zenotech
CIN: L27100AP1989PLC010122

ZENOTECH LABORATORIES LTD.
Survey No.250 -252,
Turkapally Village
Shameerpet Mandal
R R District 500 078. T.S., India.
Tel: +91 40 2348 0430/35
Fax: +91 40 2348 0429
www.zenotechlab.com

Date: October 13, 2018

The Manager
BSE Limited (DCS- CRD)
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

Scrip Code: 532039

Dear Sir,

Sub: Submission of Annual Report of the Company for the financial year ended March 31, 2018

In compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith Annual Report of the Company for the financial year ended March 31, 2018.

The Shareholders of the Company have in their 29th Annual General Meeting held on Saturday, September 29, 2018 approved and adopted the Financial Statements of the Company for the financial year 2017-18 together with the Reports of the Auditors and Board of Directors thereon, as disclosed in the enclosed Annual Report.

Also enclosed text of the speech delivered by the Chairperson at the 29th Annual General Meeting of the Company held on September 29, 2018.

A copy of the Annual Report is also available on the website of the Company www.zenotechlab.com.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For **Zenotech Laboratories Limited**

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer

ZENOTECH LABORATORIES LTD. Hyderabad

Encl: as above

zenotech

LABORATORIES LTD.

Annual Report 2017-18

ZENOTECH LABORATORIES LIMITED

CIN: L27100AP1989PLC010122

Board of Directors		
Azadar Hussain Khan	:	Non Executive Director
Jignesh Anantray Goradia	:	Non Executive Director
Kavita Rakesh Shah	:	Independent Director
Chintan Jitendra Shah	:	Independent Director
Key Managerial Personnel		
Rajendra Singh Parihar	:	Chief Executive Officer (w.e.f. February 3, 2018)
Dinesh Kapoor	:	Chief Executive Officer (up to November 20, 2017)
Poly K V	:	Chief Financial Officer
Abdul Gafoor Mohammad	:	Company Secretary & Compliance Officer
Manufacturing facilities & Registered Office	:	Survey No. 250-252, Turkapally Village Shameerpet Mandal, Ranga Reddy District Hyderabad-500 078, Telangana State, India Telephone Nos. : +91 90320 44584/585/586 Fax No. :- +91 040-23480429 E-mail: abdul.gafoor@zenotech.co.in Website: www.zenotechlab.com
Registrar and Transfer Agents	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032, Telangana State, India Telephone Nos. : 1800-3454-001 (Toll Free) E-mail: einward.ris@karvy.com
Statutory Auditors	:	M/s. PKF Sridhar & Santhanam LLP 8-2-577/B/5F, Road No.8, 5th Floor, Maas Heights, Banjara Hills, Hyderabad-500 034, Telangana State, India
Secretarial Auditors	:	Mr. Mahadev Tirunagari Company Secretary in Practice, Hyderabad, Telangana State, India

29th Annual General Meeting

10:00 A.M., Saturday, September 29, 2018

Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road

Shameerpet Mandal, R.R. District, Telangana State-500 078

Contents

Important Communication to Members

- **Attn. Shareholders holding shares in Physical Form!!!**

  Kindly note that consequent to amendment to Regulation 40 of SEBI (LODR) Regulations, 2015 (vide SEBI (LODR) (Fourth Amendment) Regulations, 2018), the Company shall not accept any request for transfer of shares, which are held in physical form, with effect from **5th December 2018**. You are therefore advised to dematerialize all your shareholding with any of the Depositories at the earliest.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Ninth Annual General Meeting** of the members of **Zenotech Laboratories Limited** will be held on **Saturday, September 29, 2018 at 10:00 A.M.** at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana State – 500 078, India, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended March 31, 2018 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.

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) to any of the foregoing, for the time being in force) the Company hereby ratifies transactions of purchase, sale or supply of products, materials, availing or rendering of services or any other obligations including leasing of property entered during the financial year 2017-18 with Sun Pharmaceutical Industries Limited having CIN: L24230GJ1993PLC019050, (hereinafter referred to as "SPIL"), a 'Related Party' as defined under the provisions of Regulation 2(zb) of the Listing Regulations and Section 2(76) of the Act, which were existing and material in nature and approved by the Audit Committee of the Board, undertaken on the terms and conditions as agreed upon between the Company and SPIL.

   RESOLVED FURTHER THAT pursuant to aforesaid Listing Regulations and the Act, approval of the members of the Company be and is hereby accorded to the Board of Directors or Committee of the Board of Directors (hereinafter referred to as the "Board") to enter/continue to enter into transactions with SPIL, a related party for the purchase, sale or supply of products, materials, availing or rendering of services or any other obligations including leasing of property on such terms and conditions as may be mutually agreed upon by the Company and SPIL aggregating to an amount of ₹ 200 crores in each financial year commencing from financial year 2018-19 to financial year 2022-23.

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or any other person(s) authorised by them, be and are hereby authorised to decide upon the nature and value of products, materials, goods or services to be transacted with SPIL within the aforesaid limit.

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

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

Place : Mumbai
Date : August 6, 2018

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer

Registered Office:

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

Notes:

1. **A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.**
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to Special Business is annexed hereto.

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

   Pursuant to Notification issued by the Ministry of Corporate Affairs on May 7, 2018, amending Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Statutory Auditors by the Members at every Annual General Meeting (AGM) has been omitted, and hence the Company is not proposing the item on ratification of appointment of Statutory Auditors at this AGM.
4. In terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 brief resume of the Directors seeking appointment/ re-appointment at the Annual General Meeting (AGM) are given in the annexure to this Notice.
5. In case of Joint Holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per Register of members will be entitled to vote.
6. Corporate members intending to send their authorised representatives are requested to send duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting (AGM).
7. Members/proxies/Authorised Representative(s) are requested to bring their attendance slip duly filled in along with their copy of Annual Report to the meeting.
8. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
9. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act 2013 will be available for inspection at the AGM.
10. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act 2013 will be available for inspection at the AGM.
11. The Register of Members and Share Transfer Books of the Company will be closed from September 22, 2018 to September 29, 2018 (both days inclusive) in connection with the Annual General Meeting to be held on September 29, 2018.
12. Shareholders holding shares in physical form are requested to notify any change of their addresses timely to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Unit: Zenotech Laboratories Limited), Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500 032, Telangana. For members holding shares in electronic form, intimation needs to be made to the respective Depository Participant and not to the Company or the Registrar.
13. Members seeking any information with regard to the financial statements are requested to write to the Company at least seven (7) days before the AGM so as to enable the management to keep the information ready at the AGM.
14. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members may contact the Company or the Registrar and Share Transfer Agent, Karvy Computershare Private Limited for assistance in this regard.
15. To support the 'Green Initiative', Members who have not registered their email ids so far are requested to register their email ids for receiving all communication(s) including Annual Report, Notices etc from the Company in electronic form.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Account details by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN and Bank Account details to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN and Bank Account details along with a self certified copy of PAN and a cancelled cheque/passbook copy to the Registrar and Share Transfer Agent / Company. Kindly note that in compliance with the SEB circular No. SEBI/ HO/MIRSD/DOP1/ CIR/P/2018/13 dated 20th April 2018, any transaction involving shares in respect of which PAN/Bank Account details are not registered with the Company shall be subject to enhanced supervision by the Company/Registrar and Share Transfer Agent, which may result in avoidable processing delay.

17. Relevant documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.

18. The Company has paid the Listing Fee for the financial year 2018-19 to the Stock Exchange where equity shares of the Company are listed.

19. Remote e-voting:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended from time to time and the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and revised Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited, on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

a) The facility for voting through poll will also be made available at the AGM and the members attending the AGM, who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM through poll. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not entitle to cast their votes again. The instruction for remote e-voting is annexed to the Notice.

b) The Board of Directors of the Company has appointed Mr. Mahadev Tirunagari, Practicing Company Secretary as Scrutinizer to scrutinise the poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.

c) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 22, 2018.

d) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 22, 2018, shall be entitled to avail the facility of remote e-voting / Poll.

e) The remote e-voting facility will be available during the following period: Commencement of remote e-voting : From 9:00 AM (IST) on September 26, 2018 End of remote e-voting: Up to 5:00 PM (IST) on September 28, 2018. The remote e-voting shall be disabled by Karvy upon expiry of the aforesaid-voting period.

f) The Scrutinizer, after scrutinizing the votes cast at the meeting (Poll) and through remote e-voting, will, not later than two days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.zenotechlab.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchange.

g) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 29, 2018.

20. Process for remote e-voting:

A. The Company has made arrangements with Karvy Computershare Private Limited for facilitating remote e-voting to enable the Shareholders to cast their vote electronically. [for members whose e-mail addresses are registered with the Company / Depository) Participant(s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com.

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 4180 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email: mahadev.pcs@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

B. In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

i. E-Voting Event Number – 4180 (EVEN), User ID and Password are provided in the AGM Notice form.

ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr. Rajeev Kumar, Deputy Manager, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on September 26, 2018 (9.00 A.M. IST) and ends on September 28, 2018 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. September 22, 2018.

e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cutoff date for E-voting i.e., September 22, 2018, he/she may obtain the User ID and Password in the manner as mentioned below :

  i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

     Example for NSDL:

     MYEPWD <SPACE> IN12345612345678

     Example for CDSL:

     MYEPWD <space> 1402345612345678

     Example for Physical: MYEPWD <SPACE> XXXX1234567890

  ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.

  iii. Member may call Karvy’s toll free number 1800-3454-001.

  iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

ANNEXURE TO THE NOTICE

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

Item No. 3: To ratify/approve the material Related Party Transactions with Sun Pharmaceutical Industries Limited

In the last Annual General Meeting held on September 23, 2017, the Company had obtained approval from shareholders for material related party transactions entered prior to the date of notification of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulations’) and upto financial year ended March 31, 2017 which were existing and material in nature and approved by the Audit Committee, undertaken on the terms and conditions as agreed upon between the Company and Sun Pharmaceutical Industries Limited (SPIL). All the transactions were entered on arm’s length basis and in ordinary course of business as approved by the Audit Committee of Board.

Pursuant to the provisions of Regulation 23 of the Listing Regulations, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the Shareholders through ordinary resolution at the General Meeting.

During the financial year 2017-18, the Company had entered into contract/ arrangement/ transactions with SPIL, a related party for the purchase, sale or supply of products, materials, availing or rendering of services or any other obligations including leasing of property on such terms and conditions as may be mutually agreed upon by the Company and SPIL. Accordingly, the necessary resolution at Item No. 3 is being proposed to ratify the transaction value of ₹ 23.61 crores entered with SPIL for the financial year 2017-18.

The Audit Committee of the Board had approved the related party transactions proposed to be entered during the financial year 2018-19 in its meeting held on May 19, 2018. Keeping in view of the growing business projections in the future years, the cumulative transactions with SPIL are estimated to be at around ₹ 200 crores over a period of time. The Company manufactures the products offered by SPIL under Loan Licensing arrangement and hence, it mainly depends on SPIL for its current operations to sustain by itself.

Hence, it is now being proposed to obtain approval from shareholders by way of ordinary resolution, to enter into transactions with SPIL aggregating to an amount of ₹ 200 Crores in each financial year commencing from the Financial Year 2018-19 to Financial Year 2022-23.

Thus, the transactions would require the approval of the members by way of an ordinary resolution.

It is therefore, in the best interest of the Company, to continue working with SPIL. The Board recommends the ordinary resolution set out in Item No.3 of the Notice for approval of the members.

In terms of provisions of the Act and Regulation 23(4) of the SEBI LODR, all related party(ies) will abstain from voting on this resolution as set out at Item no. 3 of the Notice.

Pursuant to the applicable provisions of the above said Regulations, Mr. Azadar Hussain Khan and his relatives are deemed to be interested in SPIL, since it is a holding company, in which Mr. Azadar Hussain Khan is an employee. Other than Mr. Azadar Hussain Khan and his relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

Profile of Directors being appointed

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

Particulars/Name	**Mr. Jignesh Anantray Goradia**
Director Identification Number (DIN)	07229899
Date of Birth	October 1, 1967
Date of first Appointment on the Board	July 8, 2015
Qualification	Chartered Accountant
Expertise in specific functional areas	His expertise is in dealing with various business issues for more than 20 years. He is the founder partner of M/s Jignesh Goradia & Associates, a Proprietory Firm of Chartered Accountants. His expertise lies in offering consulting and advisory services in finance, Indirect Tax, Direct Tax, Company Law. He has vast experience in the fields of tax audit, statutory audit, audit of companies, internal audits, income tax and GST matters.
Directorship held in other companies in India	Nil
Membership/Chairmanships of Committees of other public Companies(includes only Audit Committee and Stakeholders Relationship Committee)	Nil
No. of equity shares held in the Company as on March 31, 2018.	Nil
Relationship with Other Directors and Key Managerial Personnel of the Company	N.A.

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

Place: Mumbai
Date: August 6, 2018

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer

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

BOARD'S REPORT

Your Directors take pleasure in presenting the Twenty Ninth Annual Report and audited accounts of the Company for the financial year ended March 31, 2018.

Financial Results (₹ in Lakhs)

Sl No.	Particulars	2017-18	2016-17
(i)	Revenue from operations (net)	**1,114.42**	225.42
(ii)	Other income	**236.91**	5.52
(iii)	Total Revenue (i+ii)	**1,351.33**	230.94
(iv)	Depreciation	**390.31**	387.41
(v)	Loss before tax	**(1,185.10)**	(2,166.99)
(vi)	Exceptional Items	**-**	(182.94)
(vii)	(Loss) after tax (v-vi)	**(1,178.97)**	(1,984.05)
(viii)	Loss brought forward from previous year	**(21,676.64)**	(19,692.59)
(ix)	Profit/(Loss) carried forward to Balance Sheet (vii+viii)	**(22,855.61)**	(21,676.64

Performance review and the state of company's affairs

During the year under review, the Company's revenue stood at ₹ 1,351.33 Lakhs (previous year ₹ 230.94 Lakhs) with a steep increase of 485% over the corresponding previous year. The Company reported a loss of Rs.1,178.97 Lakhs, reduction of 40% as against the reported loss of previous year (1,984.05 Lakhs). The occupancy level of the Company was at par with its operational capacity for the Oral Solid Dosage (OSD) facility. However, the Cyto Injectables, General Injectables and Eye care facilities are yet to attain its optimum utilization due to low market demands. As per the projected business plans for the forthcoming years, the Company believes that it can contain its operational losses by utilizing its resources to its maximum. Your Company is constantly striving to optimize its operational capacities, control costs to remain competitive which would help to improve the operational efficiency.

Post Rights Issue, the Company has initiated setting up of an additional facility for manufacture of specialty products in the oncology sector, for which the project work is ongoing. The Company expects to draw more revenues from the said facility upon commissioning for commercial manufacturing. The Company is looking forward to operationalise its Biotech facility with continued support from Sun Pharmaceutical Industries Limited (SPIL), one of its current promoters. During the year, the Company had invested in enhancing its utilities, infrastructure and manpower to support its future operations.

The Company is in the process of diluting its inhibited legacy issues and as an initiative in this direction, the Company settled its secured loan with Technology Development Board (TDB) through a settlement agreement signed between the parties. The unsecured loans from SPIL and Biotech Consortium (India) Limited (BCIL) were fully paid off and also settled the liability towards customs duty amount payable. Thus the current liabilities and interest burden thereof, reduced to its minimum paving way for restricted EBT losses.

Dividends

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

Reserves

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

Subsidiaries, Joint Ventures or Associates

The Company does not have any joint venture or associate company. All three overseas subsidiaries are reported defunct and no information with regard to their operations is available with the Company. Your Directors have decided to wind up the subsidiaries in Brazil and Nigeria during the previous year and accordingly the winding up activities has been initiated for both the subsidiaries. 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, 2018 is 72. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the employees.

Remuneration Policy

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

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

The purpose of the Remuneration Policy is to establish and govern the procedure applicable:

a) To evaluate the performance of the members of the Board.

b) To ensure remuneration payable to Directors, KMP & other senior Management strike appropriate balance and commensurate, among others, with the functioning of the Company and its long term objectives.

c) To retain, motivate and promote talent within the Company and to ensure long term sustainability of the managerial persons and create competitive advantage.

Particulars of Employees

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

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

Employee Stock Option Scheme

Disclosures as on March 31, 2018 is appended herewith as Annexure 3 to this Report.

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

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

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

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

Criteria for evaluation of Board and its Committees:

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

Criteria for evaluation of Independent Directors:

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

Criteria for evaluation of Non-Independent Directors:

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

The Directors expressed their satisfaction with the evaluation process.

Familiarization programme for Independent Directors

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

Share Capital & Rights Issue

During the financial year under review, based on the approval of your Directors, the Company had issued 2,66,03,068 fully paid-up equity shares of face value of ₹ 10 each (“rights issue equity shares”) for cash at a price of ₹ 45 per equity share including a share premium of ₹ 35 per equity share aggregating upto ₹ 11,971.38 lakhs to the existing equity shareholders on a rights basis in the ratio of 17 fully paid-up equity shares for every 22 fully paid-up equity shares held by the existing equity shareholders on the record date, i.e. June 2, 2017 (“the issue”).

The Issue was opened for subscription from June 30, 2017 to July 14, 2017. The Board of Directors at its meeting held on July 25, 2017 approved the allotment of 2,66,03,068 rights equity shares to the successful applicants, based on the ‘basis of allotment’ approved by BSE Limited, the designated Stock Exchange for the issue. The shares were listed on BSE Limited and were admitted for dealing by the stock exchange with effect from July 28, 2017. Consequent to the allotment made by the Company on Rights basis, the paid-up share capital of the Company have increased from ₹ 34,42,75,000/- to ₹ 61,03,05,680/-.

Pursuant to the rights issue during the year, the shareholding of SPIL (one of the promoter companies) in the Company had increased from 1,61,28,078 Equity Shares to 3,51,28,078 Equity Shares, consequent to which the Company has become a subsidiary of SPIL.

Auditors and their Reports

Statutory Auditors

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

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

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

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018, is appended herewith as Annexure 4 to this Report.

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

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

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

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

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

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

Reporting of Frauds by Auditors

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

Consolidated financial statements

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

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

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

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

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, 2018 and of the loss of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

(f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Report on Corporate Governance & Management Discussion and Analysis

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

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

Public Deposits

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

Directors & Key Managerial Personnel

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

During the year under review, Mr. Dinesh Kapoor, has resigned as Chief Executive Officer w.e.f. November 20, 2017. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Rajendra Singh Parihar as Chief Executive Officer of the Company w.e.f February 3, 2018.

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

Declaration by Independent Directors

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

Number of Meetings of the Board

The Board of Directors of the Company met 7(seven) times during the financial year ended March 31, 2018. 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, 2018 are disclosed in Notes No. 26 of the Financial Statements of the Company. These transactions were entered in the ordinary course of business and at arm's length. Form AOC-2, containing the note on the aforesaid related party transactions is appended as Annexure 5 to this Report.

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

Pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an ordinary resolution for approving material related party transactions has been included in the Notice convening the 29th Annual General Meeting of the Company.

Risk Management Policy

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

Corporate Social Responsibility

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

Green Initiative

To preserve environment, the Company has undertaken member of green initiatives which not only reduced burden on environment but also ensures secured dissemination of information Such initiatives include energy saving, water conservation and usage of electronic mode in internal processes and control, statutory and other requirements.

Prevention of Sexual Harassment Policy

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2017-18 no complaints were received by the Company related to sexual harassment.

Environment, Health & Safety

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

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

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

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

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

Vigil Mechanism/Whistle Blower Policy

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

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

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

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

Material Changes

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

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

Acknowledgement

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 6, 2018

Chairman

Annexure 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2018

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

I. REGISTRATION & OTHER DETAILS:

i)	CIN	L27100AP1989PLC010122
ii)	Registration Date	15/06/1989
iii)	Name of the Company	**Zenotech Laboratories Limited**
iv)	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Survey No. 250 - 252, Turkapally Village, Shameerpet Mandal, R.R. District, Hyderabad-500 078, Telangana State Ph. No. +91-90320 44584 / 585 / 586 E-mail : abdul.gafoor@zenotech.co.in
vi)	Whether listed company	Yes
vii)	Name, Address and contact details of the Registrar and Transfer Agent, if any.	**Karvy Computershare Private Limited** Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph. No. +91-40-67162222 Fax: +91-40-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES*

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

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2017]				*No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	
d) Bodies Corp.	16128078	0	16128078	46.85	**35128078**	**0**	**35128078**	**57.56**	10.71
e) Banks / FI	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2017]				*No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	**16128078**	**0**	**16128078**	**46.85**	**35128078**	**0**	**35128078**	**57.56**	**10.71**
(2) **Foreign**									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	6886500	0	6886500	20.00	**6886500**	**0**	**6886500**	**11.28**	-8.72
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	
Sub-total (A)(2):	**6886500**	**0**	**6886500**	**20.00**	**6886500**	**0**	**6886500**	**11.28**	**-8.72**
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**23014578**	**0**	**23014578**	**66.85**	**42014578**	**0**	**42014578**	**68.84**	**1.99**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	4414	0	4414	0.01	**4414**	**0**	**4414**	**0.01**	-0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**4414**	**0**	**4414**	**0.01**	**4414**	**0**	**4414**	**0.01**	**-0.01**
2. Non-Institutions a) Bodies Corp.									
i) Indian	829930	0	829930	2.41	**1315282**	**0**	**1315282**	**2.16**	-0.25
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	2184934	45389	2230323	6.48	**3811022**	**45204**	**3856226**	**6.32**	-0.16
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2304711	5093238	7397949	21.49	**6916247**	**5094238**	**12010485**	**19.68**	-1.81
c) Others (specify)									
Clearing Members	3417	0	3417	0.01	**51982**	**0**	**51982**	**0.09**	0.08
Foreign Bodies	0	692791	692791	2.01	**0**	**692791**	**692791**	**1.14**	-0.87
Non Resident Indians	50851	7468	58319	0.17	**84011**	**7468**	**91479**	**0.15**	-0.02
NRI Non Repatriation	5562	0	5562	0.02	**35449**	**0**	**35449**	**0.06**	-0.04
NBFC	15374	0	15374	0.04	**74924**	**0**	**74924**	**0.12**	0.15
HUF	174843	0	174843	0.51	**882958**	**0**	**882958**	**1.45**	0.94
Sub-total (B)(2):-	**5569622**	**5838886**	**11408508**	**33.14**	**13171875**	**5839701**	**19011576**	**31.15**	**-1.98**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**5574036**	**5838886**	**11412922**	**33.15**	**13176289**	**5839701**	**19015990**	**31.16**	**-1.98**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**28588614**	**5838886**	**34427500**	**100.00**	**55190867**	**5839701**	**61030568**	**100.00**	**0**

* Post Rights Issue of Equity Shares

(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 share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / en-cumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / en-cumbered to total shares	
1	Sun Pharmaceutical Industries Limited	16128078	46.85	0	35128078	57.56	0	10.71
2	Daiichi Sankyo Company, Limited	6886500	20	0	6886500	11.28	0	-8.72
	TOTAL	**23014578**	**66.85**	**0**	**42014578**	**68.84**	**0**	**1.99**

* Post Rights Issue of Equity Shares

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

SN	Name	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			*Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Sun Pharmaceutical Industries Limited	16128078	46.85	25/07/2017	19000000	Allotment pursuant to Rights Issue	35128078	57.56
2.	Daiichi Sankyo Company, Limited	6886500	20	-	-	-	6886500	11.28**

* Post Rights Issue of Equity Shares

** decrease in % is due to rights issue of shares by the Company during the year, however, there was no change in the number of shares held

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

S N	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares#	% of total shares of the company#
1.	Padmasree Chigurupati	3060500	8.89	-	-		3060500	5.01
2.	Dr. Jayaram Chigurupati	3677558	10.68	07/04/2017	44926	Sale	3632632	10.55
				14/04/2017	30000	Sale	3602632	10.46
				21/04/2017	10000	Sale	3592632	10.44
				12/05/2017	296851	Purchase	3889483	11.30
				12/05/2017	300000	Sale	3589483	10.43
				19/05/2017	63007	Sale	3526476	10.24
				26/05/2017	5929	Sale	3520547	10.23
				16/06/2017	7000	Sale	3513547	10.21
				23/06/2017	16000	Sale	3497547	10.16
				18/08/2017	3977	Sale	3493570	5.72
				25/08/2017	13309	Sale	3480261	5.70
				01/09/2017	12825	Sale	3467436	5.68
				08/09/2017	21212	Sale	3446224	5.65
				15/09/2017	1328	Sale	3444896	5.64
				22/09/2017	11161	Sale	3433735	5.63

S N	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares#	% of total shares of the company#
				29/09/2017	5730	Sale	3428005	5.62
				06/10/2017	6835	Sale	3421170	5.61
				13/10/2017	10000	Sale	3411170	5.59
				20/10/2017	27861	Sale	3383309	5.54
				27/10/2017	16067	Sale	3367242	5.52
				31/10/2017	5999	Sale	3361243	5.51
				03/11/2017	30000	Sale	3331243	5.46
				10/11/2017	160698	Purchase	3491941	5.72
				10/11/2017	200000	Sale	3291941	5.39
				17/11/2017	32740	Sale	3259201	5.34
				24/11/2017	345076	Purchase	3604277	5.91
				24/11/2017	400000	Sale	3204277	5.25
				01/12/2017	66038	Sale	3138239	5.14
				08/12/2017	52033	Sale	3086206	5.06
				15/12/2017	56327	Sale	3029879	4.96
				22/12/2017	31392	Sale	2998487	4.91
				29/12/2017	20692	Sale	2977795	4.88
				05/01/2018	31410	Sale	2946385	4.83
				12/01/2018	27223	Sale	2919162	4.78
				19/01/2018	16804	Sale	2902358	4.76
				26/01/2018	13061	Sale	2889297	4.73
				02/02/2018	4500	Sale	2884797	4.73
				09/02/2018	18348	Sale	2866449	4.70
				16/02/2018	19006	Sale	2847443	4.67
				23/02/2018	12885	Sale	2834558	4.64
				02/03/2018	6940	Sale	2827618	4.63
				09/03/2018	11691	Sale	2815927	4.61
				16/03/2018	36150	Sale	2779777	4.55
				23/03/2018	11870	Sale	2767907	4.54
				30/03/2018	5098	Sale	2762809	4.53
				31/03/2018	-	-	2762809	4.53
3.	Hardik B. Patel	2000	0.01	*25/07/2017	2424644	**Allotment	2426644	3.98
				01/12/2017	2426644	Transfer	4853288	7.96
				01/12/2017	2426644	Transfer	2426644	3.98
4.	Ruchit Bharat Patel	1000	0	*25/07/2017	1212322	**Allotment	1213322	1.99
5.	Zenotech LLC	692791	2.01	-	-	-	692791	1.14
6.	Technology Development Board	600000	1.74	-	-	-	600000	0.98
7.	Kantilal M. Vardhan (HUF)	53754	0.16	05/05/2017	4902	Sale	48852	0.14
				*25/072017	45100	**Allotment	499852	0.82
				27/10/2017	14392	Purchase	514244	0.84
8.	Lakshmi M	110000	0.32	*25/07/2017	150000	**Allotment	260000	0.43
9.	Santosh Industries Limited	0	0	01/12/2017	34609	Purchase	34609	0.06

S N	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares#	% of total shares of the company#
				08/12/2017	21095	Purchase	55704	0.09
				15/12/2017	16456	Purchase	72160	0.12
				22/12/2017	1000	Purchase	73160	0.12
				05/01/2018	2449	Purchase	75609	0.12
				12/01/2018	4000	Purchase	79609	0.13
				09/03/2018	1000	Purchase	80609	0.13
				16/03/2018	45155	Purchase	125764	0.21
				23/03/2018	15350	Purchase	141114	0.23
				30/03/2018	5647	Purchase	146761	0.24
10.	Ashok Lynn Coelho	1271	0	*25/07/2017	112000	**Allotment	113271	0.19

Post Rights Issue of Equity Shares
** Allotment pursuant to Rights Issue

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Name of the Director/KMP	Shareholding at the beginning of the year 01.04.2017		Increase/Decrease in Shareholding			*Cumulative Shareholding during the year 31.03.2018	
		No. of shares	% of total shares of the company	Date	No. of Shares	Reason	No. of shares	% of total shares of the company
1.	Mr. Azadar Hussain Khan – Director	0	0	-	-	-	0	0
2.	Smt. Kavita Rakesh Shah – Director	0	0	-	-	-	0	0
3.	Mr. Jignesh Anantray Goradia – Director	0	0	-	-	-	0	0
4.	Mr. Chintan Jitendra Shah – Director	0	0	-	-	-	0	0
5.	Mr. Rajendra Singh Parihar – Chief Executive Officer (KMP) (w.e.f. February 3, 2018)	1	0	-	-	-	1	0
6	Mr. Dinesh Kapoor – Chief Executive Officer (KMP) (upto November 20, 2017)	13	0	25/07/2017	10	Allotment pursuant to Rights Issue	23	0
7	Mr. Poly K.V. – Chief Financial Officer (KMP)	1	0	-	-	-	1	0
8	Mr. Abdul Gafoor Mohammad – Company Secretary (KMP)	0	0	-	-	-	0	0

* Post Rights Issue of Equity Shares

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	2,96,47,545	51,31,12,000	13,29,393	54,40,88,938
ii) Interest due but not paid	2,72,31,082	21,52,71,635	3,42,815	24,28,45,532
iii) Interest accrued but not due				
Total (i+ii+iii)	**5,68,78,627**	**72,83,83,635**	**16,72,208**	**78,69,34,470**
Change in Indebtedness during the financial year				
* Addition	4,13,873	2,16,41,121	-	2,20,54,994
* Reduction	2,96,47,545	69,67,62,696	-	72,64,10,241
Net Change	3,00,61,418	71,84,03,817	-	74,84,65,235
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	13,29,393	13,29,393
ii) Interest due but not paid	2,76,44,955	5,32,62,060	3,42,815	8,12,49,830
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**2,76,44,955**	**5,32,62,060**	**16,72,208**	**8,25,79,223**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

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

B. Remuneration to other directors

S N.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	–	–	–	–	–
	Fee for attending board committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	–	–	–	–	–

S N.	Particulars of Remuneration	Name of Directors				Total Amount
2	Other Non-Executive Directors	–	–	–	–	–
	Fee for attending board committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	–	–	–	–	–

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

S N	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	52,64,043* 4,62,127**	13,20,484	15,92,041	86,38,695
	(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	**57,26,170**	**13,20,484**	**15,92,041**	**86,38,695**

* Remuneration paid to Mr. Dinesh Kapoor upto November 20, 2017

** Remuneration paid to Mr. Rajendra Singh Parihar from February 3, 2018

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY			**--None--**		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			**--None--**		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			**--None--**		
Penalty					
Punishment					
Compounding					

Annexure 2

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

(i) Ratio of the remuneration* of each director to the median remuneration of the employees of the Company for the financial year 2017-18:

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

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

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

Name & Designation of Director & KMP	% increase* in Remuneration in the financial year 2017-18
Mr. Azadar Hussain Khan, Non-Executive Director	N.A.
Smt. Kavita Rakesh Shah, Independent Director	N.A.
Mr. Jignesh Anantray Goradia, Non-Executive Director	N.A.
Mr. Chintan Jitendra Shah, Independent Director	N.A.
Mr. Dinesh Kapoor, Chief Executive Officer (upto November 20, 2017)	Nil
Mr. Rajendra Singh Parihar, Chief Executive Officer, (w.e.f. February 3, 2018)	7%
Mr. Poly K.V., Chief Financial Officer	8%
Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer	9%

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

(iii) The percentage increase in the median remuneration of employees in the financial year:

8%

(iv) The number of permanent employees on the rolls of Company:

72

(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:

10%

(vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Key Managerial Personnel and other employees. It is also affirmed that no remuneration is being paid to Directors.

Annexure 3

Details of Stock Options granted under Zenotech Stock Option Scheme, 2005 (ZESOS, 2005) as on March 31, 2018*

Pursuant to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

DESCRIPTION	PLAN 2
Number of Options available under the Scheme	42,500
Total number of Options granted	42,500
Options granted during the year	Nil
Pricing formula	The market price of the share quoted on the BSE as per SEBI (ESOS & ESPS) Guidelines, 1999 in vogue.
Options vested during FY 2017-18	Nil*
Options exercised during FY 2017 – 18	Nil
The total number of shares arising as a result of exercise of options	Nil
Options lapsed during FY 2017-18 which are subject to reissue	Nil
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Grant price (Face value of ₹ 10)	₹ 103.65
Total number of options in force as on March 31, 2014 (cumulative)	15,000*
Grant details of members of senior management team during the year 2017-18	Nil
Number of other employees who receives a grant in any one year options amounting to 5% or more of options granted during that year	Nil
Number of employees who are granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Diluted earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	₹ (2.24)
Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options (in case the company has calculated the compensation cost using the intrinsic value of the Stock Options).	Not applicable as the Company is valuing the options at fair value of the options granted

* Information provided is as on March 31, 2018 and based on the inferred data. Since all employees to whom these options were granted either did not rejoin the company or have left the company and have not opted to exercise their options, the valuation has not been undertaken by the company.

Annexure 4

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

[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 March 31, 2018 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 March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) The other laws as applicable specifically to the companyare as under:

   1. Drugs and Cosmetics Act, 1940
   2. The Patents Act, 1970
   3. The Trade Marks Act, 1999
   4. Indian Boilers Act, 1923
   5. Standards of Weights and Measures Act, 1976

6. The Drugs Control Act, 1950 / DPCO, 2013 / rules;
7. Air (Prevention and Control of Pollution) Act, 1981
8. Water (Prevention & Control of Pollution) Act, 1974
9. Explosives Act, 1884
10. Apprentices Act, 1961
11. The Child Labour (Prohibition and Regulations Act), 1986
12. Contract Labour (Regulation and Abolition) Act, 1970
13. Employees Provident Funds and Miscellaneous Provisions Act, 1952
14. Employees State Insurance Act, 1948
15. Factories Act, 1948
16. Industrial Disputes Act, 1947
17. Minimum Wages Act, 1948
18. Payment of Bonus Act, 1965
19. Payment of Gratuity Act, 1972
20. Payment of Wages Act, 1936
21. The Sexual Harassment of women at Workplace (Prevention, Prohibition & Redressal) Act, 2013
22. General Sales Tax Laws of various states
23. The Central Sales Tax Act, 1956
24. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
25. Foreign Exchange Management Act, 1999
26. The Central Excise Act, 1944
27. Customs Act, 1962
28. Negotiable Instruments Act, 1881

I have also examined compliance with the applicable clauses of revised Secretarial Standards issued by The Institute of Company Secretaries of India effective from October 1, 2017.

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 March 31, 2018 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 November 11, 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was found that, among others, various statutory books and records of the Company was missing. In order to recover the related missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. The matter is currently subjudiced.

b) Due to the missing and non-availability of the books of account and other related records and documents of the overseas subsidiaries, the Company is unable to prepare consolidated financial statements and attach the required statements and particulars in terms of the provisions of Section 129 of the Companies Act, 2013 and relevant provision of the listing agreement / SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, and also corresponding compliances under FEMA were not complied in relation to ODI etc., in subsidiaries.

c) 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:

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

Major Observations:

1. Due to the deteriorating financial health of the Company, it was led to notification of the case with Board for Industrial and Financial Reconstruction (BIFR) in the financial year 2015 and subsequently, the Company had filed a reference under section 15(1) of the Sick Companies (Special Provisions) Act, 1985 (SICA) with the BIFR on July 17, 2015 and was registered as case no. 115/2015 with BIFR vide order dated September 7, 2015. The Government of India vide a notification dated November 25, 2016 repealed the SICA and therefore all proceedings pending before the BIFR shall abate. However, the company has opted not to make a reference to NCLT subsequent to completion of issue of right shares
2. The company has received a show cause notice dated August 10, 2016 issued by SEBI for alleged violations under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI Act, 1992. Further, SEBI has initiated adjudication proceedings against Promoters for alleged violation under these Regulations and the Act. However, the company has made an application for settlement of the proceedings on October 4, 2016. SEBI vide its letter dated August 14, 2017, has decided to drop the action, and hence settlement application disposed of.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

Place : Hyderabad
Date : August 4, 2018

Annexure to Secretarial Audit Report

SECRETARIAL AUDIT REPORT

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

My report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the further viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Hyderabad
Date : August 4, 2018

Annexure 5

Form No. AOC-2

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

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

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

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

2. 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. 26 of the Financial Statements.

Annexure 6

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

A. Conservation of energy-

i. the steps taken or impact on conservation of energy and the capital investment made thereon:

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

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**	**2017-18**	**2016-17**
1	Electricity		
	i. Purchased		
	Units	**3420265**	**1529280**
	Total amount(Rs)	**26819945**	**12933575**
	Rate/unit(Rs)	**7.84**	**8.46**
	ii. Own generation through diesel generation set		
	Units	**77267**	**49811**
	Total amount(Rs)	**2289541**	**1445240**
	Units per liter of diesel oil	**2.91**	**2.99**
	Rate/unit(Rs)	**29.63**	**29.01**
2	Diesel (used in boiler)		
	Quantity (tones)	**2059**	**803**
	Total cost (Rs)	**10987650**	**3888271**
	Average rate (Rs)	**5600**	**4800**
b)	Consumption per unit of production		
	The company manufactures injectables of various forms and strengths. It is therefore, impractical to apportion the consumption and cost of utilities to each unit.		

B. Technology absorption-

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

None

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

None

iii. EXPENDITURE INCURRED ON RESEARCH & DEVELOPMENT

a. Expenditure on R&D:

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

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

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

d. Future course of action: N.A.

C. FOREIGN EXCHANGE EARNINGS / OUTGO:

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

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

	31.03.2018	31.03.2017
Earnings in Foreign Currency		
Export of Goods (FOB Value)	**812.70**	-
CIF value of Imports		
Raw Materials	**876.15**	-
Components and Spare Parts	**819.89**	-
Capital Goods	**1168.81**	-
Professional fees/ services	**29.45**	46

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

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance.

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

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

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

2. Board of Directors

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

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

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

Category of directors:

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

(b) Attendance of each director at the meetings of the board of directors and the last Annual General Meeting, during the financial year ended March 31, 2018 and other details provided hereunder:

Name of the Director	Designation & Category	No. of Board Meetings during the Year 2017-18		Attendance at Previous AGM held on 23.09.2017	Number of Director-ships*	No. of Committees Position held#	
		Held	Attended			Member	Chairperson
Mr. Azadar Hussain Khan	Non-Executive Director	7	2	No	2	-	-
Ms. Kavita Rakesh Shah	Independent Director	7	5	Yes	1	-	1
Mr. Jignesh Anantray Goradia	Non- Executive Director	7	7	Yes	1	1	1
Mr. Chintan Jitendra Shah	Independent Director	7	7	Yes	2	2	-

Notes:

* *All Public Limited Companies including Zenotech Laboratories Limited.*

only chairmanship/membership in Audit & Stakeholders Relationship Committee of all public limited companies whether listed or not, including Zenotech Laboratories Limited are considered.

(c) During the year ended March 31, 2018, the Board of Directors of Zenotech Laboratories Limited met seven (7) times on the following dates: May 3, 2017; May 20, 2017; July 25, 2017; August 10, 2017; September 23, 2017; November 13, 2017 and February 3, 2018.

(d) Necessary information as mentioned in Schedule II appended to Regulation 17(7) of the SEBI Listing Regulations has been placed before the Board for their consideration.

(e) As per the information available with the Company, none of the Directors were related inter-se.

(f) None of the Non-Executive Directors hold any shares or convertible instruments of the Company.

(g) None of the Independent Directors has any material pecuniary relationship or transaction with the Company

(h) The Board members get updated on the Company's procedures and policies as per the familiarization program devised in that behalf by the Company.

3. Audit Committee

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

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

(b) The terms of Reference of the Audit Committee are:

(1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

b. changes, if any, in accounting policies and practices and reasons for the same;

c. major accounting entries involving estimates based on the exercise of judgment by management;

d. significant adjustments made in the financial statements arising out of audit findings;

e. compliance with listing and other legal requirements relating to financial statements;

f. disclosure of any related party transactions;

g. modified opinion(s) in the draft audit report;

(5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) Approval or any subsequent modification of transactions of the Company with related parties;

(9) Scrutiny of inter-corporate loans and investments;

(10) Valuation of undertakings or assets of the Company, wherever it is necessary;

(11) Evaluation of internal financial controls and risk management systems;

(12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) Discussion with internal auditors of any significant findings and follow up there on;

(15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) To review the functioning of the whistle blower mechanism;

(19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Further, the Audit Committee shall mandatorily review the following information:

(1) Management discussion and analysis of financial condition and results of operations;

(2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;

(3) Management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) Internal audit reports relating to internal control weaknesses; and

(5) Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(c) Composition, meetings and attendance particulars of the Audit Committee during the year ended March 31, 2018 is as follows:

The Audit Committee met five (5) times during the year on: May 3, 2017; May 20, 2017; August 10, 2017; November 13, 2017 and February 3, 2018.

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

Name of the Director	Designation	Category	Number of Meeting	
			Held	Attended
Smt. Kavita Rakesh Shah	Chairperson	Independent Director	5	4
Mr. Jignesh Anantray Goradia	Member	Non-Executive Non-Independent	5	5
Mr. Chintan Jitendra Shah	Member	Independent Director	5	5

The Company Secretary is the Secretary of the Committee.

The last Annual General Meeting of the Company was held on September 23, 2017 and the Chairperson of the Audit Committee attended the same.

4. Nomination and Remuneration Committee

(a) The Nomination and Remuneration Committee comprises of the following members as on March 31, 2018:

Smt. Kavita Rakesh Shah – Chairperson;

Mr. Jignesh Anantray Goradia - Member;

Mr. Chintan Jitendra Shah – Member.

(b) Terms of reference:

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

(1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(2) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(3) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

(4) Devising a policy on diversity of board of directors;

(5) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;

(6) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The committee shall carry out evaluation of performance of every director. The committee shall identify evaluation criteria which will evaluate directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of directors on the Board shall be subject to the outcome of the yearly evaluation process.

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

During the year, the Nomination and Remuneration Committee met one time on February 3, 2018.

Meeting date		February 3, 2018
Composition	(1)	Smt. Kavita Rakesh Shah – Chairperson
	(2)	Mr. Jignesh Anantray Goradia
	(3)	Mr. Chintan Jitendra Shah

All the members of the committee attended the meetings.

The Company Secretary is the Secretary of the Committee.

5. Remuneration of Directors:

(a) During the year ended March 31, 2018, 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, 2018. 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 2017-18.

6. Stakeholders' Relationship Committee

(a) The Stakeholders' Relationship Committee comprised of the following members as on March 31, 2018

Mr. Jignesh Anantray Goradia – Chairman;

Mr. Chintan Jitendra Shah - Member

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

(b) Powers of the Committee_

(1) To redress the grievances of shareholders, debenture holders and other security holders;

(2) To resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non receipt of declared dividends; and

(3) To approve share transfers, dematerialization, rematerialization and all other similar functions.

During the year ended March 31, 2018, the Stakeholders Relationship Committee met two times on August 30, 2017 and September 11, 2017. All the members of the Committee attended the meeting.

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

7. Annual General Meetings

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2016-17	28th AGM	Saturday, September 23, 2017 10:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
2015-16	27th AGM	Saturday, September 24, 2016 at 10:30 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	Special Resolution was passed for alteration of Articles of Association of the Company under Section 14 of the Companies Act, 2013.
2014-15	26th AGM	Monday, September 28, 2015 at 11:00 AM	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed

For past three years ended as on March 31, 2018; there was no ordinary or special resolution passed through postal ballot. Further, no Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

8. Disclosures

(i) Shareholding of Directors

As on March 31, 2018, no Director of the Company held any share in the Company.

(ii) Materially significant related party transactions

Transactions with related parties as per requirements of Ind-AS “Related Party Disclosures” are disclosed in Note No. 26 to financial statements as at March 31, 2018.

(iii) Compliance

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

Disclosures relating to subsidiaries :

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

Overseas Subsidiaries

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

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

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

(v) CEO & CFO Certificate

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

(vi) Management Discussion and Analysis

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

(vii) Disclosure of accounting treatment

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

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

(ix) 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. The matter is currently subjudiced. The company is making efforts to comply with the non mandatory requirements specified under the corporate governance code.

(x) Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and ensure compliance to the laid down ethical standards. The code is available on the Company's website http://zenotechlab.com

(xi) Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (B) to (I) of Sub-Regulation (2) of Regulation 46 are as follows:

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

DECLARATION

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

I confirm that the Company has in respect of the financial year ended 31st March, 2018, 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

August 6, 2018 — Chief Executive Officer

9. Means of communication

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

10. General Shareholder information

i) Annual General Meeting

Date	:	Saturday, September 29, 2018
Time	:	10:00 A.M.
Venue	:	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Pin - 500078, Telangana, INDIA

ii)	Financial Year ending	:	March 31, 2018
iii)	Book Closure	:	September 22, 2018 to September 29, 2018 (Both days inclusive)
iv)	Listing on Stock Exchange	:	BSE Limited (listing fees has been paid up to financial year 2018-19)
v)	Stock Code / Symbol on BSE (Physical & Demat)	:	ZENOTECH / 532039
vi)	International Securities Identification Number (ISIN) allotted to the Company's Shares	:	INE486F01012

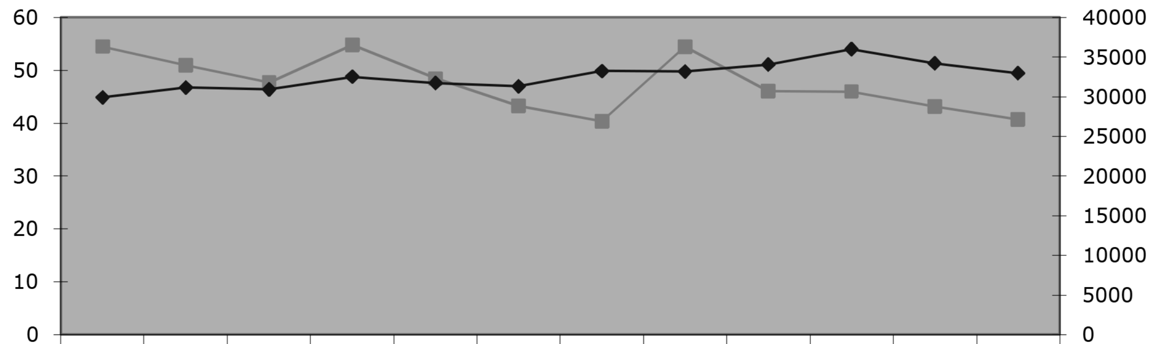
vii) Market Price Data: Details of Monthly High & Low during each month in the financial year ended March 31, 2018 and Company's closing share price as against BSE SENSEX closing on the BSE Limited, Mumbai, is provided hereunder:

(in ₹)

Month	High Price	Low Price	Close	BSE Sensex Closing
April, 2017	55.65	37.00	54.40	29918.40
May, 2017	62.90	50.10	50.95	31145.80
June, 2017	50.40	45.00	47.65	30921.61
July, 2017	59.00	47.00	54.80	32514.94
August, 2017	57.50	42.80	48.45	31730.49
September, 2017	49.75	41.80	43.30	31283.72
October, 2017	43.90	38.00	40.35	33213.13
November, 2017	56.50	39.75	54.45	33149.35
December, 2017	55.00	45.15	46.10	34056.83
January, 2018	52.85	45.50	46.00	35965.02
February, 2018	47.30	43.00	43.20	34,184.04
March, 2018	46.90	36.85	40.70	32,968.68

(The information is sourced from BSE Limited website)

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



	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Zenotech	54.5	50.95	47.65	54.8	48.45	43.3	40.35	54.45	46.1	46	43.2	40.7
Sensex	29918	31146	30922	32515	31730	31284	33213	33149	34057	35965	34184	32969

Zenotech Sensex

ix) Registrar and Transfer Agents

Name & Address : **Karvy Computershare Private Limited**
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
Hyderabad - 500 032, Toll Free No: 1800-3454-001 Fax: 040-23001153
e-mail: einward.ris@karvy.com
Website: www.karvy.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, 2018

Sl No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	6000	95.97	2831325	4.64
2	5001 - 10000	117	1.87	865533	1.42
3	10001 - 20000	67	1.07	922335	1.51
4	20001 - 30000	21	0.34	530876	0.87
5	30001 - 40000	10	0.16	354472	0.58
6	40001 - 50000	7	0.11	332596	0.54
7	50001 - 100000	13	0.21	967175	1.58
9	100001 and above	17	0.27	54226256	88.85
	TOTAL:	**6252**	**100.00**	**61030568**	**100.00**

b) Categories of Shareholders as on March 31, 2018

Sl. No.	Category	No. of Holders	No. of Shares	Percentage to equity
1	Indian Promoters	1	35128078	57.56
2	Foreign Promoters	1	6886500	11.28
3	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	2	4414	0.01
4	HUF	262	882958	1.45
5	NBFC	2	74924	0.12
6	Foreign Corporate Bodies	1	692791	1.14
7	Private Corporate Bodies	130	1315282	2.16
8	Indian Public	5791	15866711	26.00
9	Non Resident Indians	39	91479	0.15
10	Non Resident Indians Non Repatriable	15	35449	0.06
11	Clearing members	8	51982	0.09
	TOTAL	**6252**	**61030568**	**100.00**

xii) Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 90.43 percent of the Company's Share Capital are dematerialized as on March 31, 2018. The Company's Shares are regularly traded on BSE Limited.

xiii) As on March 31, 2018, the Company did not have any outstanding GDRs /ADRs / Warrants or any convertible instruments

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

Certificate on compliance of conditions of 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 March 31, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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

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

a) Disclosures and compliance concerning subsidiaries of the Company due to the missing and non-availability of the books of account and other related records and documents of the subsidiaries as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

Date : August 4, 2018
Place : Hyderabad

Certificate of the Chief Executive Officer and Chief Financial Officer

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

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

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

A. We have reviewed financial statements and the cash flow statement for the quarter and year ended March 31, 2018 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, 2018 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee that there are no deficiencies in the design or operation of such internal controls.

D. We have indicated to the Auditors and the Audit Committee of the Board that during the period:

   (1) there are no changes in internal control over financial reporting;

   (2) there are no changes in accounting policies and that the same have been disclosed in the notes to the financial statements; and

   (3) there are no instances of frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Zenotech Laboratories Limited**

Place: Mumbai
Date: May 19, 2018

Rajendra Singh Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Pharmaceutical Market

Over the five years to 2018, pharmaceutical manufacturers have benefited from an aging population in developed economies and a growing middle class in emerging economies, which provided a larger customer base for industry operators. Many manufacturers also tapped into regional demand for pharmaceuticals that may differ from developed markets. Furthermore, the growing global middle class provides additional growth opportunities, given increased access to pharmaceutical products and higher per capita expenditure on medicines. Over the five years to 2023, industry revenue is forecast to grow amid an anticipated persistence of global economic health.

The pharmaceutical industry plays a significant role in developing medications and vaccines to reduce the incidence of diseases, to treat diseases and enhance the quality of life of people. The industry's main contribution is engaging in technological advancements through innovative research to meet the complex healthcare demands of populations. The global market for pharmaceuticals is expected to grow at an annual rate of 4.9% to $1.3 trillion by 2020. The U.S pharma market is expected to grow to $320 billion by 2020. The Japan market, the third largest pharmaceutical market, has a forecasted growth of 3% while the U.S has an expected growth rate of 5.6%. Global pharma industry is historically dominated by United States of America, Western Europe and Asia Pacific countries. The slow growth in the industry in US market is on account of patent cliff, global macroeconomic scenario, changing combination of innovative and mature products apart from the rising penetration of healthcare access and funding on market demand.

Global Market Scenario and Growth in Global Pharma Market:

The developed markets led by the United States, the major five European markets (France, Germany, Italy, Spain, and United Kingdom) and Japan are the prime countries that drive the increased growth, while the emerging pharmaceutical markets will contribute to growth over the next five years and account for nearly 50% of absolute growth in 2018. The greater contribution to growth from developed countries through 2018 is being led by the US and Japan, with France, Germany, Spain, UK, and Italy maintaining relatively low growth levels. While these markets contribute towards cost-containment measures and further limit the price levels, rising volumes will continue to contribute to overall market growth. Only France amongst the developed markets will see a decline in the volume of medicine, due to policies intended to control spending growth.

Overall, global spending on medicines is expected to increase at a compound annual growth rate (CAGR) of between 4% and 7% between 2016 and 2020, with the global pharmaceutical market reaching $1.4 trillion by 2020 (2015:US$ 1.07 billion) as compared with CAGR of 6.2% during 2011-2015 (addition of US$ 182 billion).

Opportunities:

The pharmaceutical industry looks forward to several opportunities in the future. More than 220 drugs are expected to be introduced in the pharma market by 2021. Most of the drug manufacturing will be outsourced. Pharma companies have opportunities to develop new businesses and increase market share by outsourcing manufacturers. As pharma companies lose sales due to increase in generic drugs, the companies can create portfolios of generic pharmaceutical ingredients (APIs) and present the generic APIs to customers. Outsourcing is expected to increase and provide pharma companies with $105.0 billion in 2021.

The strong growth in the China pharma market will increase opportunities for U.S based pharma companies to invest and increase their market share. Although, the China pharmaceutical market is valued at $155 billion, a value half of that of the U.S market, the expected growth rate of 10% makes it attractive to invest in the market. The Indian pharma market, valued at $33 billion, is expected to grow by 1.5 times by 2020. The Indian pharma market will create opportunities for pharma companies to develop diabetic drugs since India is expected to have 100 million diabetic patients by the year 2030.

The pharmaceutical industry is also benefiting from the aging U.S population. The industry has experienced a season of aggressive growth in the last five years and continues to invest in R&D. Pharma companies are also conducting research and participating in clinical trials to develop new products that can meet the healthcare needs of their clients.

Indian Pharmaceutical Industry

Overview of Indian Pharmaceutical Industry (IPI)

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicines in UK. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Market Size

The pharmaceutical sector was valued at US$ 33 billion in 2017. The country's pharmaceutical industry is expected to expand at a CAGR of 22.4 per cent over 2015–20 to reach US$ 55 billion. India's pharmaceutical exports stood at US$ 17.27 billion in 2017-18 and are expected to reach US$ 20 billion by 2020. Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US$ 70-80 billion US generics market.

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

Medicine spending in India is expected to increase at 9-12 per cent CAGR between 2018-22 to US$ 26-30 billion, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

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

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, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Indian Pharmaceutical Industry (IPI) Structure

Over the years, the structure of IPI has evolved on account of changes in government regulations as well as innovation in product technology. On the basis of products, IPI can be classified into formulations, API (Active Pharmaceutical Ingredient)/ bulk drugs and CRAMS (Contract Research & Manufacturing Services). The formulations can be further segregated on the basis of therapeutic segments like acute and chronic, while CRAMS can be categorized into contract research and contract manufacturing.

PHARMACEUTICAL		
Formulations	**API/Bulk Drugs**	**CRAMS**
India's manufacturing prowess in formulations is validated by the fact that it manufactures ~60,000 products across all therapies.	India is one of the leading bulk drugs suppliers globally with over 2,000 API manufacturing units producing nearly 1,500 APIs	India is a leading center for Contract Manufacturing Outsourcing and Contract Research Outsourcing.

Government Initiatives:

Some of the initiatives taken by the government to promote the pharmaceutical sector are as follows:

- 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 Rs 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.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Regulatory Framework

The approval, manufacturing and marketing of quality drugs at reasonable prices in Indian market are regulated by the regulatory bodies given below:

Central Drug Standards and Control Organization (CDSCO):

The CDSCO works under the ambit of Ministry of Health and Family Welfare and is responsible for prescribing standards and measures to warrant the safety, efficacy and quality of drugs, cosmetics, diagnostics and devices in India. The entity is also responsible for regulating the authorization of new drugs into the market, setting clinical trial standards, supervising import of drugs and approval of license for the manufacturing of said products.

National Pharmaceutical Pricing Authority (NPPA):

The NPPA works under the ambit of Department of Chemicals and Fertilizers, a part of Ministry of Chemicals and Fertilizers. NPPA is responsible for establishing/revising the price of decontrolled bulk drugs and formulations, updating the price control list for various drugs, maintaining the production, import, export and market share data of various pharmaceutical companies, monitoring and enforcing the availability of medicines and giving inputs to parliament in issues pertaining to pricing of drugs.

The drug approval process in India involves approvals from Drug Controller General of India (DCGI) along with various departments depending on type of drug. The additional departments that are involved in licensing, quality control issues and market authorizations along with CDSCO are Department of Environment under Ministry of Environment and Forests and Department of Bio-technology under Science and Technology. The state drug controllers along with CDSCO have the authority to issue licenses for the manufacturing of approved drugs and monitor their quality.

Industrial policy issues such as regulation of patents, drug exports and support of government to the industry are handled by Directorate General of Foreign Trade (DGFT) and Department of Industrial Policy (DIPP), operating under the ambit of Ministry of Commerce and Industry.

Overview on Biotechnology Industry

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

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

Government Health Expenditure

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

Threat of Drug Substitution

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

Overview on Ophthalmology Industry

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

Ophthalmic drug Market

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

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

Overview on Oncology Industry

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

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

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

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

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

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

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

Details of each segment of our products are as follows:

Oncological Injectables: We are primarily engaged in developing and producing oncological drugs in the form of injectables. As on date of this Letter of Offer, we have 46products under this segment. Oncological Injectables are mainly used for the treatment of different types of cancers and are considered as lifesaving drugs. We manufacture our oncological injectables at Unit 1.

Oncological Orals: We are also engaged in developing and producing oncological drugs in oral forms i.e. tablets and capsules. As on date of this Letter of Offer, we have 3 products under this segment. Oncological Orals are solid versions of injectables and are also similarly used for the treatment of different types of cancers. We manufacture our oncological orals at Unit 1.

General Injectables and Sterile Geland Drops: We are involved in developing and producing other drugs such as Ondansetran, Vancomycin and Bivalirudin in the form of injectables. As on date of this Letter of Offer, we have 5 products under this segment. These products are mainly used for the treatment of ailments related to cardiovascular system, gastrointestinal and infectious diseases. We also manufacture sterile gel in lami tubes and sterile eye drops for ophthalmological purposes. We manufacture our general injectable and sterile gel/drops at Unit 2.

Biologicals: We also have range of biological drugs like, Filgrastim, Molgramostim, Recombinant Human Interleukin-II, Rituximab 100mg/ 10ml and Rituximab 500mg/ 50ml and have an underdevelopment product namely Etanercept. As on date of this Letter of Offer, we have 5 products under this segment. These products have wide variety of applications including cancer treatment, arthritis, neutropenia etc. We manufacture our biological products in vials and prefilled syringes form at Unit 2.

OPPORTUNITIES AND THREATS

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

OUTLOOK

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

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

RISKS AND CONCERNS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate systems of internal control and procedures covering all financial and operating functions commensurate with the size and nature of operations. The Company believes that a strong internal control framework is one of the most important pillars of Corporate Governance. Continuous efforts are being made to see that the controls are designed to provide reasonable assurance with regard to the maintenance of accounting controls and assets from unauthorized use or losses.

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, the Company's revenue stood at ₹ 1,351.33 Lakhs (previous year ₹ 230.94 Lakhs) with a steep increase of 485% over the corresponding previous year. The Company reported a loss of Rs.1,178.97 Lakhs, reduction of 40% as against the reported loss of previous year (1,984.05 Lakhs). The occupancy level of the Company was at par with its operational capacity for the Oral Solid Dosage (OSD) facility. However, the Cyto Injectables, General Injectables and Eye care facilities are yet to attain its optimum utilization due to low market demands. As per the projected business plans for the forthcoming years, the Company believes that it can contain its operational losses by utilizing its resources to its maximum. Your Company is constantly striving to optimize its operational capacities, control costs to remain competitive which would help to improve the operational efficiency.

Post Rights Issue, the Company has initiated setting up of an additional facility for manufacture of specialty products in the oncology sector, for which the project work is ongoing. The Company expects to draw more revenues from the said facility upon commissioning for commercial manufacturing. The Company is looking forward to operationalise its Biotech facility with continued support from Sun Pharmaceutical Industries Limited (SPIL), one of its current promoters. During the year, the Company had invested in enhancing its utilities, infrastructure and manpower to support its future operations.

FINANCIAL PERFORMANCE (₹ in Lakhs)

	Particulars	2017-18	2016-17
(i)	Revenue from operations (net)	**1,114.42**	225.42
(ii)	Other income	**236.91**	5.52
(iii)	Total Revenue (i+ii)	**1,351.33**	230.94
(iv)	Depreciation	**390.31**	387.41
(v)	Loss before tax	**(1,185.10)**	(2,166.99)
(vi)	Exceptional Items	**-**	(182.94)
(vii)	(Loss) after tax (v-vi)	**(1,178.97)**	(1,984.05)
(viii)	Loss brought forward from previous year	**(21,676.64)**	(19,692.59)
(ix)	Profit/(Loss) carried forward to Balance Sheet (vii+viii)	**(22,855.61)**	(21,676.64

HUMAN RESOURCES

During the year, the strength of human resource engaged by the Company is around 72 as compared to previous year. Industrial relations have been cordial during the year under report.

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

INDEPENDENT AUDITOR'S REPORT

To
the members of
Zenotech Laboratories Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Zenotech Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss (including Other Comprehensive Income), its cash flows and changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to Note 27 of Ind AS financial statements which describes the reconstruction of financial records and various legal proceedings as follows:

(a) Based on the information provided to us by the Management, the books of accounts for the financial years ended 31st March, 2011 & 31st March 2012 were reconstructed by the Management post 12th November, 2011.

(b) The matters relating to several financial and non-financial irregularities pertaining to period prior to 12th November 2011 are currently sub-judice and the impact of the various legal proceedings would be made in the financial results 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 results of the Company is likely to be significantly low.

Our report is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) The matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   (f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27(a) and 28 to the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

S. Prasana Kumar
Partner
Membership No.212354

Place of Signature: Mumbai
Date: 19th May 2018

Annexure A

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

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a regular program of verifying fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program. As informed, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

(c) Title deeds of immovable properties are held in the name of the Company.

(ii) The Company has conducted physical verification of inventories at reasonable intervals. As informed, discrepancies noticed on such verification were not material and these have been properly dealt with in the books of account.

(iii) The company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence clause (iii) is not applicable.

(iv) Based on our audit procedures & according to the information and explanation given to us, the company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under section, 185 and 186. Therefore, the provisions of Clause 3(iv) of the said order are not applicable to the company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause (v) is not applicable.

(vi) The Company is not required to maintain cost records prescribed by the Central Government under sub-section (1) of section 148 of the Act.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, gst, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, gst, cess and any other statutory dues were in arrears, as at 31st March 2018 for a period of more than six months from the date they became payable.

(b) Dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, gst, which have not been deposited on account of any dispute, are stated in the table below:

Name of the statute	Period	Amount (in Rs. thousands)*	Forum where the dispute is pending
The Finance Act, 1994	Financial Year 2007-08	4,498	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2007-08, 2008-09 and 2009-10	4,611	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2006-07 and 2007-08	10,124	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2009-10, 2010-11, 2012-13	2,267	Deputy Commissioner Commercial Taxes (Appeal)
The Finance Act, 1994	Prior to Financial year 2011-12 (Service Tax)	3,405**	N/A
The Finance Act, 1994	Prior to Financial year 2011-12 (Wealth Tax)	69 **	N/A
The Finance Act, 1994	Prior to Financial year 2011-12 (Sales Tax)	39 **	Commercial Tax Officer, Srinagar Colony Circle
The Customs Act, 1962	Prior to Financial year 2011-12 (Customs Act)	5,160	Principal Commissioner of Customs, Hyderabad
The Income Tax Act, 1961	Assessment Year 2006-07, 2009-10, 2013-14	44,677	Office of the Deputy Commissioner of Income Tax , Circle -17(2), Hyderabad

* *excluding penalty & Interest*

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

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

Name of the Lender	Period	Amount (in Rs. Thousands of INR)*
Technology Development Board	Financial Year 2012-13	27,645

* amount of accrued interest only.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of Rights issue of Equity shares during the year for the purposes for which they were raised.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) Based on our audit procedures and as per the information and explanations given to us, the Company does not have a whole time director or Managing Director. Accordingly, the provisionofclause(xi) of the Order are not applicable to the company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions with 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 Ind AS Financial statements etc. as required by the applicable accounting standards

(xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares/ fully or partly convertible debentures during the year under review.

(xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non cash transactions with directors or persons connected with them.

(xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

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

S. Prasana Kumar
Partner
Membership No.212354

Place of Signature: Mumbai
Date: 19th May 2018

Annexure B

Referred to in paragraph 2(g) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Zenotech Laboratories Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. Prasana Kumar
Partner
Membership No.212354

Place of Signature: Mumbai
Date: 19th May 2018

Standalone Balance Sheet as at March 31, 2018

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

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3(a)	**444,309**	468,334
(b) Capital Work-In-Progress	3(b)	**23,239**	-
(c) Other Non-current Assets	4	**30,590**	20,955
Total Non - Current Assets		**498,138**	489,289
Current Assets			
(a) Inventories	5	**8,208**	9,240
(b) Financial Assets			
(i) Investments	6(a)	**-**	-
(ii) Trade Receivables	6(b)	**39**	11
(iii) Cash and Cash Equivalents	6(c)	**284,048**	4,810
(iv) Bank balances other than above	6(c)	**7,560**	1,960
(v) Other Financial Assets	6(d)	**4,252**	1,098
(c) Other Current Assets	7	**15,168**	1,065
Total Current Assets		**319,275**	18,184
Total Assets		**817,413**	**507,473**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	8	**610,306**	344,275
(b) Other Equity	9	**(190,130)**	(1,003,340)
Total Equity		**420,176**	(659,065)
LIABILITIES			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	10	**-**	-
(b) Provisions	11 (a)	**2,770**	2,388
Total Non - Current Liabilities		**2,770**	2,388
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12 (a)	**-**	512,000
(ii) Trade payables	12 (b)	**54,132**	51,342
(iii) Other financial liabilities	12 (c)	**80,907**	273,263
(b) Other Current Liabilities	13	**91,726**	143,956
(c) Provisions	11 (b)	**167,702**	183,589
Total Current Liabilities		**394,467**	1,164,150
Total Equity and Liabilities		**817,413**	**507,473**
See accompanying notes referred to above form an integral part of Financial Statements			
Summary of Significant accounting policies	1 & 2		

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

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

S.Prasana Kumar
Partner
Membership No.: 212354

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 : Mumbai
Date : 19th May,2018

Place : Mumbai
Date : 19th May,2018

Statement of profit and loss for the Year ended March 31, 2018

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

	Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Income				
I	Revenue from Operation	14	**111,442**	22,542
II	Other income	15	**23,691**	810
III	**Total Income (I+II)**		**135,133**	**23,352**
IV	**Expenses**			
	Cost of materials consumed	16	**8,106**	15,239
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	16	**(119)**	1,449
	Employee benefits expense	17	**50,657**	30,207
	Finance costs	18	**24,494**	75,004
	Depreciation and amortisation expense	3	**39,031**	38,741
	Other expenses	19	**131,474**	79,693
	Total Expenses (IV)		**253,643**	**240,333**
V	Profit / (Loss) before exceptional items and tax (III-IV)		**(118,510)**	**(216,981)**
VI	Exceptional items	3	**-**	18,294
VII	Profit / (Loss) before tax (V-VI)		**(118,510)**	**(198,687)**
VIII	Tax expense:			
	(1) Current tax		**-**	-
	(2) Deferred tax		**-**	-
IX	Profit / (Loss) for the period (VII-VIII)		**(118,510)**	**(198,687)**
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)	**613**	282
XI	Total Comprehensive Income for the period (IX+X)		**(117,897)**	**(198,405)**
XII	Earning per equity share (face value per equity share Rs 10 each)	20		
	(1) Basic (Rs.)		**(2.24)**	(5.77)
	(2) Diluted (Rs.)		**(2.24)**	(5.77)
See accompanying note referred to above form an integral part of Financial Statements				
Summary of Significant accounting policies		1 & 2		

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

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Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place : Mumbai
Date : 19th May,2018

Place : Mumbai
Date : 19th May,2018

Statement of changes in equity

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

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

	Equity share Capital	Equity
	As at 31.03.2016	344,275
	Changes in Equity Share Capital	-
	As at 31.03.2017	344,275

B	Other Equity	Equity component of compound financial instruments	Reserves and Surplus		Total other equity
			Securities premium	Retained earnings	
	Balance as at 1st April 2016	-	**1,164,324**	**(1,969,259)**	**(804,935)**
	Profit for the year	-	-	(198,687)	(198,687)
	"Other comprehensive income- Remeasurement of defined benefit obligations"	-	-	282	282
	Total other comprehensive income for the year	**-**	**-**	**(198,405)**	**(198,405)**
	Other Equity as on 31st March 2017	**-**	**1,164,324**	**(2,167,664)**	**(1,003,340)**
	Balance as at 1 April 2017	**-**	**1,164,324**	**(2,167,664)**	**(1,003,340)**
	Additions during the year	-	931,107	-	931,107
	Profit for the year	-	-	(118,510)	(118,510)
	"Other comprehensive income- Remeasurement of defined benefit obligations"	-	-	613	613
	Total other comprehensive income for the year	**-**	**-**	**(117,897)**	**(117,897)**
	Other Equity as on 31st March 2018	-	**2,095,431**	**(2,285,561)**	**(190,130)**

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

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

S.Prasana Kumar
Partner
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Chief Executive Officer

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Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place : Mumbai
Date : 19th May,2018

Place : Mumbai
Date : 19th May,2018

Standalone Cash flow statement for the Year ended March 31, 2018

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

	Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
A.	**Cash flows from operating activities**		
	Loss before taxation	**(118,510)**	**(198,687)**
	Adjustments for:		
	Depreciation and amortisation	**39,031**	38,741
	Capital WIP written back	**-**	(18,294)
	Unrealised foreign exchange loss, net	**124**	258
	Interest expenses	**24,494**	75,004
	Interest income	**(17,308)**	(226)
	Operating cash flows before working capital changes	**(72,169)**	**(103,204)**
	Changes in Working Capital:		
	(Increase)/ decrease in trade receivables	**(28)**	3,462
	(Increase)/ decrease in inventories	**1,032**	6,610
	(Decrease)/ increase in trade payables	**2,790**	8,838
	(Increase)/ decrease in other financial assets	**(3,154)**	38
	(Increase)/ decrease in non-current assets	**(6,834)**	191
	(Increase)/ decrease in other current assets	**(14,103)**	(701)
	(Decrease)/ increase in provisions for non current liabilities	**382**	456
	(Decrease)/ increase in provisions for current liabilities	**(15,887)**	13,996
	(Decrease)/ increase in other current liabilities	**(51,741)**	85,662
	Cash used in operations	**(159,712)**	**15,348**
	Income taxes paid/ TDS (net)	**(2,801)**	1,020
	Net cash used in operating activities (A)	**(162,513)**	**16,368**
B	**Cash flows from investing activities**		
	Payment for Purchase of property plant equipment (Including Capital Work in Progress)	**(38,245)**	(7,077)
	Deposits towards margin money	**(5,600)**	-
	Interest income received	**17,308**	226
	Net cash provided by/ (used in) investing activities	**(26,537)**	**(6,851)**

Standalone Cash flow statement for the Year ended March 31, 2018

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

	Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
C	**Cash flows from financing activities**		
	Repayment to Biotech Consortium India Limited Term Loan	**(1,112)**	-
	Repayment to Sun Pharmaceutical Industries Limited (Holding company) Term Loan	**(512,000)**	-
	Proceeds from issue of equity share capital - Rights Issue	**1,197,138**	-
	Repayment of long-term borrowings	**(29,648)**	(158)
	Interest paid	**(186,090)**	(7,064)
	Net cash provided by financing activities (C)	**468,288**	**(7,222)**
	Net increase/ (decrease) in cash and cash equivalents during the year(A+B+C)	**279,238**	**2,295**
	Cash and cash equivalents at the beginning of the year	**4,810**	2,515
	Cash and cash equivalents at the end of the year (refer Note 6 (c))	**284,048**	**4,810**

Note 1: Cash and cash equivalents does not include restricted cash balance (Margin money) of Rs 7,560 (previous year: Rs 1,960).

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: As there are no closing borrowings, no net debt reco given.

See accompanying notes referred to above form an integral part of financial statements.

Summary of Significant accounting policies **1&2**

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

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

S.Prasana Kumar
Partner
Membership No.: 212354

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DIN:01219312

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Director
DIN:02566732

R.S.Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place : Mumbai
Date : 19th May,2018

Place : Mumbai
Date : 19th May,2018

Notes to the Standalone Financial Statements for the Year ended March 31, 2018

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

1. Corporate information

Zenotech Laboratories Limited 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 anaesthesiology.

2. Significant accounting policies

2.1 Basis of preparation

The Company's management had previously issued its audited financial statements for the year ended March 31, 2017 on May 20, 2017 that were prepared in accordance with the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016.

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

Statement of Compliance

The Financial Statements comprising Balance sheet, Statement of Profit and Loss, Statement of Changes in Equity, Cash flow Statements together with notes for the year ended March 31, 2018 of the Company have been prepared in all material aspects in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules,2016 with effect from 1st April 2016 and other relevant provisions of the Act.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for defined benefit asset which is measured at fair value through Other Comprehensive Income as at the end of each reporting period. The defined benefit asset is recognised as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation as explained in the accounting policies.

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.

ii. IND AS 27 Separate financial statements

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

(a) at cost; or

(b) In accordance with IND AS 109. Such cost shall be cost as per IND AS 27 or deemed cost.

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

The board has decided to initiate the winding-up process for the defunct subsidiaries in Brazil and Nigeria. Company is in contact with consultants of respective countries to file the winding-up applications and adhere to the laws of the country. 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 transaction

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

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

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

c. Use of estimates and Judgement

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

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

i) Valuation of financial instruments

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

ii) 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 which is in line with rates prescribed under Schedule II to the Companies Act 2013. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives of property, plant and equipment.

iii) 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).

iv) 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 earning multiples, growth rates and net margins used to calculate the projected cash flows, risk adjusted discount rate, future economic and market conditions.

d. Going concern

The company has represented that it 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. However, this position will be reviewed regularly until all the indicators for any likely going concern issue are fully addressed

e. **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 21 (a) & (b))

f. **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

Sale of goods

Revenue from Sale of goods is recognized on dispatch and upon transfer of significant risk and rewards of ownership to the customer.

Revenue from export sales and other sales outside of India is recognised when the significant risks and rewards of ownership of products are transferred to the customers, which occurs upon delivery of the products to the customers.

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.

g. 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 recogniesd 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 subtantitvely 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 asssets 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.

h Sales Tax / value added taxes/ GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax/ value added taxes/ 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.

i. 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 which is in line with the rates prescribed under schedule II to the Companies Act 2013, as given below:

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

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

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

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

For transistion 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 (transistion date) measured as per the previous GAAP as its deemed cost as of transistion date.

j. 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.

k. 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 effect the sale.

l. 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 seperately fo reach of 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.

m. 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.

n. 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.

o. 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.

p. Lessor

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

q. Financial instruments

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

Financial assets

Initial recognition and measurement

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

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 rights to receive cash flows from the asset have expired, or

► 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 financials 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 in the 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 18

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 ECLs at each reporting date, right from its initial recognition.

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

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

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

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

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

ECL is the difference between all contractual cash flows that are due to the 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 risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The company has not designated any financial liability as at fair value through profit or loss.

► **Financial liabilites 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 or 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.

r. Cash and cash equivalents

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

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

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.

s. New standards and interpretations issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying following amendments which are effective for annual periods beginning on or after 1st April 2018.

Ind AS 115 – Revenue from Customers

This standard combines, enhances and replaces specific guidance on recognising revenue with a single standard. It defines a new five-step model to recognise revenue from customer contracts.

The company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position.

This standard is mandatory for accounting periods beginning on or after 1st April 2018. The company is planning to apply the standard retrospectively, utilising the practical expedient to not restate contracts that begin and end within the same annual accounting period.

Amendment to Ind AS 7:

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

The Company is evaluating the requirements of the amendment and its effects on the financial statements.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment will come into force from April 1, 2018. The Company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

Notes to the Standalone Financial Statements for the Year ended March 31, 2018

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

Note 3: (a). Property, Plant and Equipment.

Particulars	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Office Equipments	Vehicles	EDP Equip-ment	Total
Gross Block at Cost								
At 1st April 2016	10,831	149,103	354,281	4,591	237	1,768	516	521,327
Adjustments:								
Additions	-	4,539	20,403	-	-	-	429	25,371
At 31st March 2017	10,831	153,642	374,684	4,591	237	1,768	945	546,698
Adjustments:								
Additions	-	-	13,097	443	446	990	30	15,006
At 31st March 2018	10,831	153,642	387,781	5,034	683	2,758	975	561,704
Depreciation and Impairment								
At 31st March 2016	-	6,994	29,608	2,106	92	466	357	39,623
Adjustments:								
Depreciation charge during the year	-	7,026	29,837	1,247	80	386	165	38,741
At 31st March 2017	-	14,020	59,445	3,353	172	852	522	78,364
Adjustments:								
Depreciation charge during the year	-	7,146	30,854	504	92	295	140	39,031
At 31st March 2018	-	21,166	90,299	3,857	264	1,147	662	117,395
Net Book Value								
At 31st March 2018	10,831	132,476	297,482	1,177	419	1,611	313	444,309
At 31st March 2017	10,831	139,622	315,240	1,238	65	916	422	468,334

Note :

1. In the absence of all underlying documents and a definitive business plan relating to certain items of building under construction and plant and machineries (Rs. 103,156), classified under capital work-in-progress , the Management had impaired the same fully in the year ended 31 March 2011. Out of which a sum of Rs. 18,294 has been reversed and capitalised as part of additions in the year 2017 on being brought into use.
2. For details of the assets pledged, refer Note 29 of the financial statements.

Notes to the Standalone Financial Statements for the Year ended March 31, 2018

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

(b). Capital Work in Progress	
At 1st April 2016	**121,450**
Additions upto 31.03.2017	-
Less: Transferred to Fixed Asset during the year	**(18,294)**
Gross Capital Work In Progress	**103,156**
Less: Provision for Impairment	**(103,156)**
Net CWIP as at March 31, 2017	**-**
At 1st April 2017	103,156
Additions during the period	23,239
Gross Capital Work In Progress	**126,395**
Less: Provision for Impairment	**(103,156)**
Net CWIP as at March 31, 2018	**23,239**

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

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e.

Gross block as at 1st April, 2016	10,831	149,103	354,281	4,591	237	1,768	516	521,327
Accumulated depreciation as at 1st April, 2016	-	(6,994)	(29,608)	(2,106)	(92)	(466)	(357)	(39,623)
Net block as at 1st April, 2016 treated as deemed cost	10,831	142,109	324,673	2,485	145	1,302	159	481,704

Notes on Accounts (Contd.)

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

Note 4: Other Non Current Assets

Particulars	As at March 31, 2018	As at March 31, 2017
(Unsecured, considered good except stated other wise)		
Advances other than capital advances:-		
Advance income taxes (net of provisions)	**3,340**	539
Deposits with Government, public bodies and others	**27,238**	20,380
Balance with customs, central excise and GST etc.	**-**	-
Others	**12**	36
Total	**30,590**	**20,955**

Note 5: Inventories (at lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials and Packing materials*	**8,089**	9,240
Work-in-progress	**119**	-
Total Inventories	**8,208**	**9,240**

*after provision made towards unusable Biotech division inventory.

Note 6: Financial Assets

6 (a): Non-current investments

Particulars	As at March 31, 2018	As at March 31, 2017
Investments in equity shares at Deemed cost #		
Unquoted		
Zenotech Farmaceutica Do Brasil Ltda	**-**	-
39,600 (previous year: 39,600) quotas of Reais 10 each		
Zenotech Laboratories Limited, Nigeria	**-**	-
9,99,000 (previous year: 9,99,000) Ordinary shares of Naira 1 each		
Zenotech Inc., USA	**-**	-
10,00,000 (previous year: 10,00,000) shares of USD 0.10 each		
Equity shares in Credence Organics Private Limited	**-**	-
2,400 (previous year: 2,400) shares of Rs.10 each		
Quoted	**-**	-
Total Non current investments	**-**	-

Total non-current investments	As at March 31, 2018	As at March 31, 2017
Aggregate amount of quoted investments and market value thereof		
Aggregate amount of unquoted investments	**74,871**	74,871
Aggregate amount of impairment in the value of investments	**(74,871)**	(74,871)

During the year ended March 31, 2017, the Company had decided to wind up its overseas subsidiary namely Zenotech Pharmaceutica do Brazil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017. There is no change in the Status as at March 31, 2018.

Notes on Accounts (Contd.)

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

6 (b): Trade receivables- Current

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured		
Considered good	**39**	11
Considered doubtful	**295**	284
Less: Allowance for doubtful debts	**(295)**	(284)
Total receivables	**39**	**11**
Current portion	**39**	11
Non-current portion	**-**	-

6 (c): Cash and Bank Balances

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
- in current accounts	**4,021**	4,787
Cash on hand	**27**	23
Other Bank Balances		
Deposits with maturity of less than 3 months	**280,000**	-
Cash and Bank Balances (A)	**284,048**	**4,810**
Bank Balances other than above		
- Margin Money deposits	**7,560**	1,960
Total Bank Balances other than above (B)	**7,560**	**1,960**
Total cash and Bank Balances (A+B)	**291,608**	**6,770**

6 (d): Other Current Assets

Other Financial - Current Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Interest accrued but not due considered good.	**4,252**	1,098
Total Other Financials Current Assets	**4,252**	**1,098**

Notes on Accounts (Contd.)

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

Note 7: Other Current Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered doubtful		
Excess Remuneration paid, recoverable from an erstwhile managing director	**7,980**	7,980
Less: Provision for excess remuneration paid, recoverable	**(7,980)**	(7,980)
Unsecured, considered good		
Balance with customs, central excise and GST etc.	**8,052**	-
Advance for supply of goods and services	**5,877**	557
Prepaid expenses	**449**	417
Advance to employees	**40**	91
Machinery lease rent receivable	**750**	-
Total Other Current Assets	**15,168**	**1,065**

Note 8: Equity

Equity	As at March 31, 2018		As at March 31, 2017	
	No. of shares	**Value**	No. of shares	Value
Authorised				
Equity shares of Rs.10/- each	**100,000,000**	**1,000,000**	100,000,000	1,000,000
	100,000,000	**1,000,000**	100,000,000	1,000,000
Issued, Subscribed and Fully Paid-up				
Equity shares of Rs.10/- each	**61,030,568**	**610,306**	34,427,500	344,275
TOTAL	**61,030,568**	**610,306**	**34,427,500**	**344,275**

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

Equity Shares	As at March 31, 2018		As at March 31, 2017	
	No. of shares	**Value**	**No. of shares**	**Value**
Equity shares				
At the beginning of the year	**34,427,500**	**344,275**	34,427,500	344,275
Issued during the year	**26,603,068**	**266,031**	-	-
Outstanding at the end of the year	**61,030,568**	**610,306**	**34,427,500**	**344,275**

Notes on Accounts (Contd.)
(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

(b) Terms/rights attached to equity shares:

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

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

During the Current year, the company had made rights issue of 2,66,03,068 Equity Shares with a face value of Rs 10 each for cash at a price of Rs 45 each including a share premium of Rs 35.00 per Equity Share aggregating to an amount up to Rs. 11,97,138 thousands which was duly approved by the Board of Directors of the company on 25th July 2017.

(c) Shares held by holding company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Value	No. of shares	Value
Equity shares of Rs. 10/- each	**35,128,078**	**351,280,780**	16,128,078	161,280,780
(Held by Sun Pharmaceutical Industries Limited)				
	35,128,078	**351,280,780**	**16,128,078**	**161,280,780**

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	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%**	16,128,078	46.85%
Daiichi Sankyo Company Limited	**6,886,500**	**11.28%**	6,886,500	20.00%
Dr Jayaram Chigurupati	**2,762,809**	**4.53%**	3,677,558	10.68%
Padmasree Chigurupati	**3,060,500**	**5.01%**	3,060,500	8.89%

Note 9: Other Equity

Particulars	As at March 31, 2018	As at March 31, 2017
Retained Earnings		
Securities premium reserve	**2,095,431**	1,164,324
Retained Earnings	**(2,285,561)**	(2,167,664)
Total Reserves & Surplus	**(190,130)**	**(1,003,340)**
Securities Premium Reserve		
Opening Balance	**1,164,324**	1,164,324
Exercise of options- proceeds received	**-**	-
Acquisition of subsidiary	**-**	-
Rights issue	**931,107**	-
Closing Balance	**2,095,431**	**1,164,324**

Notes on Accounts (Contd.)

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

Particulars	As at March 31, 2018	As at March 31, 2017
Retained Earnings		
Opening balance	**(2,167,664)**	(1,969,259)
Net loss for the period	**(118,510)**	(198,687)
Items of other comprehensive income recognised directly in retained earnings	**-**	-
a) Remeasurements of post-employment benefit obligation, net of tax	**613**	282
b) Items that will be reclassified to Profit or Loss	**-**	-
Closing Balance	**(2,285,561)**	**(2,167,664)**

Note 10: Financial liabilities

Non-current borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Secured - at amortised cost		
Technology Development Board (TDB)- Loan	**-**	29,648
Unsecured - at amortised cost		
Term loans		
Biotech Consortium India Limited (BCIL)	**-**	1,112
Total	**-**	**30,760**
Less: Current maturities of long-term debt	**-**	30,760
Non-current borrowings	**-**	-

Terms:

1. TDB: During the current year ended March 31, 2018, company had repaid Principal amount due to TDB (excluding interest) based on the settlement agreement signed between the Company and DRC (Dispute Resolution Committee). This loan is secured by way of paripassu first charge on the whole of movable properties of the Company including movable plant and machinery, both present and future and paripassu first charge of land or other immovable property of the Company, present and future, and personal guarantee of the erstwhile Managing Director of the Company. It carries an interest of 15% p.a based on the arbitration order dated 20th February, 2013. The said loan was matured on 31st March 2011 and repaid during the year ended 31st March 2018. The balance interest payable by the Company is secured by TDB through shares pledged with TDB. The deficit after encashing of the shares if any, will be settled by the Company as per the DRC settlement agreement.
2. BCIL Loan: During the current year ended March 31, 2018 the Company had repaid the amount due to BCIL loan based on one time settlement offer and the Interest accrued and due on the said loan had waived off.

Note 11 (a): Provisions - Long Term

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Compensated Leave absences	**1,321**	861
Provision for Gratuity	**1,449**	1,527
Total	**2,770**	**2,388**

Notes on Accounts (Contd.)

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

Note 11 (b) : Provisions - Short Term

Particulars	As at March 31, 2018	As at March 31, 2017
	Current	**Current**
Provision for indirect taxation	**167,359**	183,373
Provision for Compensated Leave absences	**302**	174
Provision for Gratuity	**41**	42
Total	**167,702**	**183,589**

Note 11(c)

a) Employee Benefits

Particulars	As at March 31, 2018	As at March 31, 2017
Amount recognised as expense in the statement of Profit and Loss		
• Provident fund contribution	**1,878**	1,143
• Contribution to ESIC	**117**	60

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	As at March 31, 2018	As at March 31, 2017
Current Liability	**302**	174
Non-Current Liability	**1,321**	861
Total	**1,623**	**1,035**

c) Gratuity (Unfunded)

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

Changes in defined benefit obligation

Particulars	As at March 31, 2018	As at March 31, 2017
Projected benefit obligation at the beginning of the year	**1,569**	1,307
Current Service Cost	**583**	443
Interest Cost	**106**	100
Actuarial (gain)/ loss on obligation	**(613)**	(282)
Benefits paid	**(155)**	-
Projected benefit obligation at the end of the year	**1,490**	**1,569**

Notes on Accounts (Contd.)

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Current Liability	**41**	42
Non-Current Liability	**1,449**	1,527
Total	**1,490**	**1,569**

Expense recognised in the Statement of Profit and Loss

Particulars	As at March 31, 2018	As at March 31, 2017
Service Cost	**583**	443
Interest Cost	**106**	100
Net Gratuity Costs	**689**	**543**

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

Particulars	As at March 31, 2018	As at March 31, 2017
Investments with Life Insurance Corporation	**0%**	0%

Summary of Actuarial Assumptions

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate	**7.70%**	6.85%
Salary escalation rate	**7.00%**	7.00%

Maturity profile of the defined benefit obligation

Particulars	As at March 31, 2018	As at March 31, 2017
Weighted average duration of defined benefit obligation (in years)	**10.25**	8.56
Expected benefit payments for the year ending:		
• Not later than 1 year	**41**	42
• Later than 1 year and not later than 5 years	**578**	915
• Later than 5 year and not later than 10 years	**272**	314
• Above 10 years	**2,985**	1,887

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Remeasurement for the period - Obligation (gain)/loss arising from		
• change in demographic assumptions	**(16)**	-
• change in financial assumptions	**(139)**	(316)
• experience variance	**(458)**	34
Amount recognised in OCI	**(613)**	**(282)**

Notes on Accounts (Contd.)

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

Sensitivity analysis of significant actuarial assumptions

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Decrease	**Increase**	Decrease	Increase
Discount rate(-/+1%)	**5.33%**	**-4.94%**	4.43%	-4.14%
Salary growth rate(-/+1%)	**-4.99%**	**5.34%**	-4.15%	4.40%

Note 12: Financial liabilities

(a) Current borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Loans repayable on demand		
Secured		
Unsecured - amortised cost		
From related parties	**-**	512,000
Loans from associates		
Total	**-**	**512,000**
Less: Interest accrued	**-**	-
Current borrowings	**-**	**512,000**

Terms:

Term loans from related party has been taken at 11.25% interest p.a. along with penal interest of 2% p.a in case of default in payment of interest. Loan is repayable on demand and maximum tenure of the loan is upto March 31, 2018. During the year, the Company has repaid principal and interest due upto September 2016 out of proceeds received from the rights issue and interest from October 2016 is yet to be paid.

(b) Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Trade payables	**52,073**	45,959
Trade payables to related parties	**2,059**	5,383
Total	**54,132**	**51,342**

Note:

There are no micro and small enterprises, as defined under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues as at the reporting date (31 March 2018: Nil, 31 March 2017: Nil).

Notes on Accounts (Contd.)

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

(c) Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Current maturities of long-term debt - at amortised cost		
Current maturities of loan from others	**-**	1,112
Current maturities of loan from financial institution	**-**	29,648
Interest accrued and due*	**80,907**	242,503
Total	**80,907**	**273,263**

* It Includes Rs 53,262 (Previous year Rs 214,919) Interest accrued and due pertaining to related parties

Note 13: Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Security deposits	**1,672**	1,672
Statutory liabilities	**5,095**	7,842
Payable to employees	**3,936**	3,775
Advance Rent Received from Sun Pharmaceutical Industries Limited	**257**	-
Expenses payables	**3,235**	2,185
Advance from related party (Sun Pharmaceutical Industries Limited)	**77,531**	128,482
Total	**91,726**	**143,956**

Notes on Accounts (Contd.)

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

Note 14: Revenue from operations

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products*	**7,793**	13,029
Sale of services	**103,649**	9,513
Total	**111,442**	**22,542**

(* Inclusive of excise duty in the previous year and first three months of current year, post that sales of services/ products is net of GST)

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

A) Other Income

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income from bank deposits at amortised cost	**17,308**	226
Liabilities no longer required written back	**5,489**	55
Lease Rental Income from Holding Company	**389**	-
Miscellaneous income	**505**	529
Total (A)	**23,691**	**810**

Note 16: Cost of materials consumed

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Raw materials and Packing materials at the beginning of the year	**9,240**	14,401
Add: Purchases	**6,955**	10,078
Less: Inventories at the end of the year	**8,089**	9,240
Total cost of materials consumed	**8,106**	**15,239**

The cost of raw materials consumed includes Rs 1,940 (Previous year Rs 4,845) written off inventories relating to biotech division.

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening Balance		
Work-in progress	**-**	1,114
Finished goods	**-**	335
Total opening balance	**-**	**1,449**
Closing balance		
Work-in progress	**119**	-
Total closing balance	**119**	**-**
Total changes in inventories of work-in-progress, stock in trade and finished goods.	**(119)**	**1,449**

Note 17: Employee benefit Expenses

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	**45,434**	27,242
Contribution to provident fund and other funds	**2,173**	1,557
Staff welfare expenses	**3,050**	1,408
Total	**50,657**	**30,207**

Notes on Accounts (Contd.)

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

Note 18: Finance Cost

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on Car Loan	**-**	7
Interest on Term Loan - Biotech Consortium	**-**	109
Interest on Term Loan - TDB	**414**	4,447
Interest on Term Loan - SPIL	**24,046**	70,427
Others.	**34**	14
Total	**24,494**	**75,004**

Note 19: Other Expenses

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Power and fuel	**42,428**	19,356
Repairs and maintenance		
- Buildings	**1,896**	276
- Plant and machinery	**18,732**	13,894
- Others	**5,471**	3,174
Contract manpower expenses	**9,861**	4,518
Other manufacturing expenses	**15,862**	8,115
Advertisement	**503**	321
Communication	**282**	309
Rates and taxes	**16,516**	16,604
Insurance	**2,048**	1,158
Legal and professional	**7,652**	4,111
Remuneration to Auditors (Refer note(i) below)	**789**	1,892
Printing & Stationery	**991**	389
Office and general maintenance	**885**	322
Security charges	**2,454**	2,597
Selling and distribution	**54**	50
Net gain/(loss) on foreign currency transactions	**124**	258
Miscellaneous Balance Written off	**583**	-
Provision for doubtful debtors	**11**	-
Travelling and conveyance	**3,550**	1,590
Miscellaneous	**782**	759
Total	**131,474**	**79,693**

Note (i)

Details of payments to auditors

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Payment to auditors		
As Statutory auditor:	**400**	400
In other capacities:	**-**	-
Certificates fees	**50**	400
Tax Audit fees	**200**	200
Other services	**50**	-
Rights issue	**-**	750
Out of pocket expenses	**89**	142
Total payment to auditors	**789**	**1,892**

Notes on Accounts (Contd.)

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

Note 20: Earnings Per Share

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

		Year ended March 31, 2018	Year ended March 31, 2017
a)	**Basic Earnings Per Share**		
	From continuing operations attributable to the equity shareholders of the company	**(2.24)**	(5.77)
	From Discontinued Operations	**-**	-
	Total basic earnings per share attributable to the equity shareholders	**(2.24)**	(5.77)
b)	**Diluted Earnings Per Share**		
	From continuing operations attributable to the equity shareholders of the company	**(2.24)**	(5.77)
	From Discontinued Operations	**-**	-
	Total diluted earnings per share attributable to the equity shareholders	**(2.24)**	**(5.77)**

		Year ended March 31, 2018	Year ended March 31, 2017
c)	**Reconciliation of earnings used in calculating earnings per share**		
	Basic Earnings Per Share		
	• From continuing operations	**(118,510)**	(198,687)
	• From discontinued operations	**-**	-
	Profit attributable to the equity shareholders of the company used in calculating basic earnings per share	**(118,510)**	**(198,687)**
	Diluted Earnings per share		
	Profit attributable to the equity shareholders		
	• From continuing operations	**(118,510)**	(198,687)
	• From discontinued operations	**-**	-
	Profit attributable to the equity shareholders of the company used in calculating diluted earnings per share	**(118,510)**	**(198,687)**

		Year ended March 31, 2018	Year ended March 31, 2017
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**	34,427,500
	Adjustments:	**-**	-
	Weighted average number of shares and potential equity shares used as denominator in calculating diluted earnings per share	**61,030,568**	**34,427,500**

Notes on Accounts (Contd.)

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

Note 21 (a): Fair Value Measurements

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

	Saturday, March 31, 2018			Friday, March 31, 2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Trade Receivables			**39**			11
Cash and cash equivalents and Bank Balances			**291,608**			6,770
Other Financial Assets			**4,252**			1,098
Total			**295,899**			7,879
Financial Liabilities						
Borrowings	-		-			512,000
Trade payables			**54,132**			51,342
Other Financial liabilities			**80,907**			273,263
Total			**135,039**			836,605

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

Note 21 (b): Fair Value Hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

	Fair value measurement using		
Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2018	L1	L2	L3
Financial Assets	-	-	
Trade Receivables	-	-	39
Cash and cash equivalents and Bank Balances	-	-	291,608
Other Financial Assets			4,252
Total			**295,899**
Financial liabilities			
Borrowings	-	-	-
Trade payables	-	-	54,132
Other financial liabilities	-	-	80,907
Total			**135,039**

Notes on Accounts (Contd.)

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

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

	Fair value measurement using		
Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2017	**L1**	**L2**	**L3**
Financial Assets			
Trade Receivables	-	-	11
Cash and cash equivalents and Bank Balances	-	-	6,770
Other Financial Assets	-	-	1,098
Total			**7,879**
Financial liabilities			
Borrowings	-	-	512,000
Trade payables	-	-	51,342
Other financial liabilities	-	-	273,263
Total			**836,605**

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

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

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

Note 22: Financial Risk Management

A) Credit Risk

i) Credit Risk management

ii) Provision for expected credit loss

iii) Trade Receivables

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

As at March 31, 2018, the company had one customer (March 31, 2017: one customer) that owned the company Rs 39 thousand and accounted for 100 % of all the receivables outstanding.

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

B) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets & liabilities.

Notes on Accounts (Contd.)

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

i) **Financial Arrangements** NIL

ii) **Maturities of financial liabilities**

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

1. all non-derivative financial liabilities. There are no derivatives financial liabilities for the company.

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

Contractual Maturities as at 31.03.2018	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
Non derivatives				
Trade payables	54,132	-	-	54,132
Other financial liabilities	80,907	-	-	80,907
Total non-derivative liabilities	**135,039**	**-**	**-**	**135,039**

Contractual Maturities 31.03.2017	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
Non derivatives				
Borrowings	512,000	-	-	512,000
Trade payables	51,342	-	-	51,342
Other financial liabilities	273,263	-	-	273,263
Total non-derivative liabilities	**836,605**	**-**	**-**	**836,605**

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.

Note 23: Capital Management

The companies objectives when managing capital are to:

> Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

> Maintain an optimal capital structure to reduce the cost of capital.

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Net debt (total borrowings net of cash and cash equivalents)	-	780,453
Total equity (as shown in the balance sheet, including non-controlling interests).	-	(659,065)
Refer Note below		
Gearing Ratio (Net debt to equity ratio)	**0%**	**-118%**

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

Notes on Accounts (Contd.)

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

Note 24: Operating Segment Disclosure

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

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

The Company has only one segment which is Pharmaceutical.

Major Customer Dependency

Significant portion of the revenue earned by the Company is from Single Customer i.e., Sun Pharmaceutical Industries Limited. During the year ended March 31, 2018 revenue earned from Sun Pharmaceutical Industries Limited is 99.30% (Previous year-100%) of the total revenue for the year.

Note 25: Interests in other entities

a) Subsidiaries

The Companies subsidiaries at 31 March 2018 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
		31.03.2018	31.03.2017	31.03.2018	31.03.2017	
		%	%	%	%	
Zenotech Farmaceutica Do Brasil Ltda	Brazil	66.39	66.39	33.61	33.61	NA
Zenotech Laboratories Nigeria Limited	Nigeria	99.9	99.9	0.1	0.1	NA
Zenotech Inc	USA	100	100	-	-	NA

During the year ended March 31, 2017, the Company had decided to wind up its overseas subsidiary namely Zenotech Pharmaceutica do Brazil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017. There is no change in the Status as at March 31, 2018. Refer Note No. 27 (a) & (b)

b) Interest in Associates and Joint Ventures- Nil

Note 26: Related party transactions

(A) Entities having significant influence:

Name	Type	Place of incorporation	Ownership interests	
			31.03.2018	31.03.2017
Sun Pharmaceutical Industries Limited	Immediate and ultimate parent entity	India	**57.56%**	46.85%
Daiichi Sankyo Company, Limited	Entity holding more than 10%	Japan	**11.28%**	20.00%

Notes on Accounts (Contd.)

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

(B) List of subsidiaries:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interest		Principal activities
		31.03.2018	31.03.2017	31.03.2018	31.03.2017	
		%	%	%	%	
Zenotech Farmaceutica Do Brasil Ltda, Brazil	Brazil	**66.39**	66.39	**33.61**	33.61	NA
Zenotech Laboratories Nigeria Limited, Nigeria	Nigeria	**99.9**	99.9	**0.1**	0.1	NA
Zenotech, Inc., USA	USA	**100**	100	**-**	-	NA

(C) Key management personnel compensation:

Particulars	As at March 31, 2018	As at March 31, 2017
Short- term employee benefits	8,639	8,887

Note:

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

(D) Transactions with related parties:

(i) With entity having significant influence:

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
i.	**Transaction with Sun Pharmaceutical Industries Limited**		
	Sales	**7,415**	13,261
	Conversion Charges	**118,129**	9,513
	Interest on short-term borrowing	**24,046**	70,427
	Trade payable (Balances as at)	**74**	3,398
	Trade advances taken	**86,525**	151,660
	Reimbursement of expenses by Sun Pharmaceutical Industries Limited	**-**	1,466

(E) Loans to/ from related parties:

	Particulars	As at March 31, 2018	As at March 31, 2017
a	Loans from Sun Pharmaceutical Industries Limited		
	Beginning of the year	**726,919**	663,535
	Loans advanced/ received	**-**	
	Loans repayment received/ made	**(695,298)**	
	Interest charged	**21,641**	63,384
	Interest paid	**-**	
	End of the year	**53,262**	**726,919**

Notes on Accounts (Contd.)

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

	Particulars	As at March 31, 2018	As at March 31, 2017
b	Trade advances from Sun Pharmaceutical Industries Limited		
	Beginning of the year	**128,483**	126
	Advance taken	**86,525**	153,588
	adjusted with sales	**(125,544)**	(25,231)
	Advance repaid	**(13,709)**	-
	receipts against bills	**1,776**	
	End of the year	**77,531**	128,483

Note 27:

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

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

The current Management, therefore, based on the available limited records, statutory returns filed, supplementary documents, invoices, external corroborative evidences and after considering the various non compliances under the Companies Act, 1956, listing agreement and Foreign Exchange Management Act, etc. post 12th November 2011, reconstructed financial statements for the years ended 31st 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 current Management observed that no books of account and records were available regarding its overseas subsidiaries. The current management is yet to receive any response from the erstwhile Managing Director on the queries raised regarding details pertaining to these subsidiaries and seeking documents / certificates related to Forex transactions with these subsidiaries including certain loans and 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. The Board has initiated the winding-up process for the defunct subsidiaries in Brazil and Nigeria.

Notes on Accounts (Contd.)

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

Note 28: Contingent assets and liabilities

(a) Contingent liabilities:

	Contingent liabilities	As at March 31, 2018	As at March 31, 2017
i)	Claims against the company not acknowledged as debt	**190,336**	140,702
ii)	Bank guarantees	**7,560**	1,960
iii)	Other matters*	**-**	-

* Legal cases filed by/against the Company

a. During the year ended 31st 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. Subsequently, during the current year ended March 31, 2018, company has repaid all the amount due to TDB (excluding Interest) based on the settlement agreement signed between the Company and DRC (Dispute Resolution Committee). The Interest liability will depend upon the amount payable less the shares sold in the open market by TDB (Pledged shares)

b. The Company has filed certain legal cases before the appropriate forum against the erstwhile promoter and managing director with regard to loss of vehicles, missing records including intellectual property, unauthorised use of the name & Logo of the Company and certain missing DNA clones.

c. Subsequent to Daiichi Sankyo Company Limited (DS) acquiring 63.92% stake in Ranbaxy Laboratories Limited (now Sun Pharmaceutical Industries Limited) in October 2008, DS announced an open offer to acquire 20% share of the Company at Rs. 113.62 per share. Aggrieved by the pricing of the share, Promoters and one or two other shareholders filed a petition in the Hon'ble High Court of Madras. The Company has been named as Respondent in the said case. An interim injunction in connection with the offer was given by the Hon'ble High Court of Madras and subsequently it was quashed by the Hon'ble Supreme Court based on a petition filed by DS against the said injunction. Meanwhile some of the shareholders (excluding Ranbaxy) including erstwhile promoter of the Company filed a petition with Securities Appellate Tribunal (SAT) with respect to the pricing of the share of the Company against the order of the SEBI turning down erstwhile promoters' complaint. SAT directed DS to price the open offer at Rs 160 per share. DS has filed an appeal against the SAT order in the Supreme Court. The Supreme Court vide its order dated July 8, 2010 has ruled in favour of DS and allowed the open offer to be made at the price of Rs 113.62 per share.

   In June 2012, erstwhile promoter has filed a writ petition before Honourable Andhra Pradesh High Court against ineralia Foreign Investment Promotion Board and Daiichi Sankyo Company Limited challenging acquisition of 20% shares of the Company by DS through an open offer.

d. In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.

e. Other than those disclosed, the Company has not received any significant claims post 31st March 2011.

(b) Contingent assets: Nil

Note 29: Asset pledged as security

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

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
First charge	**444,309**	468,334
Total non-current assets pledged as security	**444,309**	**468,334**
Total assets pledged as security	**444,309**	**468,334**

Notes on Accounts (Contd.)

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

Note 30: Unhedged foreign currency exposure

a) There are no outstanding forward exchange contracts as at the year end.

b) Foreign currency exposures for the period March 31, 2018 and as at March 31, 2017 that have not been hedged by derivative instruments or otherwise:

Particulars	As at 31 March 2018		As at 31 March 2017	
	(IN USD)	Rs.	(IN USD)	Rs.
Loans and advances to subsidiaries *	**584,223**	**26,086**	584,223	26,086
Trade payables	**45,524**	**2,054**	46,493	2,108
Other payables	**307,544**	**20,004**	307,544	19,941

* Provided for

Note 31: Capital Commitments

Particulars	As at 31 March 2018	As at 31 March 2017
Estimated number of contracts remaining to be executed on capital account and not provided for	-	-
Tangible Assets	**36,597**	-
Intangible Assets	-	-
	36,597	-

Note 32:

During the year, there is an outstanding amount of Rs. 80,901 (Previous year: Rs. 104,185) towards expenses relating to unfulfilled export obligation under the Export Promotion Capital Goods Scheme. The Company has accrued these amounts based on the best estimates of the potential obligation based on the information available with it currently.

Note 33:

Deferred Tax: Deferred Tax is provided using the liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purpose at the reporting date. The Company has significant amount of outstanding business loss and unabsorbed deprecation. In absence of probability on availability of taxable profit against which these temporary differences can be utilised. The company has not recorded the cummulative deferred tax assets as on March 31, 2017 amounting to Rs 447, 439 arising on account of timing differences, as stipulated in Ind AS 12- Income Taxes.

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

S.Prasana Kumar
Partner
Membership No.: 212354

Place : Mumbai
Date : 19th May,2018

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

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 : Mumbai
Date : 19th May,2018

ZENOTECH LABORATORIES LTD.

CIN: L27100AP1989PLC010122
Survey No. 250-252 , Turkapally Village, Shameerpet Mandal,
Ranga Reddy District, Hyderabad-Telangana-500 078
Telephone Nos. : +91 90320 44584/585/586
Fax No. : +91 40 2348 0429, E-mail: abdul.gafoor@zenotech.co.in, Website: www.zenotechlab.com

29TH ANNUAL GENERAL MEETING 2017-18

ATTENDANCE SLIP

Folio No./DP ID and Client ID*:			No. of Shares:	

Name and address of
First / Sole Member:

I/We, hereby record my/our presence at the 29th Annual General Meeting of the members of Zenotech Laboratories Limited held on Saturday, September 29, 2018 at 10:00 am at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana – 500 078 and at every adjournment thereof.

Name of the Member/Proxy
(Block Letters)

Signature of the Member/Proxy

*Applicable for Investors holding shares in electronic form.

Note:

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

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ZENOTECH LABORATORIES LTD.

CIN: L27100AP1989PLC010122
Survey No. 250-252 , Turkapally Village, Shameerpet Mandal,
Ranga Reddy District, Hyderabad-Telangana-500 078
Telephone Nos. : +91 90320 44584/585/586
Fax No. : +91 40 2348 0429, E-mail: abdul.gafoor@zenotech.co.in, Website: www.zenotechlab.com

Form No. MGT-11

Proxy Form

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3)
of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): ____________________

Registered Address____________________

____

E-mail ID:____________________ Folio No./Client ID:______________ DP ID:______________

I/We, being member(s) of Zenotech Laboratories Ltd., holding ______________shares of the Company, hereby appoint:

1. Name :____________________

   Address :____________________

   E-mail Id :____________________Signature____________________ Or failing him/her

2. Name :____________________

   Address :____________________

   E-mail Id :____________________Signature____________________ Or failing him/her

3. Name :____________________

   Address :____________________

   E-mail Id :____________________Signature____________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the members of Zenotech Laboratories Limited will be held on Saturday, September 29, 2018 at 10:00 A.M. at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana State – 500 078, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

Item Nos.	Resolutions	Vote [see note (c) (Please mention no. of shares)			
			For	Against	Abstain
1.	To receive, consider and adopt the audited Financial Statements of the Company for the Financial year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon	Ordinary Resolution			
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.	Ordinary Resolution			
3.	To ratify/approve the material Related Party Transactions with Sun Pharmaceutical Industries Limited.	Ordinary Resolution			

Signed this ______day of ______________2018

Signature of Shareholder____________________

Signature of Proxyholder(s)____________________

Affix
Revenue
Stamp

Notes:

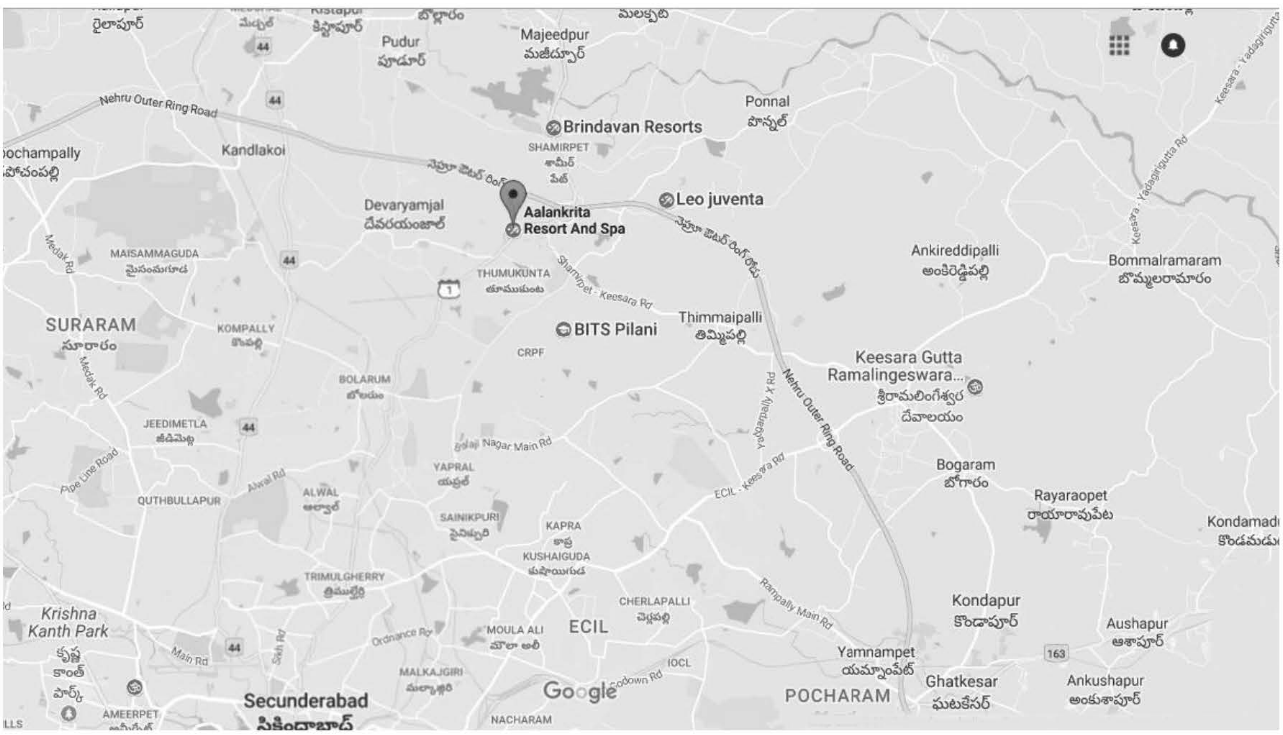
a) Proxy need not be a member of the Company.

b) This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

c) It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.

Route Map to Aalankrita Resorts

Thumkunta



Venue

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

Notes

Notes

zenotech
LABORATORIES LTD.

Manufacturing facilities & Registered office :
Survey No. 250-252, Turkapally Village,
Shameerpet Mandal, Ranga Reddy District
Hyderabad-500 078
Phone : +91 90320 44584 / 585 / 586
Fax : +91 40 2348 0429

Website : www.zenotechlab.com
CIN : L27100AP1989PLC010122

Text of the speech delivered by Mr. Azadar Hussain Khan, Director at the 29th Annual General Meeting of Zenotech Laboratories Limited held on September 29, 2018 at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R.R. Dist., Telangana State -500 078

CHAIRPERSON'S SPEECH

29th ANNUAL GENERAL MEETING

Dear Shareholders,

I have great pleasure in welcoming you all to the 29th Annual General Meeting of your Company. On behalf of the Board of Directors, I would like to convey sincere gratitude to all of you to be with us on this important occasion.

The Notice of the 29th Annual General Meeting, the Director's Report and the audited financial statements for the year ended March 31, 2018 are already with you and I take them as read.

During the year under review, your Company's revenue stood at ₹ 1,351.33 Lakhs (previous year ₹ 230.94 Lakhs) with a steep increase of 485% over the corresponding previous year. The Company reported a loss of Rs.1,185.10 Lakhs, reduction of 40% as against the reported loss of previous year (1,984.05 Lakhs). The occupancy level of the Company was at par with its operational capacity for the Oral Solid Dosage (OSD) facility. However, the Cyto Injectables, General Injectables and Eye care facilities are yet to attain its optimum utilization due to low market demands. As per the projected business plans for the forthcoming years, the Company believes that it can contain its operational losses by utilizing its resources to its maximum. Your Company is constantly striving to optimize its operational capacities, control costs to remain competitive which would help to improve the operational efficiency.

Post Rights Issue, your Company has initiated setting up of an additional facility for manufacture of specialty products in the oncology sector, for which the project work is ongoing. The Company expects to draw more revenues from the said facility upon commissioning for commercial manufacturing. The Company is looking forward to operationalise its Biotech facility with continued support from Sun Pharmaceutical Industries Limited (SPIL), one of its current promoters. During the year, the Company had invested in enhancing its utilities, infrastructure and manpower to support its future operations.

Your Company is in the process of diluting its inherited legacy issues and as an initiative in this direction, the Company settled its secured loan with Technology Development Board (TDB) through a settlement agreement signed between the parties. The unsecured loans from SPIL and Biotech Consortium (India) Limited (BCIL) were fully paid off and also settled the liability towards customs duty amount payable. Thus the current liabilities and interest burden thereof, reduced to its minimum paving way for restricted EBT losses.

Your Company has always maintained high standards of Corporate Governance and we follow a culture that is built on our core values of ethical business conduct.

We take this opportunity to thank shareholders, employees, vendors/suppliers, business associates, bankers and various trade & regulatory associations for their continued support to the Company.

Thank you,

Chairperson

Disclaimer: Statements in this "Document" describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied.