b>265,567</b>
Contractual Maturities as at 31.03.2019	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
<b>Non derivatives</b>				
Borrowings	202,400	-	-	202,400
Obligations under finance lease	-	-	-	-
Trade payables	41,153	-	-	41,153
Other financial liabilities	33,427	-	-	33,427
<b>Total non-derivative liabilities</b>	<b>276,980</b>	-	-	<b>276,980</b>

### C) Market Risk

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

## Notes to the Standalone Accounts Contd...

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

### Note 24

#### (a) Operating Lease

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

#### Maturity analysis of operating lease payments:

Year	As at March 31, 2020
Year 1	743
Year 2	743
Year 3	743
Year 4	743
Year 5	498
Year 6	11
<b>Total</b>	<b>3,479</b>

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

Particulars	For the year ended March 31, 2020
Lease income on operating leases (refer note 15)	823
Therein lease income relating to variable lease payments that do not depend on an index or rate	-

#### (b) Capital Management

The companies objectives when managing capital are to:

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

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Net debt (total borrowings net of cash and cash equivalents)	175,742	72,679
Total equity (as shown in the balance sheet, including non-controlling interests).	496,290	388,983
<b>Gearing Ratio (Net debt to equity ratio)</b>	<b>35%</b>	<b>19%</b>

## Notes to the Standalone Accounts Contd...

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

### Note 25: Operating Segment Disclosure

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

Zenotech Laboratories Limited is engaged in single business activity of Pharmaceuticals and the company does not have multiple operating segments. Other than revenue analysis that is disclosed in Note (20), no operating results and other discrete financial information is available for the assessment of performance of the respective business divisions and resources allocation purpose.

### Major Customer Dependency

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

### Note 26: Interests in other entities

#### a) Subsidiaries

The Company's subsidiaries at 31 March 2020 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
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	
		%	%	%	%	
Zenotech Farmaceutica Do Brasil Ltda	Brasil	66.39	66.39	33.61	33.61	NA
Zenotech Laboratories Nigeria Limited	Nigeria	NA*	99.9	NA*	0.1	NA
Zenotech Inc	USA	100	100	-	-	NA

\* During the year ended March 31, 2017, the Company had decided to wind up its overseas subsidiaries namely Zenotech Farmaceutica do Brasil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017. During the year, the Company received winding up order for Zenotech Laboratories Nigeria Limited. Winding up process for Zenotech Farmaceutica do Brasil Ltda is in progress as on March 31, 2020.

#### b) Interest in Associates and Joint Ventures- Nil

## Notes to the Standalone Accounts Contd...

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

### Note 27: Related party transactions

#### (A) Holding Company:

Name	Type	Place of incorporation	Ownership interests	
			31.03.2020	31.03.2019
Sun Pharmaceutical Industries Limited	Immediate and ultimate parent entity	India	57.56%	57.56%

#### (B) Fellow Subsidiary:

Sun Pharma Laboratories Limited	Fellow Subsidiary	India	NA	NA
Sun Pharmaceutical Medicare Limited	Fellow Subsidiary	India	NA	NA

#### (C) Key managerial personnel:

Name	Designation
Mr. Rajendra Singh Parihar	Chief Executive Officer
Mr. Poly K V	Chief Financial Officer
Mr. Abdul Gafoor Mohammad	Company Secretary & Compliance Officer

#### (D) Transactions and balances with related parties:

##### i). Operating transactions/balances with holding Company/group Company

Particulars	Name of Entity	For the year ended March 31, 2020	For the year ended March 31, 2019
Sales*		3,417	6,382
Conversion Charges*		256,883	122,689
Interest on short-term borrowing		25,187	2,632
Trade Receivables ( Balances as at)		18,237	23581
Rental and Hire Charges Received	Sun Pharmaceutical Industries Limited	823	1,333
Purchase of Fixed Assets		14	-
Purchase of Consumables		6	-
Trade Payables ( Balances as at)		24	-
Borrowings including interest accrued (Balances as at)		186,562	204,642
Purchase of Fixed Assets	Sun Pharma Laboratories Limited	-	1,269
Other income received		-	50
Trade Payables ( Balances as at)		1,497	1,438
Conversion Charges*	Sun Pharmaceutical	303	-
Trade Receivable ( Balances as at)	Medicare Limited	333	-

\*exclusive of taxes



**Notes to the Standalone Accounts Contd...**

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
<b>a). Loans from Sun Pharmaceutical Industries Limited</b>		
Beginning of the year	204,642	53,262
Loans advanced/ received	100,000	202,400
Loans repayment received/ made	(115,838)	(53,262)
Interest charged	22,668	2,369
Interest paid	(24,910)	(127)
<b>End of the year</b>	<b>186,562</b>	<b>204,642</b>
<b>b). Trade advances/(Receivables) from Sun Pharmaceutical Industries Limited</b>		
Beginning of the year	23,581	77,532
Advance taken	-	-
Adjusted with sales/services	(294,537)	(152,750)
Advance repaid	-	-
Receipts against bills	299,881	51,637
<b>End of the year</b>	<b>(18,237)</b>	<b>(23,581)</b>

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short- term employee benefits	6,265	5,874

Notes:

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

**Note 28:**
**a) Update on the events and circumstances relating to on-going differences with Late Dr. Jayaram Chigurupati, the erstwhile Promoter and Managing Director of the Company.**

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

## Notes to the Standalone Accounts Contd...

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

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

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

### b) Investment in subsidiaries:

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

## Note 29: Contingent assets and liabilities

### (i). Contingent liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Claims against the Company not acknowledged as debt</b>		
Employee claims towards Gratuity	1,860	1,860
Claims by erstwhile co-managing director	-	-
<b>Total</b>	<b>1,860</b>	<b>1,860</b>
<b>(b) Guarantees</b>		
Bank Guarantees issued on behalf of third parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>(c) Other matters for which the Company is contingently liable</b>		
Income Tax	-	-
Customs & Central Excise	104,640	104,640
Service Tax #	-	78,912
Sales Tax / VAT	39	39
Wealth Tax	69	69
<b>Total</b>	<b>104,748</b>	<b>183,660</b>

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

### Legal cases filed by/against the Company

- a). During the year ended 31 March 2011, Technology Development Board (TDB) had filed a claim petition under Arbitration and Conciliation Act, 1996 for recovery of dues payable by the Company as per loan agreement. The Arbitrator has issued an order with direction to the Company and erstwhile Co-Managing Director to pay individually or jointly the outstanding dues to TDB. During the earlier years, 600,000 equity shares of the Company held by erstwhile Co-Managing Director was transferred to TDB which were pledged as security. During the previous year ended March 31, 2018, Company has repaid all the amount due to TDB (excluding Interest) based on the settlement agreement by the DRC (Dispute Resolution Committee). The Interest liability will depend upon the liability payable less the shares sold in the open market by TDB (Pledged shares)

## Notes to the Standalone Accounts Contd...

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

- b). The Company has filed certain legal cases before the appropriate forum against the erstwhile promoter and managing director with regard to loss of vehicles, missing records including intellectual property, unauthorised use of the name & Logo of the Company and certain missing DNA clones.
- c). Subsequent to Daiichi Sankyo Company Limited (DS) acquiring 63.92% stake in Ranbaxy Laboratories Limited (now Sun Pharmaceutical Industries Limited) in October 2008, DS announced an open offer to acquire 20% share of the Company at ₹ 113.62 per share. Aggrieved by the pricing of the share, erstwhile promoter and one or two other shareholders filed a petition in the Hon'ble High Court of Madras. The Company has been named as Respondent in the said case. An interim injunction in connection with the offer was given by the Hon'ble High Court of Madras and subsequently it was quashed by the Hon'ble Supreme Court based on a petition filed by DS against the said injunction. Meanwhile some of the shareholders (excluding Ranbaxy) including erstwhile promoter of the Company filed a petition with Securities Appellate Tribunal (SAT) with respect to the pricing of the share of the Company against the order of the SEBI turning down erstwhile promoters' complaint. SAT directed DS to price the open offer at ₹ 160 per share. DS has filed an appeal against the SAT order in the Supreme Court. The Supreme Court vide its order dated July 8, 2010 has ruled in favour of DS and allowed the open offer to be made at the price of ₹ 113.62 per share.

In June 2012, erstwhile promoter has filed a writ petition before Honourable Andhra Pradesh High Court against Foreign Investment Promotion Board and Daiichi Sankyo Company Limited challenging acquisition of 20% shares of the Company by DS through an open offer.

- d). In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.
- e). Other than those disclosed, the Company has not received any significant claims post 31 March 2011.

### (ii) Contingent assets: Nil

#### Note 30: Asset pledged as security

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

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Property, plant & equipments (First charge)	487,278	431,086
<b>Total non-current assets pledged as security</b>	<b>487,278</b>	<b>431,086</b>
<b>Total assets pledged as security</b>	<b>487,278</b>	<b>431,086</b>

#### Note 31: Unhedged foreign currency exposure

- a) There are no outstanding forward exchange contracts as at the year end.
- b) Foreign currency exposures as at 31 March 2020 and as at 31 March 2019 that have not been hedged by derivative instruments or otherwise:

Particulars	As at 31 March 2020		As at 31 March 2019	
	(IN USD)	₹	(IN USD)	₹
Loans and advances to subsidiaries *	584,223	26,086	584,223	26,086
Trade payables	12,450	939	1,066	74
Other payables	-	-	-	-

\* Provided fully and hence not restated

## Notes to the Standalone Accounts Contd...

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

### Note 32: Capital Commitments

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated value of contracts remaining to be executed on capital account and not provided for		
Tangible Assets	31,406	74,770
Intangible Assets	-	-
<b>Total</b>	<b>31,406</b>	<b>74,770</b>

### Note 33:

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.

### Note 34:

In the absence of probability on availability of taxable profit in near future, the Company has not recorded the cumulative deferred tax assets as on 31 March 2020 on unabsorbed depreciation amounting to ₹ 5,23,822 (Previous year: ₹4,95,121) and unabsorbed business losses amounting to ₹3,75,588 (Previous Year: ₹ 3,15,699) arising on account of temporary differences, as stipulated in IND AS 12- Income Taxes

### Note 35:

As at the year end, the Company's current liabilities have exceeded its current assets by ₹ 2,97,290 primarily on account of short term borrowings from holding company amounting to ₹ 1,86,562 and provision for indirect tax related cases of ₹83,488. Management is confident of its ability to generate cash inflows from operations and also raise long term funds to meet its obligations on due date.

### Note 36:

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

### Note 37:

The Standalone financial statements were approved by the Board of Directors on May 23, 2020.

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

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

**Ramanarayanan J**  
Partner  
Membership No.: 220369

**Azadar Hussain Khan**  
Chairman  
DIN:01219312

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

**R.S.Parihar**  
Chief Executive Officer

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

**Abdul Gafoor Mohammad**  
Company Secretary

Place : Chennai  
Date : May 23, 2020

Place : Hyderabad  
Date : May 23, 2020





**Manufacturing facilities & Registered office :**

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CIN : L27100TG1989PLC010122