



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: September 29, 2016

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, 2016**

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, 2016.

The Shareholders of the Company have in their 27<sup>th</sup> Annual General Meeting held on Saturday, September 24, 2016 approved and adopted the Financial Statements of the Company for the financial year 2015-16 together with the Report of the Auditors and Board of Directors thereon, as disclosed in the enclosed Annual Report.

A copy of the Annual Report is also available on the website of the Company [www.zenotechlab.com](http://www.zenotechlab.com)

You are kindly requested to take the same on record.

Thanking you,

Yours faithfully,  
For Zenotech Laboratories Limited

Abdul Gafoor Mohammad  
Company Secretary & Compliance Officer



Encl: as above



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Annual Report  
2015-16

# ZENOTECH LABORATORIES LTD.

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

Dinesh Kapoor	: Chief Executive Officer
Poly K V	: Chief Financial Officer
Abdul Gafoor Mohammad	: Company Secretary & Compliance Officer

<b>Manufacturing facilities &amp; registered office</b>	: Survey No. 250-252, Turkapally Village Shameerpet Mandal, Ranga Reddy District Hyderabad, Telangana-500 078 Telephone Nos. : +91 040-23480430/0435 +91 9032044583/4589 Fax No. : +91 040-23480429 E-mail : <a href="mailto:abdul.gafoor@zenotech.co.in">abdul.gafoor@zenotech.co.in</a> Website : <a href="http://www.zenotechlab.com">www.zenotechlab.com</a>
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<b>Registrar and Transfer Agents</b>	: Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serlingampally, Hyderabad-500 008 Telephone Nos. : 1800-3454-001 (Toll Free) E-mail : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>
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<b>Statutory Auditors</b>	: M/s. PKF Sridhar & Santhanam LLP Golden Edifice, 105, 1 <sup>st</sup> floor, D No: 6-3-639/640, Khairatabad, Hyderabad-500 004, India,
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<b>Secretarial Auditors</b>	: Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, Telephone No. : +91 40 6455 7764
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## Annual General Meeting

10:30 a.m, Saturday, September 24, 2016

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

## Contents

Notice of the Annual General Meeting	3
Board's Report	9
Report on Corporate Governance	31
CEO & CFO Certificate	39
Management Discussion and Analysis Report	40
Financial Statements	
- Auditors' Report	43
- Balance Sheet	48
- Statement of Profit and Loss	49
- Cash Flow Statement	50
- Notes forming part of the Accounts	51

### **Important Communication to Members**

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

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of Zenotech Laboratories Limited (the Company) will be held on Saturday, September 24, 2016 at 10:30 am at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana – 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, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To re-appoint Mr. Jignesh Anantray Goradia (DIN: 07229899), who retires by rotation and being eligible, offers himself for re-appointment as a Director.
3. To ratify the appointment of statutory auditors of the Company, and to fix their remuneration and to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the recommendations of the Audit Committee of the Board of Directors and pursuant to the resolution passed by the members at the Annual General Meeting held on September 28, 2015, the appointment of M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S200018) Chartered Accountants, Hyderabad, as the statutory auditors of the Company to hold office till the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017, as per the recommendation of the Audit Committee.”

### Special Business:

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

“RESOLVED THAT, pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Articles of Association of the Company, Mr. Chintan Jitendra Shah (DIN: 07325664), who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 27, 2016, in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature to the office of Director, be and is hereby appointed as an independent director of the Company for a period of five (5) years effective January 27, 2016, not liable to retire by rotation.”

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), a new set of Articles of Association of the Company, copy whereof is placed before this meeting be and is hereby approved and adopted as the Articles of Association of the Company in total exclusion, substitution and superseding of the existing Articles of Association of the Company.”

“RESOLVED FURTHER THAT the Board of Directors (“Board”) of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s) / Authorised Representative(s) of the Company in order to give effect to the aforesaid Resolution.”

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 and the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘the SEBI (LODR) Regulations, 2015’), including any statutory modification(s) or re-enactment thereof for the time being in force, approval/ ratification of the shareholders of the Company be and is hereby accorded to the Company for transactions entered with Sun Pharmaceutical Industries Limited, a ‘Related Party’ as defined under the provisions of the SEBI (LODR) Regulations, 2015, which are existing and material in nature entered into prior to the date of notification of SEBI (LODR) Regulations, 2015, in terms of Regulation 23(8) of SEBI (LODR) Regulations, 2015, undertaken on the terms and conditions as agreed upon between the Company and Sun Pharmaceutical Industries Limited for the purposes as set out in the explanatory statement annexed hereto.”

“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, 2016

**Abdul Gafoor Mohammad**  
Company Secretary & Compliance Officer  
(M.No: A22331)

**Registered Office:**

Survey No. 250-252, Turkapally Village  
Shameerpet Mandal, Ranga Reddy District  
Hyderabad, Telangana-500 078  
CIN: L27100AP1989PLC010122  
Telephone Nos. : +91 040-23480430/0435  
+91 9032044583/4589  
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E-mail : [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in)  
Website : [www.zenotechlab.com](http://www.zenotechlab.com)

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**Notes:**

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to Special Business is annexed hereto.
2. **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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. A person can act as 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 proxy for any other person or member.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. 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.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Members / proxies should bring the attendance slips duly filled in for attending the meeting.
7. The Register of Members and Transfer Books of the Company will be closed from September 17, 2016 to September 24, 2016 (both days inclusive).
8. The members are requested to –
  - i) Intimate to the Registrars and Transfer Agents of the Company / Depository Participants of changes, if any, in their registered addresses at an early date.
  - ii) Quote Ledger Folio/Client ID in all the correspondence.
  - iii) You are requested to carry a copy of the Annual Report and attendance slip to the Meeting.
9. 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, Serilingampally, Hyderabad 500 008, 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.

10. Members seeking any information with regard to accounts are requested to write to the Company at least seven (7) days before the Meeting.
11. All the documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
12. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. A copy of the notice of the AGM along with the Annual Report is also available for download on the website of the Company at [www.zenotechlab.com](http://www.zenotechlab.com).
13. The Company has, pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, extended e-voting facility for its members to enable them to cast their vote electronically instead of participating and voting physically in the Annual General Meeting.
14. The Board of directors has appointed Mr. Mahadev Tirunagari, Practicing Company Secretary, who is in the opinion of the Board is duly qualified person as a scrutinizer who will collate the electronic voting process in a fair and transparent manner. He has also conveyed his willingness to be appointed as such.
15. The cutoff date for e-voting facility is September 17, 2016 and members whose names appear in the register of members shall be entitled to avail the service. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. August 19, 2016 is requested to contact Karvy to get the details relating to his/her user-id and password. Members may call the Karvy's toll free number 1800-3454-001 or send an email request to [evoting@karvy.com](mailto:evoting@karvy.com).
16. The remote e-voting period will commence at 9 a.m. on September 21, 2016 and will end at 5 p.m. on September 23, 2016. The facility for voting shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

#### Procedure for remote e-voting

- I. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for AGM.
- II. The instructions for remote e-voting are as under:
  - (a) In case of Members receiving an e-mail from Karvy:
    - (i) Launch an internet browser and open <https://evoting.karvy.com>
    - (ii) Enter the login credentials (i.e. User ID and password). The Event No.+Folio No. or DP ID- Client ID will be your User 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 the above details Click on - Login.
    - (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.) The system will also prompt you to 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. You need to login again with the new credentials.
    - (v) On successful login, the system will prompt you to select the E-Voting Event
    - (vi) Select the EVENT of Zenotech Laboratories Limited and click on - Submit.
    - (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
    - (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
    - (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
    - (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at **mahadev.pcs@gmail.com**. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."

- (b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip  
INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.

EVENT (E-Voting Event Number)	USER ID	PASSWORD
–	–	–

Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.

- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on September 17, 2016. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9 a.m. on September 21, 2016 and will end at 5 p.m. on September 23, 2016. The e-voting module shall be disabled by Karvy at 5.00 p.m. on the same day.
- VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VIII. Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID by approaching the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
  - a. If e-mail 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.
  - b. Member may call Karvy's toll free number 1-800-3454-001
  - c. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com)
- IX. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.
17. Members are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to M/s. Karvy Computershare Private Limited, the Registrars and Transfer Agents at the aforesaid address.

## ANNEXURE TO THE NOTICE

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

#### Item No.4

Mr. Chintan Jitendra Shah (DIN: 07325664) is appointed as independent director and holds office as Additional Director effective January 27, 2016 pursuant to the provisions of Section 161 of the Companies Act, 2013.

The Company has received consent from Mr. Chintan Jitendra Shah conveying his willingness to be director and has accordingly, submitted declarations stating that he fulfills all other conditions of being appointed as a director in terms of the provisions of Section 149 of the Companies Act, 2013. The Company has also received declaration from Mr. Chintan Jitendra Shah stating that he meets the criteria of independence as prescribed under Sub Section (6) of Section 149 of the Companies Act, 2013. The Board of Directors is also of the opinion that he fulfills all the conditions specified under the act.

The Company has received notice in writing from a member along with the requisite deposit under Section 160 of the Act proposing the candidature of Mr. Chintan Jitendra Shah to the office of Independent Director. Accordingly, and as recommended by the Board, it is proposed to appoint Mr. Chintan Jitendra Shah as independent director under the provisions of Section 149 of the Companies Act, 2013 to hold office for five (5) consecutive years and she shall not be liable to retire by rotation.

The Board of Directors considered that appointment of Mr. Chintan Jitendra Shah as an Independent Director would immensely benefit the Company and therefore, recommends the proposal for approval of the Shareholders.

The details of Mr. Chintan Jitendra Shah as required to be given in terms of Secretarial Standards - 2 have been provided separately under Profile of Directors seeking appointment/re-appointment.



Except Mr. Chintan Jitendra Shah and his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution set forth above under this item no.4.

**Item No. 5:**

The existing Articles of Association ("AOA") of the Company are based on the provisions of the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Companies Act, 2013 ("the Act"). Consequent to the coming into effect of the Act and Rules framed there under, it has become necessary to alter the existing Articles of Association of the Company to be in line with the Act.

The Company has proposed adoption of new set of Articles of Association in the last Annual General Meeting held on September 28, 2015, however, the same could not be passed.

The Board of Directors considered this matter again in its meeting held on August 6, 2016 and decided to adopt a new set of Articles of Association and replace the existing Articles of Association.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company on all working days, except Sunday between 11.00 a.m. to 4.00 p.m. up to the date of the Annual General Meeting and during the Annual General Meeting. The proposed draft Articles of Association is available on the Company's website at [www.zenotechlab.com](http://www.zenotechlab.com) for perusal by the shareholders.

As per Section 14 of the Act, approval of the Members of the Company by way of a Special Resolution is required for alteration of Articles of Association of the Company.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval of the members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

**Item no. 6:**

The Company in the ordinary course of its business, during the financial year ended March 31, 2015 & 2016 transacted with Sun Pharmaceutical Industries Limited (SPIL), which is a 'Related Party' within the meaning of Regulation 2 (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and which were 'material' in nature as per the provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as detailed hereunder:

(Amount in Rs.)

Sales	5,70,99,351
Short-term borrowings taken	7,45,09,340
Interest on Short-term borrowings	13,17,50,902
Trade advance received	3,18,57,263
Total	29,52,16,856

All the transactions were on arm's length basis and have been approved by the Audit Committee and the Board of Directors of the Company. The Company depends majorly on SPIL for marketing its products through their wide network spread across many countries.

In the last Annual General Meeting held on September 28, 2015, the Company has sought approval from the shareholders by way of Special Resolution and the same could not be passed.

Pursuant to the provisions of Regulation 23 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 all material Related Party Transactions require approval of the shareholders through Ordinary Resolution in which the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not.

Thus, the transactions would require the approval of the members by way of an Ordinary Resolution.

It is therefore, in the interest of the Company, to continue working with SPIL. The Board, therefore, recommends the Ordinary Resolution set out in Item No. 6 of the Notice for the approval of the members.

Pursuant to the applicable provisions of the above said regulations, Mr. Azadar Hussain Khan and their relatives are deemed to be interested in SPIL, since it is an investing Company of Zenotech Laboratories Limited as per Accounting Standard (AS) 18, in which Mr. Azadar Hussain Khan is the employee of the SPIL. Other than Mr. Azadar Hussain Khan

and their 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/re-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	Mr. Jignesh A. Goradia	Mr. Chintan Jitendra Shah
Director Identification Number (DIN)	07229899	07325664
Date of Birth	October 1, 1967	March 4, 1984
Date of Appointment	July 8, 2015	January 27, 2016
Qualification	Chartered Accountant	Chartered Accountant
Expertise in specific functional areas	His expertise in dealing with various business issues for more than 20 years. He is the founder partner of M/s Jignesh Goradia & Associates, a 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 sales tax matters.	His expertise in dealing with various business issues for more than 8 years. 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 sales tax matters.
Directorship held in other companies in India	Nil	1
Membership / Chairmanships of Committees of other public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
No. of equity shares held in the Company as on March 31, 2016.	Nil	Nil
Relationship with Other Directors and Key Managerial Personnel of the Company	N.A.	N.A.

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

Place : Mumbai  
 Date : August 6, 2016

**Abdul Gafoor Mohammad**  
 Company Secretary & Compliance Officer  
 (M.No: A22331)

#### Registered Office:

Survey No. 250-252, Turkapally Village  
 Shameerpet Mandal, Ranga Reddy District  
 Hyderabad, Telangana-500 078  
 CIN: L27100AP1989PLC010122  
 Telephone Nos. : +91 040-23480430/0435  
 +91 9032044583/4589  
 Fax No. : +91 040-23480429  
 E-mail : [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in)  
 Website : [www.zenotechlab.com](http://www.zenotechlab.com)

## BOARD'S REPORT

Your Directors take pleasure in presenting the Twenty Seventh Annual Report and audited accounts of the Company for the financial year ended March 31, 2016.

### Financial Results

(Rs. In Lakhs)

	2015-16	2014-15
Revenue from operations (net)	205.98	407.67
Other income	38.76	34.52
Total Revenue	244.74	442.19
Depreciation	396.23	405.63
Loss before tax	(1910.81)	(3041.43)
Exceptional Items	-	-
(Loss) after tax	(1910.81)	(3041.43)
Loss brought forward from previous year	(17,811.78)	(14,761.11)
Profit/(Loss) carried forward to Balance Sheet	(19,722.59)	(17,811.78)

### Company Affairs

During the year under review, the Company's revenue stood at Rs.205.98 Lakhs. With decrease in revenue, the Company reported a loss of Rs.1910.81 Lakhs. However, the Company succeeded in restricting its EBT losses to Rs. 1910.81 Lakhs as against Rs. 3041.43 Lakhs in the previous year.

The year continued to be challenging due to legacy issues that inhibit your Company from delivering commercially viable products. As reported in earlier years, most vital technical information and essential lab records have not been accessible since 2011 (post possession) of the actual control over the affairs of your Company from the erstwhile management which was headed by Dr. Jayaram Chigurupati. Nearly all the DNA clones relating to the biotech products and projects on which your Company was working upon have been unavailable. Therefore, the suspension of activities in biotech unit continued during the year to control the costs against the uncertain outcome which was affecting the financial health of the Company. In addition, provisions made for certain costs, commitments which have not been fulfilled in the absence of related documents since the takeover of the operations by erstwhile Ranbaxy Laboratories Limited.

During the year under review, the Company further evaluated the facility and assessed the business opportunities to draw a way forward for the Company by utilizing its resources to its optimum. Collaborative technical & business arrangements are in process to sustain the Company by itself in the near future. Minor modifications in the facility and utilities are in progress to restart the operations as per the projected business plans. Oral Solid Division of the facility, which was not commissioned earlier has been revisited and revival activities are in progress for commissioning of the facility.

In the meantime, your Company is constantly striving to streamline, cut costs and turning cost competitive which would help improve the operational efficiency.

During the year under review, GMP approval was received from WHO for the range of products manufactured in the Company's facility.

### Reserves

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

### Dividends

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

### Subsidiaries, Joint Ventures or Associates

The Company does not have any joint venture or associate Company. For 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, 2016 is 23. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the employees.

Disclosure pertaining to remuneration and other details as 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, 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, 2016 is appended herewith as Annexure 3 to this Report.

**BIFR**

During the year under review, the Company has made necessary reference to the Board of Industrial and Financial Reconstruction (BIFR) and the same has been registered with BIFR as case No.115/2015 under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. Delay in constitution of the BIFR bench affected further submissions by the Company. However, the management is positive with regard to the ongoing submissions and their outcome.

**Share Capital**

The Share Capital of your Company remained unaltered during the year with the Authorized Share Capital stood at Rs.100 Crores. The Company proposes to raise funds for its operations through Rights Issue of Equity Shares, for which regulatory approvals are being sought.

**Auditors and their Reports****Statutory Auditors**

At the Annual General Meeting held on September 28, 2015, M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Hyderabad, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2020. In terms of the first proviso to Section 139 of the Act, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. PKF Sridhar & Santhanam LLP, as statutory auditors of the Company, is placed for ratification by the shareholders.

M/s. PKF Sridhar & Santhanam LLP have confirmed their eligibility under Section 141 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014. As required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Audit Committee and the Board of Directors recommended the appointment of M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, as statutory auditors of the Company from the conclusion of the 27<sup>th</sup> Annual General Meeting till the conclusion of the 28<sup>th</sup> Annual General Meeting, to the shareholders for ratification.

With regard to qualifications/remarks contained in the Auditors' Report and Annexure thereto, your directors' wish to state as under:

Regarding Para No. 1 in the Basis for Qualified Opinion of the Audit report:

Reconstructed books of account for the financial years ended March 31, 2011 and 2012, differences between the Company and the then Co-Managing Director, Dr. Jayaram Chigurupati, non resolution of the above, inability of the auditors to

determine the adjustments/disclosures arising out of the outcome of ongoing legal proceedings, etc. As has been reported in the annual report for the previous years, it is reiterated that your Company, had already initiated appropriate steps to recover various missing assets and properties, valuable information and records of the Company and the matters are currently being investigated or sub-judice.

Post November 12, 2011, the reconstruction of the books of account for the years ended March 31, 2011 and March 31, 2012 were carried out by the Company with the best of its ability within the constraints. Any further adjustments/disclosures to the financial statements, if required, would be made in the financial statements as and when the outcome of the uncertainties related to those years becomes known and the consequential adjustments/disclosures are identifiable/determinable.

Regarding Para No. 2 in the Basis for Qualified Opinion of the Audit report: Application made to the Ministry of Corporate Affairs, Government of India (MCA) seeking approval to pay remuneration to Mr. B. K. Raizada, former Managing Director of the Company: The management wishes to inform that MCA vide letter dated February 27, 2012 conveyed approval to the Company to pay remuneration to Mr. B.K. Raizada subject to the condition that the Company cleared its outstanding dues to Technology Development Board (TDB) and file a compliance report with MCA by February 29, 2012. As the Company is unable to repay the outstanding dues towards the loan assistance granted by TDB, the Company has not paid remuneration to Mr. B.K. Raizada, former Managing Director of the Company.

Regarding Para No. 3 in the Basis for Qualified Opinion of the Audit report: Contravention of the provisions of Companies Act, 1956 with respect to payment of Rs.7,980 thousands towards managerial remuneration for the period from October 1, 2007 to March 31, 2011: It is informed that your Company in order to recover the excess amount paid, has filed money suit before the Hon'ble Court of Chief Judge, City Civil Court, Hyderabad, and the matter is currently sub-judice.

Point no. (vii) (b) of Annexure-A to Independent Auditors Report with regard to dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, which have not been deposited on account of any dispute, the Company had already filed necessary applications with the concerned appellate authorities and sufficient provisions in this regard had already been made in the Financial Statements. The Company has been regular in depositing undisputed statutory dues with the appropriate authorities.

Point no. (viii) of Annexure-A to Independent Auditors Report with regard to, the Company has defaulted in repayment of loans and borrowings to financial institutions, Government, Interest and loan taken from Technology Development Board (TDB) and Biotech Consortium (India) Ltd (BCIL), due to poor financial status of the Company. However, it is further informed that as on date, the Company has no other outstanding loans from any Bank/Financial institutions.

### **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 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016, is appended herewith as Annexure 4 to this Report.

With regard to Observations/remarks contained in the Secretarial Auditors' Report, your directors' wish to 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 Officer 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 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-judice.

Observation no. 1 (c): The reasons for the non compliance have been reported in the Annual Reports for the earlier years which have been reiterated in the Auditor's observation. There is nothing more to respond.

Observation no. 1 (d): 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(e): The Auditor's observation indicates the response and there is nothing more to respond.

Observation no. 1(f): The reason for the non-compliance has been indicated in the Auditor's observation and there is nothing more to respond.

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

Observation no 1(g)(ii): The reason for the non-compliance have been indicated in the Auditor's observation and there is nothing more to respond.

### **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 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-judice.

### **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, 2016 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

In accordance with the provisions of the Act, Mr. Jignesh Anantray Goradia, Director retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends his re-appointment.

## Independent Directors & Non-Executive Directors

The Board, based on the recommendation of Nomination and Remuneration Committee, has appointed Mr. Chintan Jitendra Shah as an Additional Director in the category of Independent Director for a period of 5 years effective January 27, 2016. Mr. Chintan Jitendra Shah is proposed to be appointed as director under the provisions of Section 160 of the Companies Act, 2013 at the ensuing Annual General Meeting.

Pursuant to the provisions of Section 149(7) of the Act, Mr. Chintan Jitendra Shah has furnished declaration to the effect that he meets the criteria of independence and in the opinion of the Board, he fulfills the criteria of independence as mentioned under Companies Act, 2013 read with Schedule IV and relevant rules made there under.

In view of the same, he is eligible for appointment as independent director of the Company to hold office for a period up to 5 years so long as his appointment is in compliance with provisions of subsections (6) to (8) of Section 149 read with Schedule IV to the Act.

On January 27, 2016 Mr. Virendra Gunvantrai Bhatt resigned from the Board.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

The Company has received notice in writing under the provisions of Section 160 of the Act, from a member along-with the deposit of requisite amount, proposing the candidature of Mr. Chintan Jitendra Shah for the office of independent director, to be appointed as such under the provisions of Section 149, 152 of the Act.

## Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Act, that he/she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Key Managerial Personnel

Mr. Dinesh Kapoor, Chief Executive Officer, Mr. Poly K.V., Chief Financial Officer and Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Act

During the year, Mr. Chinmoy Patnaik, has resigned as Company Secretary & Head-Legal w.e.f. November 16, 2015. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Abdul Gafoor Mohammad as Company Secretary & Compliance Officer w.e.f. March 11, 2016. Further, the Board designated Mr. Abdul Gafoor Mohammad as the Compliance Officer for SEBI Listing regulations w.e.f March 11, 2016.

## Number of Meetings of the Board

The Board of Directors of the Company met five times during the financial year ended March 31, 2016 on May 26, 2015; August 10, 2015; November 6, 2015; January 27, 2016 and March 9, 2016. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report of the Company, which forms a part of this Report. The intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013, erstwhile Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also Secretarial Standard-1 (SS-1) on 'Meetings of the Board of Directors'.

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

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

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 erstwhile Listing Agreement with the stock exchange, BSE Limited (Listing Agreement) and 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](http://www.zenotechlab.com).

#### **Policy on Directors' Appointment and Remuneration**

For the purpose of selection of any Director, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and also takes into consideration recommendation, if any, received from any member of the Board. The Committee also ensures that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down in the Companies Act, 2013 or other applicable Laws.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Company's remuneration policy is driven by the success and performance of the individual as well as their expertise in critical areas of operations of the Company.

#### **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 security 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, 2016 are disclosed in Notes No. 2.34 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(8) 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 27<sup>th</sup> Annual General Meeting of the Company.

**Risk Management**

The Board of Directors have developed & implemented a risk management policy which identifies the key elements of risks that threatens the existence of the Company. 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 risk absolutely, effort is underway to actively promote and apply best practices at all levels and to all its activities, including its dealing with external partners.

**Corporate Social Responsibility**

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

**Prevention of Sexual Harassment Policy**

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2015-16, no complaints were received by the Company related to sexual harassment.

**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](http://www.zenotechlab.com) and may be accessed through the web link <http://zenotechlab.com/wp-content/uploads/2015/07/Vigil-Mechanism.pdf>.

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

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

**Material Changes**

There have been no material changes and commitments affecting the financial position of the Company since the closure of financial year ended March 31, 2016. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

**Acknowledgement**

The Board of directors would like to express their grateful appreciation for the assistance and co-operation received from banks, various government authorities, customers and vendors of the Company during the period. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

Your directors also wish to place on record the sincere efforts and committed services put in by the employees across all levels, who continued to stand and support the Company and its management in the difficult times.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : August 6, 2016

**Azadar Hussain Khan**  
Chairman

**Annexure 1**

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended on March 31, 2016**

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

**I. REGISTRATION & OTHER DETAILS:**

i)	CIN	L27100AP1989PLC010122
ii)	Registration Date	15/06/1989
iii)	Name of the Company	Zenotech Laboratories Limited
iv)	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Survey no. 250 - 252, Turkapally Village, Shameerpet Mandal, Hyderabad, R.R. District, Telangana, Pin - 500 078 Ph. No. +91-40-23480430/35, +91-9032044583/89
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	Zenotech Farmaceutica Do Brasil Ltda	-	Overseas Subsidiary	-	-
2	Zenotech Laboratories Nigeria Ltd	-	Overseas Subsidiary	-	-
3	Zenotech Inc., USA	-	Overseas Subsidiary	-	-

**\*Note:** Please refer to the note provided under consolidated financial statements in the Directors' 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-2015]			No. of Shares held at the end of the year [As on 31-March-2016]			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
(1) Indian							
a) Individual/ HUF	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-
d) Bodies Corp.	16127293	0	16127293	16128078	0	16128078	46.85
e) Banks / FI	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-
<b>Sub-total (A)(1):</b>	<b>16127293</b>	<b>0</b>	<b>16127293</b>	<b>16128078</b>	<b>0</b>	<b>16128078</b>	<b>46.85</b>
(2) Foreign							<b>0.01</b>
a) NRIs – Individuals	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-
c) Bodies Corp.	6886500	0	6886500	6886500	0	6886500	20.00
d) Banks/FI	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-
<b>Sub-total (A)(2):</b>	<b>6886500</b>	<b>0</b>	<b>6886500</b>	<b>6886500</b>	<b>0</b>	<b>6886500</b>	<b>20.00</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>23013793</b>	<b>0</b>	<b>23013793</b>	<b>23014578</b>	<b>0</b>	<b>23014578</b>	<b>66.85</b>
<b>B. Public Shareholding</b>							
<b>1. Institutions</b>							
a) Mutual Funds	-	-	-	-	-	-	-
b) Banks / FI	4414	0	4414	4414	0	4414	0.01
c) Central Govt	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Sub-total (B)(1):-</b>	<b>4414</b>	<b>0</b>	<b>4414</b>	<b>0.01</b>	<b>4414</b>	<b>0</b>	<b>4414</b>	<b>0.01</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	817643	0	817643	2.37	789645	0	789645	2.29	-0.08
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	1715674	46697	1762371	5.12	2033396	45997	2079393	6.04	0.92
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2805987	5093238	7899225	22.94	2533007	5092630	7625637	22.15	-0.79
c) Others (specify)									
Clearing Members	22737	0	22737	0.07	431	0	431	0.00	-0.07
Foreign Bodies	0	692791	692791	2.01	0	692791	692791	20.1	0
Non Resident Indians	58893	7468	66361	0.19	69455	7468	76923	0.22	0.03
NBFC	200	0	200	0.00	2000	0	2000	0.01	0.01
HUF	147965	0	147965	0.43	141688	0	141688	0.41	-0.02
<b>Sub-total (B)(2):-</b>	<b>5569099</b>	<b>5840194</b>	<b>11409293</b>	<b>33.14</b>	<b>5569622</b>	<b>5838886</b>	<b>11408508</b>	<b>33.14</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>5573513</b>	<b>5840194</b>	<b>11413707</b>	<b>33.15</b>	<b>5574036</b>	<b>5838886</b>	<b>11412922</b>	<b>33.15</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>28587306</b>	<b>5840194</b>	<b>34427500</b>	<b>100.00</b>	<b>28588614</b>	<b>5838886</b>	<b>34427500</b>	<b>100.00</b>	<b>0</b>

**(ii) Shareholding of Promoter-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share - holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sun Pharmaceutical Industries Limited	16127293	46.84	0	16128078	46.85	0	0.01
2	Daiichi Sankyo Company, Limited	6886500	20	0	6886500	20	0	0
	<b>TOTAL</b>	<b>23013793</b>	<b>66.84</b>	<b>0</b>	<b>23014578</b>	<b>66.84</b>	<b>0</b>	<b>0.01</b>

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

SI No.	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	16127293	46.84	24.07.2015	785	Acquired through open offer	16128078	46.85
2.	Daiichi Sankyo Company, Limited	6886500	20	-	-	-	6886500	20

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

SI No.	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.	Jayaram Chigurupati	4222632	12.26	-	-	-	4222632	12.26
2.	Padmasree Chigurupati	3060500	8.88	-	-	-	3060500	8.88
3.	Zenotech LLC	692791	2.01	-	-	-	692791	2.01
4.	Technology Development Board	600000	1.74	-	-	-	600000	1.74
5.	Shweta Anand Agrawal	0	-	20.11.2015	3000	Purchase	3000	0.01
				27.11.2015	22000	Purchase	25000	0.07
				11.12.2015	10256	Purchase	35256	0.10
				18.12.2015	5710	Purchase	40966	0.12
				24.12.2015	490	Purchase	41456	0.12
				31.12.2015	4950	Purchase	46406	0.13
				31.03.2016	35029	Purchase	81435	0.23
6.	Kantilal M. Vardhan (HUF)	53574	0.15	-	-	-	53574	0.15
7.	Lakshmi M	7452	0.02	09.10.2015	5130	Purchase	12582	0.04
				23.10.2015	22418	Purchase	35000	0.10
				20.11.2015	1000	Purchase	36000	0.10
				27.11.2015	14000	Purchase	50000	0.14

SI No.	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
8.	P. Lakshma Reddy	152000	0.44	03.07.2015	30000	Sale	122000	0.35
				10.07.2015	52000	Sale	70000	0.20
				17.07.2015	10850	Sale	59150	0.17
				24.07.2015	1150	Sale	58000	0.17
				31.07.2015	3000	Sale	55000	0.16
				07.08.2015	3000	Sale	52000	0.15
				14.08.2015	2000	Sale	50000	0.14
9.	Rishra Investments Limited	48268	0.14	-	-	-	48268	0.14
10.	Vijaya Babu Chitteti	0	-	27.11.2015	44932	Purchase	44932	0.13
				25.03.2016	1665	Sale	42867	0.12
				31.03.2016	500	Sale	42367	0.12

(v) Shareholding of Directors and Key Managerial Personnel:

SI No	Name of the Director/KMP	Shareholding at the beginning of the year 01.04.2015		Increase/Decrease in Shareholding			Cumulative Shareholding during the year 31.03.2016	
		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. Dinesh Kapoor – Chief Executive Officer (KMP)	13	0	-	-	-	13	0
6.	Mr. Poly K.V. – Chief Financial Officer (KMP)	1	0	-	-	-	1	0
7.	Mr. Abdul Gafoor Mohammad – Company Secretary & Compliance Officer (KMP)	0	0	-	-	-	0	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	30,049,528.45	513,112,000.00	1,329,393.00	544,490,921.45
ii) Interest due but not paid	18,324,626.00	88,790,727.00	342,815.00	107,458,168.00
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	48,374,154.45	601,902,727.00	1,672,208.00	651,949,089.45
Change in Indebtedness during the financial year				
* Addition	4215392.51	62987800.00	-	67203192.51
* Reduction	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Net Change	4,215,392.51	62,987,800.00	-	67,203,192.51
Indebtedness at the end of the financial year				
i) Principal Amount	29,805,600.96	513,112,000.00	1,329,393.00	544,246,993.96
ii) Interest due but not paid	22,783,946.00	151,778,527.00	342,815.00	174,905,288.00
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>52,589,546.96</b>	<b>664,890,527.00</b>	<b>1,672,208.00</b>	<b>719,152,281.96</b>

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

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

SI No.	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

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
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**

SI No	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	5,757,149	950,484* 67,978**	1,142,791	7,918,402
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>5,757,149</b>	<b>1,018,462</b>	<b>1,142,791</b>	<b>7,918,402</b>

\* Remuneration paid to Mr. Chinmoy Patnaik up to November 16, 2015 i.e. relieved from this date.

\*\* Remuneration paid to Mr. Abdul Gafoor Mohammad from March 11, 2016 i.e. from the date of Appointment

**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)
<b>A. COMPANY</b>			<b>--None--</b>		
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>			<b>--None--</b>		
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>			<b>--None--</b>		
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 2015-16:

<b>Name of the Director</b>	<b>Ratio of remuneration of each director/ to median remuneration of employees</b>
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:

<b>Name &amp; Designation of Director &amp; KMP</b>		<b>% increase* in Remuneration in the financial year 2015-16</b>
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	0%
Mr. Poly K.V.	Chief Financial Officer	0%
Mr. Chinmoy Patnaik	Company Secretary and Head-Legal (up to November 16, 2015)	N.A.
Mr. Abdul Gafoor Mohammad	Company Secretary & Compliance Officer (w.e.f. March 11, 2016)	N.A.

\* No remuneration is being paid to Directors and hence increase in remuneration does not arise and also no increase in remuneration to KMP for the FY 2015-16

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

No increase in the remuneration of employees, hence not applicable

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

23

- (v) Average percentile increase already made in the salaries of employees other than the 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:

No increase in the salaries of employees, hence not applicable

- (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, 2016\*

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 2015-16	Nil*
Options exercised during FY 2015-16	Nil
The total number of shares arising as a result of exercise of options	Nil
Options lapsed during FY 2015-16 which are subject to reissue	Nil
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Grant price (Face value of Rs.10)	Rs. 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 2015-16	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	Rs. (5.55)
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, 2016 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.

Under Zenotech Employee Stock Option Scheme, 2005, the company granted 17,000 options (net of options lapsed) of which 4,250 vested options have been exercised during the year ended March 31, 2010, which was subject to leave of the erstwhile Company Law Board. Out of these, the Company allotted 2,500 shares vide erstwhile Company Law Board Order dated 6 August 2010 and balance is pending for allotment subject to leave of the erstwhile Company Law Board.

**Annexure 4****Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
 (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

**Zenotech Laboratories Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Zenotech Laboratories Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Zenotech Laboratories Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Zenotech Laboratories Limited for the financial year ended on 31 March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The other laws as applicable specifically to the company are as under:
  - 1. Drugs and Cosmetics Act, 1940
  - 2. The patents Act, 1970
  - 3. The trade marks Act, 1999
  - 4. Indian Boilers Act, 1923
  - 5. Standards of Weights and Measures Act, 1976
  - 6. The Drugs Control Act, 1950 - DPCO 2013 / rules;

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India effective from 01 July 2015.
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange.

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

1. As informed by the management /reported in the Annual Report for the financial year ended 31 March 2016 we report the following:
  - a) *It is noticed that there are ongoing litigations between the erstwhile promoters and the present promoters of the Company. The present management of the Company took over the possession of the Company's premises effective from 11 November 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was found that, among others, various statutory books and records of the Company was missing. In order to recover the related missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. The matter is currently subjudice.*
  - 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.*
  - c) *Under the Zenotech Stock Option Scheme 2005, the company allotted 1,25,000 shares to the directors during the financial years 2007 - 08 and 2008 - 09 and the Company had also allotted 2,500 shares to its employees under Company's Employees Stock Option Scheme in, 2010 pursuant to Company Law Board's (CLB) order dated 6 August, August 2010 which have not been listed with the Exchange. These Shares were allotted during the period before the current management gained access to the Company's premises and the fact that these Shares are unlisted came to the notice subsequently. On further assessment it was revealed that no return of allotment with respect to those Shares was filed with the Registrar of Companies, Hyderabad. Besides, due to the missing statutory records and registers of the Company including the Minutes of the meetings of the Board of Directors, the Company is unable to undertake the compliance formalities with respect to the said allotments and seek enlistment of the shares on BSE Ltd*
  - d) *Annual Return and Balance Sheet have not been filed for the F.Y ended on 31<sup>st</sup> March 2015 due to technical issues related to requisite number of Directors.*



- e) *As of 31 March 2016, the net worth of the Company continues to be negative. During the year, the Company's reference to the Board for Industrial and Financial Reconstruction (BIFR) had been registered as case no. 115/2015 under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985.*
- f) *The Company at its 24th Annual General Meeting held on 13th August 2013 proposed to increase the Authorised Share Capital of the Company from Rs 35 Crores to Rs 100 Crores. The proposal to amend the memorandum of association of the Company requiring Ordinary Resolution was approved by the Shareholders of the Company while the Special Resolution proposed to alter the Article 3 in the Articles of Association of the Company relating to Capital was defeated. Therefore, the article 3 in the Articles of Associations of the Company remains unaltered.*
- g) *The Company has complied with all the conditions of corporate governance code as envisaged under Clause 49 of Listing Agreement /SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except for*
  - i) *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; (Clause 49 Vof Listing Agreement /SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*
  - ii) *Related Party Transactions: The Company had sought approval by way of special resolution from the Shareholders at the 26th AGM of the Company with regard to the Related Party Transactions, which were material in nature and under taken during the financial year ended March 31, 2015. The said Resolution was disapproved by the Shareholders. (Clause 49 VII of Listing Agreement /SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

I further report that

The Board of Directors of the Company is duly constituted with proper balance of 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.

**MahadevTirunagari**  
**Company Secretary in Practice**

Place : Hyderabad  
Date : 06 August 2016

FCS : 6681  
CP No. : 7350

## Annexure

**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.

**MahadevTirunagari**  
**Company Secretary in Practice**

Place : Hyderabad  
Date : 06 August 2016

FCS : 6681  
CP No. : 7350

## Annexure 5

**Form No. AOC-2**

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

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto:		
<b>1.</b>	<b>Details of contracts or arrangements or transactions not at arm's length basis:</b>	
(a)	Name(s) of the related party and nature of relationship	Not applicable
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

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.2.34 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:

Measures are taken to reduce energy consumption by using energy-efficient equipments. The Company regularly reviews power consumption patterns and implement requisite improvements/ changes in the process in order to optimize energy/ power consumption and thereby achieve cost savings.

- ii. the steps taken by the company for utilising alternate sources of energy and investment made thereon:

Disclosure of particulars with respect to Conservation of Energy:

a)	Power and fuel consumption	2015-16	2014-15
1	Electricity		
	i. Purchased		
	Units	778560	982480
	Total amount(Rs)	7390265	70,05,395
	Rate/unit(Rs)	9.49	7.13
	ii. Own generation through diesel generation set		
	Units	43264	152,619
	Total amount(Rs)	10,14,568	29,50,637
	Units per liter of diesel oil	2.58	3.00
	Rate/unit(Rs)	23.45	19.33
2	Diesel (used in boiler)		
	Quantity (tones)	217	751
	Total cost (Rs)	10,42,176	34,67,520
	Average rate (Rs)	4802.65	4615.36
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:

The Company is continuously endeavoring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies.

- 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: Presently strategising future plans**
**C. FOREIGN EXCHANGE EARNINGS / OUTGO:**

The details of foreign exchange earnings / outgo during the year 2015 - 2016 are as follows:

Total foreign exchange used and earned:

(Rs. in thousands)

	<b>31.03.2016</b>	<b>31.03.2015</b>
Earnings in Foreign Currency		
Export of Goods (FOB Value)	-	1607
CIF value of Imports		
Raw Materials	-	2083
Components and Spare Parts	420	-
Capital Goods	-	-
Professional fees/ services	8,404	31234

**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 organization, 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 sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity. 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 "SEBI 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 Board while performing its fiduciary duties recognizes its responsibilities towards the shareholders and other stakeholders, to uphold the highest standards in all matters concerning the Company and for the purpose ensures proper delegation of appropriate authority to the senior officials of the Company for effective management of operations.

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, 2016 and other details provided hereunder:

Name of Director	Designation & Category	No. of Board Meetings attended	Attendance at Previous AGM held on 28.09.2015	Number of Directorships held in other companies (#)	Number of Board Committee (#) memberships held in such companies	Number of Chairmanship of Board Committees (#) held in such companies
Smt. Kavita Rakesh Shah	Independent Director	4	Yes	-	-	-
Mr. Jignesh Anantray Goradia*	Non- Executive Director	4	Yes	-	-	-
Mr. Azadar Hussain Khan*	Non-Executive Director	1	Yes	-	-	-
Mr. Chintan Jitendra Shah*	Independent Director	2	NA	1	-	-
Mr. R.S. Bakshi **	Independent Director	1	NA	-	-	-
Mr. Surendra Kumar Kohli **	Non-Executive Director	1	NA	-	-	-
Mr. Vijay Agarwal **	Independent Director	1	NA	-	-	-
Mr. Virendra Gunvantrai Bhatt @@	Independent Director	3	Yes	-	-	-

**Notes:**

- # "Other Companies" excludes "Zenotech Laboratories Limited". As required by Regulation 26 of SEBI Listing Regulations the disclosure includes membership/ chairpersonship of the Audit Committee and Stakeholders Relationship Committee in Indian public companies (listed and unlisted);
- \* Mr. Jignesh Anantray Goradia appointed as an Additional Director w.e.f. 08 Jul 2015
- \* Mr. Azadar Hussain Khan appointed as an Additional Director w.e.f. 25 Aug 2015
- \* Mr. Chintan Jitendra Shah appointed as an Additional Director w.e.f. 27 Jan 2016
- \*\* Mr. Ranbir Singh Bakshi resigned as director w.e.f. 01 Jun 2015
- \*\* Mr. Vijay Agarwal and Mr. Surinder Kumar Kohli resigned as directors w.e.f. 30 Jun 2016
- \*\* Mr. Virendra Gunvantrai Bhatt resigned as director w.e.f. 27 Jan 2016
- (c) During the year ended March 31, 2016, the Board of Directors of Zenotech Laboratories Limited met five times on the following dates: May 26, 2015, August 10, 2015, November 6, 2015, January 27, 2016 and March 9, 2016.
- (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 Company's Independent Directors shall meet at least once in a calendar year without the attendance of non-independent directors and members of management, to discuss informally, matters pertaining to Company affairs and put forth their views to the Chairman of the Board.
- (i) 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.

The terms of reference of the Audit Committee inter alia include: overseeing the Company's financial reporting process, reviewing the quarterly/ half yearly/annual financial statements, reviewing with the management the financial statements and adequacy of internal audit function, management letters issued by the statutory auditor, recommending the appointment/ re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/ related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations, review of internal financial control and risk management, review functioning of Whistle Blower/Vigil Mechanism, approval of appointment of CFO etc.

- (b) Composition, meetings and attendance particulars of the Audit Committee during the year ended March 31, 2016 is as follows:

The Audit Committee met four times during the year on: 26 May 2015; 09 Aug 2015; 06 Nov 2015 and 27 Jan 2016.

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

Meeting date		May 26, 2015		August 9, 2015		November 6, 2015		January 27, 2016
Composition	(1)	Mr. Vijay Agarwal* - Chairman	(1)	Smt. Kavita Rakesh Shah – Chairperson	(1)	Smt. Kavita Rakesh Shah – Chairperson	(1)	Smt. Kavita Rakesh Shah – Chairperson
	(2)	Smt. Kavita Rakesh Shah	(2)	Mr. Virendra Gunvantrai Bhatt	(2)	Mr. Virendra Gunvantrai Bhatt	(2)	Mr. Virendra Gunvantrai Bhatt
	(3)	Mr. Surinder Kumar Kohli*	(3)	Mr. Jignesh Anantray Goradia	(3)	Mr. Jignesh Anantray Goradia	(3)	Mr. Jignesh Anantray Goradia

\* Mr. Vijay Agarwal and Mr. Surinder Kumar Kohli resigned as directors w.e.f. 30 Jun 2016

All the members of the committee attended the meetings except Mr. Jignesh Anantray Goradia, who could not attend the meeting held on January 27, 2016.

The Company Secretary is the Secretary of the Committee.



The last Annual General Meeting of the Company was held on September 28, 2015 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, 2016:

Smt. Kavita Rakesh Shah – Chairperson;

Mr. Jignesh Anantray Goradia - Member;

Mr. Chintan Jitendra Shah – Member.

Mr. Jignesh Anantray Goradia was appointed as a member of the Nomination and Remuneration Committee effective August 10, 2015 and Mr. Chintan Jitendra Shah as a member effective January 27, 2016.

While Mr. Ranbir Singh Bakshi ceased to be a member of the Nomination and Remuneration Committee effective June 1, 2015, Mr. Vijay Agarwal ceased to be a member effective June 30, 2015.

- (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:

- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- formulate the criteria for determining qualifications, positive attributes and independence of a director;
- recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- carry out evaluation of every director's performance including that of independent directors and
- devise a policy on Board Diversity

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 two times on the following dates: 27 Jan 2016 and 09 Mar 2016.

Meeting date		January 27, 2016		March 9, 2016
Composition	(1)	Smt. Kavita Rakesh Shah – Chairperson	(1)	Smt. Kavita Rakesh Shah – Chairperson
	(2)	Mr. Virendra Gunvantrai Bhatt	(2)	Mr. Jignesh Anantray Goradia
	(3)	Mr. Jignesh Anantray Goradia	(3)	Mr. Chintan Jitendra Shah

All the members of the committee attended the meetings except Mr. Jignesh Anantray Goradia, who could not attend the meeting held on January 27, 2016.

The Company Secretary is the Secretary of the Committee.

#### 5. Remuneration of Directors:

- During the year ended March 31, 2016, none of the non-executive directors have any pecuniary relationship or transactions with the Company.
- No Director was paid remuneration or sitting fees for the year ended March 31, 2016. The Company has reimbursed the travelling and other incidental expenses incurred by the directors in attending meetings of the board and its committees. Hence, the disclosures with respect to remuneration under the Companies Act, 2013 does not arise.

#### 6. Stakeholders' Relationship Committee

- (a) The Stakeholders' Relationship Committee comprised of the following members as on March 31, 2016

Mr. Jignesh Anantray Goradia – Chairman;

Mr. Chintan Jitendra Shah - Member

Mr. Jignesh Anantray Goradia was appointed as a Chairman of the Stakeholders' Relationship Committee effective August 10, 2015 and Mr. Chintan Jitendra Shah as a member effective January 27, 2016.

While Mr. Ranbir Singh Bakshi ceased to be a member of the Stakeholders' Committee effective June 1, 2015, Mr. Vijay Agarwal and Mr. Surinder Kumar Kohli ceased to be members effective June 30, 2015. Smt. Kavita Rakesh Shah ceased to be Chairperson effective August 10, 2015 and Mr. Virendra Gunvantrai Bhatt ceased to be a member effective January 27, 2016.

Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer is designated as the Compliance Officer for the SEBI listing regulations effective March 11, 2016.

(b) Powers of the Committee

- i) The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the company;
- ii) To specifically look into and resolve shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- iii) To approve share transfers, dematerialization, rematerialization and all other similar functions;
- iv) To consider and resolve the grievances of any other security holders of the company;

During the year ended March 31, 2016, the Stakeholders Relationship Committee met on May 26, 2015. All the members of the Committee attended the meeting.

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

## 7. Annual General Meetings

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any
2014-15	26 <sup>th</sup> AGM	Monday, September 28, 2015	Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	No Special Resolution passed
2013-14	25 <sup>th</sup> AGM	Monday, September 29, 2014 at 10:30 AM	Hall: Ananda, Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	Special Resolution was passed for increasing the borrowing powers of the company under the provisions of Section 180 (1) (c) and other applicable provisions of the Company Act, 2013.
2012-13	24 <sup>th</sup> AGM	Tuesday, August 13, 2013, at 10.30 A.M	Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad - 500 034	No Special Resolution passed

For past three years ended as on March 31, 2016; 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, 2016, 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 Accounting Standards - (AS-18) - "Related Party Disclosures" are disclosed in Schedule No. 2.34 to financial statements as at March 31, 2016.

(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 (provisions of Clause 49 of the listing agreement up to November 30, 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 (provisions of Clause 49 of the listing agreement up to November 30, 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.

- (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) Allotment of 2,500 shares under Company's ESOS

The Company had allotted 2,500 shares to its employees under Company's Employees Stock Option Scheme in August, 2010 pursuant to Company Law Board's (CLB) order dated 6 August, 2010. These Shares were allotted during the period before the current management gained access to the Company's premises and the fact that these Shares are unlisted came to the notice subsequently. On further assessment it was revealed that no return of allotment with respect to those Shares was filed with the Registrar of Companies, Hyderabad. Besides, due to the missing statutory records and registers of the Company including the Minutes of the meetings of the Board of Directors, the Company is unable to undertake the compliance formalities with respect to the said allotments and seek enlistment of the shares on BSE Ltd. Under the constraints, the Company is able to file with BSE Ltd a qualified audit report on Reconciliation of Share Capital in terms of Regulation 55A of SEBI (Depositories Participants) Regulations, 1996.

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

- (x) 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. Further assessment revealed that 1,27,500 shares allotted during those periods have not been listed with the Stock Exchange. In order to recover the related missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. The matter is currently subjudice. The company is making efforts to comply with the non mandatory requirements specified under the corporate governance code.

- (xi) 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>

## 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, 2016, 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.

**Dinesh Kapoor**

Chief Executive Officer

August 6, 2016

### 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 24, 2016  
 Time : 10.30 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, 2016

#### iii) Book Closure : September 17, 2016 to September 24, 2016 (Both days inclusive)

#### iv) Listing on Stock Exchange : BSE Limited (listing fees has been paid up to financial year 2016-17)

#### v) Stock Code / Symbol on BSE

(Physical & Demat) : ZENOTECH / 532039

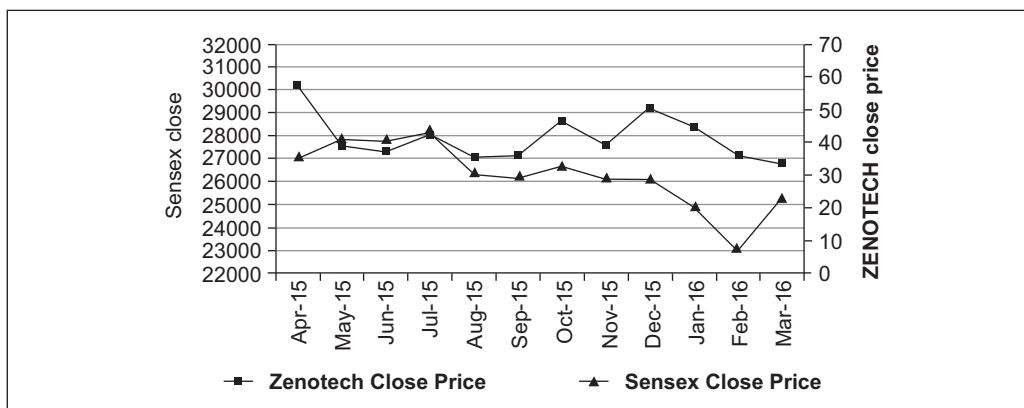
#### vi) International Securities Identification

Number (ISIN) allotted to the  
 Company's Shares : INE486F01012

#### vii) Market Price Data: Monthly High & Low during each month in the financial year ended March 31, 2016 and Company's closing share price as against BSE SENSEX closing on the BSE Ltd, Mumbai, is provided hereunder:

Month	High	Low	Close	BSE Sensex (Close)
April, 2015	71.25	47.50	57.40	27,011.31
May, 2015	56.30	38.70	38.70	27,828.44
June, 2015	37.95	30.05	37.10	27,780.83
July, 2015	44.35	31.75	42.25	28,114.56
August, 2015	44.25	33.15	35.40	26,283.09
September, 2015	45.00	33.10	36.10	26,154.83
October, 2015	46.90	33.80	46.60	26,656.83
November, 2015	46.10	36.90	38.90	26,145.67
December, 2015	50.55	36.60	50.22	26,117.54
January, 2016	61.45	42.10	45.00	24,870.69
February, 2016	47.25	35.45	35.95	23,002.00
March, 2016	40.25	31.50	33.60	25,341.86

(The information is sourced from BSE Limited website)

**Performance of share price of the Company in comparison with BSE Sensex**

**viii) Registrar and Transfer Agents**

**Name & Address :** Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,  
Hyderabad - 500 032. Phone: 040-67162222 Fax: 040-23001153  
e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001  
Website: www.karvy.com

ix) 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.

**x) Shareholding:**
**a) Distribution of shareholding as on March 31, 2016**

SI No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	5063	85.28	711641	2.07
2	5001 - 10000	440	7.41	362187	1.05
3	10001 - 20000	223	3.76	343901	0.99
4	20001 - 30000	82	1.38	209415	0.61
5	30001 - 40000	30	0.51	108102	0.31
6	40001 - 50000	30	0.50	140628	0.41
7	5000 - 100000	29	0.49	230341	0.67
9	100001 and above	40	0.67	32321285	93.88
	<b>TOTAL</b>	<b>5937</b>	<b>100</b>	<b>34427500</b>	<b>100</b>

**b) Categories of Shareholders as on March 31, 2016**

SI. No.	Category	No. of Holders	No. of Shares	Percentage to equity
1	Indian Promoters	1	16128078	46.85
2	Foreign Promoters	1	6886500	20.00
3	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	2	4414	0.01
4	Private Corporate Bodies	140	189645	0.55
5	Indian Public	5737	10448718	30.35
6	NRIs / OCBs	52	769714	2.24
7	Clearing members	4	431	0.00
	<b>TOTAL</b>	<b>5937</b>	<b>34427500</b>	<b>100</b>

## xi) Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 83.04 percent of the Company's Share Capital are dematerialized as on March 31, 2016. The Company's Shares are regularly traded on BSE Limited.

## xii) As on March 31, 2016, the Company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments

## xiii) Manufacture facility &amp; Address for correspondence:

Zenotech Laboratories Limited

Survey No. 250-252, Turkapally Village, Shameerpet Village, R. R. District 500 078, Telangana.

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### **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 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchange for the period 01 April 2015 to 30 November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Regulations') for the period 01 December 2015 to 31 March 2016.

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 the above mentioned Listing Agreement and the SEBI 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; (Clause 49 V of Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).*
- b) *Related Party Transactions: The Company had sought approval by way of special resolution from the Shareholders at the 26th AGM of the Company with regard to the Related Party Transactions, which were material in nature and under taken during the financial year ended 31 March 2015. The said Resolution was disapproved by the Shareholders. (Clause 49 VII of Listing Agreement / 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 : 06 August 2016  
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 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, Dinesh Kapoor, 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 year ended March 31, 2016 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. To the best of our knowledge and belief, no transactions entered into by the Company during the year 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, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee of the Board that during the period:
  - (1) there is no significant changes in internal control over financial reporting;
  - (2) there is no significant 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 significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Zenotech Laboratories Limited**

Place : Hyderabad  
Date : May 21, 2016

**Dinesh Kapoor**  
Chief Executive Officer

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### GLOBAL PHARMACEUTICAL INDUSTRY

The pharmaceuticals industry is one of the largest industries in the world and comprises companies that are involved in the development, production and marketing of pharmaceutical products. Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared an increase of 35% in the prior 5 years. Spending will be concentrated in developed markets, with more than half for original brands and focused on non-communicable diseases. Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and different traditional medicines will be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands in developed markets and increased usage in pharmerging markets, while being offset by patent expiries. Brand spending in developed markets will increase by \$298 billion in the 5 years to 2020 driven by new products and price increases primarily in the U.S., but will be offset by an estimated \$90 billion in net price reductions. Small molecule patent expiries will have a larger impact in 2016-2020 than in the prior five years, and there will be an increased impact from biologics. In 2020, the U.S., EU5, and Japan will have important differences in spending and growth dynamics from today. Pharmerging markets' spending will grow primarily from increased use of medicines while China, the leading pharmerging country, will reach \$160-190 billion in spending with slowing growth to 2020. (Source: IMS Report Nov'15)

### INDIAN SCENARIO

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.

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

The Indian pharmaceutical industry is estimated to grow at 20 per cent Compounded Annual Growth Rate (CAGR) @ over the next five years. The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. Presently the market size of the pharmaceutical industry in India stands at US\$ 20 billion.

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\$ 1.9 billion).

Emerging markets offer the biggest growth opportunities for the pharmaceutical industry, albeit with lesser margins.

### OPPORTUNITIES AND THREATS

#### Investments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions. The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 13.45 billion between April 2000 and December 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP).

#### Government Initiatives

The Addendum 2015 of the Indian Pharmacopoeia (IP) 2014, published by the Indian Pharmacopoeia Commission (IPC) on behalf of the Ministry of Health & Family Welfare, is expected to play a significant role in enhancing the quality of medicines that would in turn promote public health and accelerate the growth and development of pharmaceutical sector.

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. Further, 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.

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

- Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India, plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers.

- The Government of India plans to incentivise bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' programme and reduce dependence on imports of active pharmaceutical ingredients (API), nearly 85 per cent of which come from China.
- The Department of Pharmaceuticals has set up an inter-ministerial co-ordination committee, which would periodically review, coordinate and facilitate the resolution of the issues and constraints faced by the Indian pharmaceutical companies.
- The Department of Pharmaceuticals has planned to launch a venture capital fund of Rs 1,000 crore (US\$ 154 million) to support start-ups in the research and development in the pharmaceutical and biotech industry.
- Indian and global companies have expressed 175 investment intentions worth Rs 1,000 crore (US\$ 146.72million) in the pharmaceutical sector of Gujarat. The memorandums of understanding (MoUs) would be signed during the Vibrant Gujarat Summit.
- Telangana Government has proposed to set up India's largest integrated pharmaceutical city spread over 11,000 acres near Hyderabad, complete with effluent treatment plants and a township for employees, in a bid to attract investment of Rs 30,000 crore (US\$ 4.41 billion) in phases. Hyderabad, which is known as the bulk drug capital of India, accounts for nearly a fifth of India's exports of drugs, which stood at Rs 95,000 crore (US\$ 13.94 billion) in 2014-15.

With innovation increasingly dependent on financially vulnerable firms and complex contractual arrangements, R&D investment might be becoming more sensitive to price controls or other cost containment measures. It might be possible that the new government may change the existing patent and other laws that affect this industry.

## 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. The Company during the year experienced a wave of transition towards the change of promoters from Ranbaxy/Daiichi-Sankyo to Sun Pharma/Daiichi-Sankyo. As mentioned earlier that the Company is seeking business by offering in-house facilities to reputed companies to outsource their requirements by manufacturing at your Company's facilities. The promoter (Sun Pharma) has inspected and reviewed the facilities during the year to assess the range of products that can be manufactured at your Company and thus to enhance the utilization of capacities for all facilities installed. The plan is afoot to manufacture/source Oncological Injectables, commissioning of oncological Oral Solid Dosage facility and its utilization, to manufacture General Injectables and Eyecare products and also collaborative effort to utilize the Biotech API facility of the Company.

### Price Controls:

The DPCO 2013 capped prices of nearly 348 molecules and mandated sharp price cuts across acute care drugs. Further price cuts were announced in July 2014 on 108 formulation packs (50 drugs) from anti-diabetic and cardiovascular drug segments. In March 2015 the Government released another order, cutting prices of 57 medicines, including Insulin. In all, almost 509 formulation packs, representing roughly 16% of the total market by value have been brought under price control. Nevertheless, volumes grew at a healthy across all major therapy areas, which more than offset losses incurred on DPCO impacted drugs.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

## OPERATIONAL PERFORMANCE

As already stated, inherited legacy issues and continuing drain in the financial health of the company, the rebuilding exercise of your Company has been really a challenge. The manufacturing facilities continues to be underutilized due to inherent

legacy issues, missing vital DNA clones and technical documents. The phase of transition due to change of promoters from Ranbaxy/Daiichi-Sankyo to Sun Pharma/Daiichi-Sankyo also affected the Company's business performance. However, the management aligned organization with available capabilities, minimizing costs thereby reducing its EBT losses to Rs. 1910.81 Lakhs as against Rs. 3041.43 Lakhs in the previous year.

The financials of the Company do not reflect the true potential of the operations. The figures given below are hence subject to the constraints and challenges faced by the present management.

## FINANCIAL PERFORMANCE

(Rs. In thousands)

	2015-16	2014 -15
Sales(net)	20,598	40,767
Other Income	3,876	3,452
Depreciation	39,623	40,563
Loss before tax	(191,081)	(304,143)
Exceptional Items	-	-
(Loss) after tax	(191,081)	(304,143)
Loss brought forward from previous year	(1,781,178)	(1,476,111)
Profit/(Loss) carried forward to balance sheet	(1,972,259)	(1,781,178)

The cash flow position of the Company continues to be under pressure and the Company is facing a severe liquidity crisis owing to accumulated losses carried forward from previous years. During the year the Company has made necessary reference to the Board of Industrial and Financial Reconstruction (BIFR) and the same has been registered as case no.115/2015 with BIFR under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

## HUMAN RESOURCES

Manufacturing facilities have never been able to carry on production at the same/similar levels for which they were set-up or to fully utilize the capacity. The present strength of human resource engaged by the Company is around 23. 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 Standalone Financial Statements

We have audited the accompanying standalone financial statements of Zenotech Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 standalone financial statements.

### Basis for Qualified Opinion

1. As more fully explained in Note 2.25 to the financial statements, the books of accounts for the financial years ended 31 March 2011 and 2012 were reconstructed by the Management post 12 November 2011. Certain matters relating to the differences between the current management and the then Co- Managing Director are currently sub-judice and still unresolved. These related to obtaining audit evidence on the related financial results and consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustment/ disclosures arising out of the outcome of ongoing legal proceedings. The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial results may be materially misstated is low.  
In view of the non-resolution of these, our opinion on the current year's financial statement is qualified in respect of both, the current year and corresponding year, as we are unable to determine the adjustments/ disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above.
2. As more fully explained in the Note 2.26 (a) to the financial statement, the Company's application under the Companies Act, 1956, to the Ministry of Corporate Affairs (MCA), Government of India for approval of managerial remuneration of INR 30.00 lakhs payable to Late Mr.B.K.Raizada, another erstwhile Co- Managing Director for the period from 19 March 2011 to 18 March 2013 was conditionally approved by MCA on 27 February, 2012. Pending compliance with the conditional approval by the Company, no adjustment in this regard has been made in the accompanying financial results
3. As more fully explained in the Note 2.26(b) to the financial statement, the Company has filed a legal case against Dr.Jayaram Chigurupati, the erstwhile Co-Managing Director for recovering the managerial remuneration paid amounting to INR 79.80 lakhs during the period from 1 October 2007 to 31 March 2011, including an amount of INR 22.80 lakhs which was in excess of the prescribed limits for the year ended 31 March 2011 without obtaining the necessary prior approval from the Central Government of India which is in contravention of the provisions of the

Companies Act, 1956. Since the current management has filed a claim for the entire amount, there is continuing default in relation to excess remuneration paid.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, with the exception of the matters described in the preceding paragraphs the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

**Emphasis of matter**

The Company has, notwithstanding, accumulated losses its net worth being completely eroded, prepared the accounts on a going concern basis, as it is working on plans to raise further funds with which it will be able to meet its business operations for growth and revival.

Our report is not qualified in this regard.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 of the current period except for the matter number 1 explained in the 'Basis for Qualified Opinion' paragraph.
  - (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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) In our opinion, the matter discussed in matter number 1 explained in the 'Basis for Qualified Opinion' paragraph and the matter discussed in "Emphasis of Matter" paragraph above, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the matter number 1 explained in the 'Basis for Qualified Opinion' paragraph above.
  - (i) 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 information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.25, 2.26 and 2.27 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

**T V Balasubramanian**

Partner

Membership No.027251

Place of Signature : Mumbai

Date : 21<sup>st</sup> May, 2016



## Annexure A to Independent Auditors Report

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 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, as disclosed in Note 2.10 on fixed assets to the financial statements 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.
- (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) During the current year, 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 specified by the Central Government under sub-section (1) of section 148 of the Act
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, 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, cess and any other statutory dues were in arrears, as at 31<sup>st</sup> March 2016 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, which have not been deposited on account of any dispute, are stated in the table below:

Name of the statute	Period to which the amount relates	Amount (in Rs. Thousands of INR)*	Forum where the dispute is pending
The Finance Act, 1944	Financial Year 2007-08	4,498	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1944	Financial Year 2007-08, 2008-09 and 2009-10	4,611	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1944	Financial Year 2006-07 and 2007-08	10,124	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1944	Financial Year 2009-10, 2010-11, 2012-13	2,267	Deputy Commissioners Commercial Taxes ( Appeal)

\* excluding interest and penalty.

- (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 and borrowings to financial institutions, Government which are as follows:

Name of the Lender	Period	Amount (in Rs. Thousands of INR)*
Biotech Consortium India Limited	Financial Year 2008-09	1,355
Technology Development Board	Financial Year 2012-13	52,431

\* including accrued interest and penal interest.

- (ix) The Company has, during the current year, not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the company.
- (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 provision of clause (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 to the company.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the Financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the company.
- (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 him.
- (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

**T V Balasubramanian**

Partner

Membership No.027251

Place of Signature : Mumbai

Date : 21<sup>st</sup> May, 2016

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## **Annexure B**

**Referred to in paragraph 2(h) 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, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 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, 2016, 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

Place of Signature : Mumbai  
Date : 21<sup>st</sup> May, 2016

**T V Balasubramanian**  
Partner  
Membership No.027251

## Balance sheet as at 31st March, 2016

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

	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	344,275	344,275
Reserves and surplus	2.2	(807,935)	(616,854)
		<b>(463,660)</b>	<b>(272,579)</b>
<b>Share application money pending allotment</b>	2.3	-	122
<b>Non-current liabilities</b>			
Long-term borrowings	2.4	104	430
Long-term provisions	2.5	1,932	1,929
		<b>2,036</b>	<b>2,359</b>
<b>Current liabilities</b>			
Short-term borrowings	2.6	512,000	512,000
Trade payables	2.7	-	-
(A) total outstanding dues of micro enterprises and small enterprises- 2.7(a)		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises- 2.7(b)		22,104	19,511
Other current liabilities	2.8	287,095	212,908
Short-term provisions	2.9	169,593	162,813
		<b>990,792</b>	<b>907,232</b>
		<b>529,168</b>	<b>637,134</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	2.10	481,704	521,267
Capital work-in-progress		-	-
Non-current investment	2.11	-	-
Long-term loans and advances	2.12	22,166	31,023
		<b>503,870</b>	<b>552,290</b>
<b>Current assets</b>			
Inventories	2.13	15,850	20,395
Trade receivable	2.14	3,473	3,953
Cash and bank balances	2.15	4,475	57,903
Short-term loans and advances	2.16	364	585
Other current assets	2.17	1,136	2,008
		<b>25,298</b>	<b>84,844</b>
		<b>529,168</b>	<b>637,134</b>
The accompanying note referred to above form an integral part of Financial Statements			
Summary of Significant accounting policies	1		
Notes on accounts	2		

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

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

**T.V.Balasubramanian**  
 Partner  
 Membership No: 027251

**Azadar Hussain Khan**  
 Chairman  
 DIN:01219312

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

**Dinesh Kapoor**  
 Chief Executive Officer

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

**Abdul Gafoor Mohammad**  
 Company Secretary

 Place : Mumbai  
 Date : 21 May 2016

 Place : Mumbai  
 Date : 21 May 2016

## Statement of profit and loss for the year ended 31 March, 2016

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

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from Operation</b>			
Gross sales		21,872	44,882
Less : Excise duty		(1,274)	(4,115)
Net sales		20,598	40,767
Other income	2.18	3,876	3,452
<b>Total revenue</b>		<b>24,474</b>	<b>44,219</b>
<b>Expenses</b>			
Cost of materials consumed	2.19	20,017	31,677
Change in inventories	2.20	(965)	260
Manufacturing expenses	2.21	17,955	24,282
Employee benefits expense	2.22	22,230	32,745
Finance costs	2.23	75,460	66,525
Depreciation and amortisation	2.10	39,623	40,563
Other expenses	2.24	41,235	152,310
<b>Total expenses</b>		<b>215,555</b>	<b>348,362</b>
<b>Loss before exceptional items and tax</b>		<b>(191,081)</b>	<b>(304,143)</b>
Less : Exceptional items	2.25	-	-
<b>Loss before tax</b>		<b>(191,081)</b>	<b>(304,143)</b>
Income tax expense		-	-
<b>Net loss after tax</b>		<b>(191,081)</b>	<b>(304,143)</b>
<b>Earning per share (equity share, par value Rs 10 each)</b>	2.28		
Basic and diluted (Rs.)		(5.55)	(8.83)
The accompanying note referred to above form an integral part of Financial Statements			
Summary of Significant accounting policies	1		
Notes to accounts	2		

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

**T.V.Balasubramanian**  
 Partner  
 Membership No: 027251

Place : Mumbai  
 Date : 21 May 2016

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

**Azadar Hussain Khan**  
 Chairman  
 DIN:01219312

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

Place : Mumbai  
 Date : 21 May 2016

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

**Dinesh Kapoor**  
 Chief Executive Officer

**Abdul Gafoor Mohammad**  
 Company Secretary

## Cash flow statement for the year ended 31 March, 2016

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

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Cash flows from operating activities</b>		
Loss before taxation	(191,081)	(304,143)
<b>Adjustments for:</b>		
Depreciation and amortisation	39,623	40,563
(Profit)/ loss on sale of fixed assets, net	-	(41)
Unrealised foreign exchange loss, net	3,438	1,466
Provision for doubtful advances	188	150
Interest expenses	75,387	66,470
Interest income	(2,059)	(2,226)
<b>Operating cash flows before working capital changes</b>	<b>(74,504)</b>	<b>(197,761)</b>
<b>Changes in Working Capital:</b>		
(Increase)/ decrease in inventories	4,545	18,114
(Increase)/ decrease in trade receivables	292	(3,192)
(Increase)/ decrease in loans and advances	221	635
(Increase)/ decrease in other current assets	-	-
(Increase)/ decrease in non-current assets	(1,396)	503
(Decrease)/ increase in trade payables	2,593	(13,934)
(Decrease)/ increase in provisions	6,781	106,774
(Decrease)/ increase in other current liabilities	3,219	14,753
(Decrease)/ increase in other long term liabilities	3	(2,926)
<b>Cash generated from operating activities</b>	<b>(58,247)</b>	<b>(77,034)</b>
Income taxes paid/ TDS (net)	10,253	(124)
<b>Net cash used in operating activities</b>	<b>(47,994)</b>	<b>(77,158)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(60)	(494)
Proceeds from sale of fixed assets	-	239
Interest income received	2,931	3,666
<b>Net cash provided by/ (used in) investing activities</b>	<b>2,871</b>	<b>3,411</b>
<b>Cash flows from financing activities</b>		
Repayment of Share application money pending for allotment	(122)	-
Proceeds from short-term borrowings, net	0	74,509
Proceeds/(repayment) of long-term borrowings, net	(244)	(533)
Interest paid	(7,939)	(6,277)
<b>Net cash provided by financing activities</b>	<b>(8,305)</b>	<b>67,699</b>
<b>Net increase/ (decrease) in cash and cash equivalents during the year</b>	<b>(53,428)</b>	<b>(6,048)</b>
Cash and cash equivalents at the beginning of the year	57,903	63,951
<b>Cash and cash equivalents at the end of the year (refer Note 2.15 )</b>	<b>4,475</b>	<b>57,903</b>

Note 1: Cash and cash equivalents includes restricted cash balance (Margin money) of Rs 1,960 (previous year: Rs 9,073).

Note 2: Cash flow statements has been prepared under the 'Indirect Method' as set out in Accounting Standard (AS 3) 'Cash Flow Statement'.

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

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

**T.V.Balasubramanian**  
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**Abdul Gafoor Mohammad**  
 Company Secretary

 Place : Mumbai  
 Date : 21 May 2016

 Place : Mumbai  
 Date : 21 May 2016



## Notes to the Financial Statements for the year ended March 31, 2016

### 1. Significant accounting policies

#### 1.1 Company overview

Zenotech Laboratories Limited is a public limited company listed on BSE. Zenotech Laboratories Limited was incorporated on June 15, 1989 as a Private Limited company by the name of MAA Shakti Mills Private Limited under the Companies Act, 1956. On April 1, 1992, its name was changed to Sunline Tubes Private Limited and August 25, 1993 it was converted into a Public Limited Company. Subsequently, on December 6, 2000 its name was changed to Sunline Technologies Limited. In 2004, the said Company entered into a scheme of amalgamation with Zenotech Laboratories Private Limited. The Hon'ble High Court of Andhra Pradesh sanctioned the scheme of amalgamation by its order dated July 1, 2004 with effect from November 1, 2003 pursuant to which, its name was changed to its present form, Zenotech Laboratories Limited with effect from August 10, 2004.

The Company is a pharmaceutical specialty generic injectables company engaged in the area of manufacturing biotechnology products. The Company's injectables product portfolio primarily serves niche therapy areas like oncology and anesthesiology.

#### 1.2 Basis of preparation of financial statements

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP), in compliance with provisions of the Companies Act, 2013 and as specified in the Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 prescribed by the Central Government]. The other Accounting Standards as issued by ICAI, not yet notified are also considered, wherever applicable, except to the extent where compliance with the other statutory promulgations override the same requiring a different treatment. The accounting policies are consistent with those used in the previous year.

#### 1.3 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting year. Examples of such estimates include provision for future obligation under employee benefit plans, net realizable value of inventory and estimated useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting to accounting estimates is recognized prospectively in current and future periods.

#### 1.4 Going concern

The Company has accumulated losses and its net worth has been completely eroded, the Company has incurred a net cash loss during the current and previous years and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements have been prepared on a going concern basis; notwithstanding the above conditions as the company is confident of raising further funds, with which it will be able to meet its business operations for growth and revival.

#### 1.5 Fixed assets and Depreciation

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. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. All other borrowing costs are expensed in the period they occur.

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

Depreciation is 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:

S. No	Nature of Assets	Useful Life As per Company Policy
1	Factory buildings	30 Years
2	Plant and machinery	10 to 20 Years
3	Furniture and fittings	10 Years
4	Motor vehicles	8 Years
5	Office equipment	5 Years
6	EDP equipment	3 Years

Depreciation and amortization methods, useful lives and residual values 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.

### 1.6 Foreign currency translations:

#### *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### *Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period and exchange differences arising due to restatement at the reporting date are recognized as income or as expenses in the period in which they arise.

### 1.7 Investments:

Long term investments are stated at cost of acquisition less provision for permanent diminution in value of such investments.

### 1.8 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:

- Raw materials, Packing materials, Stores and spares - First - in - First Out method.
- 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.

### 1.9 Employee Retirement benefits:

- 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 Statement of Profit & Loss as Income on the basis of valuation by an independent Actuary. The liability is unfunded.
- 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
- 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.

All actuarial gains and losses arising during the year are recognized in the statement of profit and loss.

#### 1.10 Revenue recognition:

Revenue from Sale of goods is recognized on dispatch and upon transfer of significant risk and rewards of ownership to the customer. Sales include amount recovered towards excise duty but excludes sales tax and is net of sales returns.

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

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

#### 1.11 Taxation:

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

#### 1.12 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

#### 1.13 Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

#### 1.14 Earnings per equity share

Basic earnings per equity share are calculated by dividing the profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

#### 1.15 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize the contingent liability but discloses its existence in the financial statements.

## Notes to the Financial Statements for the year ended March 31, 2016

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

<b>2.1 Share capital</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>Authorised</b>		
100,000,000 (previous year: 100,000,000) Equity Shares of Rs. 10/- each	1,000,000	1,000,000
<b>Issued, subscribed and paid-up capital</b>		
34,427,500 (previous year 34,427,500) Equity Shares of Rs. 10 each fully paid	344,275	344,275
	<b>344,275</b>	<b>344,275</b>

### Notes:

- The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.
- Under the Zenotech Stock Option Scheme 2005, total of 50,000 and 75,000 shares had been issued to the then directors during the year ended 31 March 2008 and 31 March 2009 respectively and 2,500 shares had been issued to employees during the year ended 31 March 2011.
- The reconciliation of the number of equity shares outstanding is set out below;

<b>Name of the Share holder</b>	<b>Number of equity shares</b>	<b>Number of equity shares</b>
Shares outstanding at the beginning of the year	34,427,500	34,427,500
Shares issued during the year	-	-
Share bought back during the year	-	-
Shares outstanding at the end of the year	<b>34,427,500</b>	<b>34,427,500</b>

- The details of shareholders holding more than 5% equity shares is set below;

<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Sun Pharmaceutical Industries Limited*	16,128,078	46.85%	16,127,293	46.84%
Daiichi Sankyo Company Limited	6,886,500	20.00%	6,886,500	20.00%
Dr Jayaram Chigurupati	4,222,632	12.27%	4,222,632	12.27%
Padmasree Chigurupati	3,060,500	8.89%	3,060,500	8.89%
	<b>30,297,710</b>	<b>88.00%</b>	<b>30,296,925</b>	<b>88.00%</b>

\* Pursuant to a merger scheme, Ranbaxy Laboratories Limited merged with Sun Pharmaceutical Industries Limited effective from 24 March 2015 and accordingly, shares held by Ranbaxy Laboratories Limited stand transferred to Sun Pharmaceutical Industries Limited. 785 shares acquired by Sun pharmaceutical Industries Limited through open offer to public during the year 2015-16

## 2.2 Reserves and surplus

<b>Securities premium reserve</b>		
Balance at the beginning of the year	1,164,324	1,164,324
Add: Received during the year	-	-
Less: Utilisation during the year	-	-
Closing balance	1,164,324	1,164,324
<b>Deficit from statement of profit and loss</b>		
Opening balance	(1,781,178)	(1,476,111)
Add: Depreciation (refer note 2.46)	-	(924)
Add : Net loss for the year	(191,081)	(304,143)
Closing balance	(1,972,259)	(1,781,178)
	<b>(807,935)</b>	<b>(616,854)</b>

**Notes on accounts (contd...)**

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

<b>2.3 Share application money</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Under the Zenotech Employee Stock Option Scheme, 2005, the Company had granted 17,000 options (net of options lapsed) of which 4,250 vested options had been exercised during the year ended 31 March 2010, which was subject to approval of the Company Law Board. Of these, the Company allotted 2,500 shares vide Company Law Board order dated 6 August 2010. During the current year company by referring to the order passed by Ministry of Corporate Affairs vide dated March 31, 2015 G.S.R.241(E) has refunded the balance amount Rs. 122 received which was in earlier years was disclosed under "Share application money" pending allotment.		
<b>2.4 Long-term borrowings</b>		
<b>Secured</b>		
Vehicle loans (note 1)	-	158
<b>Unsecured</b>		
Biotech Consortium India Limited (note 2)	104	272
	<b>104</b>	<b>430</b>
<p>1 Secured by hypothecation of respective vehicles, repayable in monthly instalments. The loan is expected to be fully repaid by December, 2016, hence the same has been classified under the head "Other current liabilities"- (refer note 2.8)</p> <p>2 Repayable in ten yearly installements of Rs. 168 each. The Company has not paid installment including interest thereon for the year ended 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 fall due in November 2011, November 2012, November 2013, November 2014 and November 2015 respectively and default continue as of the balance sheet date and the same is classified under the head "other current liabilities" - (refer note 2.8)</p>		
<b>2.5 Long-term provisions</b>		
<i>Provision for employee benefits</i>		
Provision for gratuity	1,282	1,044
Provision for compensated absences	650	885
	<b>1,932</b>	<b>1,929</b>
<b>2.6 Short-term borrowings</b>		
<b>Unsecured</b>		
Term loan from related party (note 1)	512,000	512,000
	<b>512,000</b>	<b>512,000</b>
<p>1 Term loans from related party has been taken at 11.25% interest p.a. along with penal interest of 2% in case default in payment of interest. Loan is repayable on demand and maximum tenure of the loan are upto 31 March 2016. During the year, the Company has not paid interest due on the above loan.</p>		
<b>2.7 Trade payables</b>		
Trade Payable	22,104	19,511
	<b>22,104</b>	<b>19,511</b>

## Notes on accounts (contd...)

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

<b>2.8 Other current liabilities</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Current maturities of loan from others (refer note 2.4)	1,008	840
Current maturities of vehicle loan (refer note 2.4)	158	244
Current maturities of loan from financial institution*	29,648	29,648
Interest accrued and due	174,563	107,115
Advance from related party (Sun Pharmaceutical Industries Limited)	126	-
Security deposits	1,672	1,672
Statutory liabilities	2,295	2,658
Payable to employees	6,622	9,344
Payable towards claim	16,028	15,124
Provision for expenses (refer note no 2.47)	54,975	46,263
	<b>287,095</b>	<b>212,908</b>

\* 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 Director of the Company. The Company has not paid above loan due including interest thereon and the default continues as of balance sheet date. Also refer note 2.27 (a).

There are no amount due and outstanding to be credited to Investor Education and Protection Fund.

## 2.9 Short-term provisions

Provision for employee benefits		
Provision for gratuity	25	24
Provision for compensated absences	114	159
Other		
Provision for indirect taxation (refer note 2.32)	169,454	162,630
	<b>169,593</b>	<b>162,813</b>



## Notes on accounts (contd...)

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

### 2.10 Fixed assets

Description	Gross block			Accumulated depreciation				Impairment losses (refer note 1 below)			Net block	
	As at 1 April 2015	Addi- tions	Sales/ Adjust- ments	As at 31 Mar 2016	As at 1 April 2015	Charge for the year	Sales/ Adjust- ments	As at 31 Mar 2016	For the year	As at 31 Mar 2016	As at 31 Mar 2016	As at 31 Mar 2015
<b>Tangible- Own Assets</b>												
Freehold land	10,831	-	-	10,831	-	-	-	-	-	-	10,831	10,831
Buildings	209,970	-	-	209,970	60,867	6,994	-	67,861	-	-	142,109	149,103
Plant and machinery	576,108	56	-	576,164	210,600	29,608	-	240,208	-	11,284	324,672	354,224
EDP equipment	6,823	3	-	6,826	6,310	357	-	6,667	-	-	159	513
Office equipment	963	-	-	963	726	92	-	818	-	-	145	237
Furniture and fixtures	13,659	-	-	13,659	9,068	2,106	-	11,174	-	-	2,485	4,591
Vehicles	7,735	-	-	7,735	5,967	466	-	6,433	-	-	1,302	1,768
<b>Total</b>	<b>826,089</b>	<b>60</b>	<b>-</b>	<b>826,149</b>	<b>293,538</b>	<b>39,623</b>	<b>-</b>	<b>333,161</b>	<b>-</b>	<b>11,284</b>	<b>481,704</b>	<b>521,267</b>
Previous year	826,262	494	667	826,089	252,520	41,487	469	293,538	-	11,284	521,267	
Capital work-in-progress											121,450	121,450
Less: Provision for impairment (refer note 1 below)											(121,450)	(121,450)
<b>Net Capital work-in-progress</b>											<b>-</b>	<b>-</b>

#### 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, classified under capital work-in-progress and fixed assets, the Management has impaired the same fully in the year ended 31 March 2011.

**Notes on accounts (contd...)**

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

<b>2.11 Non-current investments</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Long-term, unquoted (at cost)		
Shares in wholly owned subsidiaries		
Zenotech Farmaceutica Do Brasil Ltda	11,661	11,661
39,600 (previous year: 39,600) quotas of Reais 10 each		
Less: Provision for diminution in value	(11,661)	(11,661)
Zenotech Laboratories Limited, Nigeria	317	317
9,99,000 (previous year: 9,99,000) Ordinary shares of Naira 1 each		
Less: Provision for diminution in value	(317)	(317)
Zenotech Inc., USA	10,560	10,560
10,00,000 (previous year: 10,00,000) shares of USD 0.10 each		
Less: Provision for diminution in value	(10,560)	(10,560)
Equity shares in Credence Organics Private Limited	24	24
2,400 (previous year: 2,400) shares of Rs.10 each		
Less: Provision for diminution in value	(24)	(24)
	-	-
<b>2.12 Long-term loans and advances</b>		
<i>Unsecured, considered doubtful</i>		
Loans to Credence Organics Private Limited	2,430	2,430
Loan to subsidiary (interest free loan)		
Zenotech Inc.USA ( Maximum amount outstanding during the year Rs. 23,039 (previous year Rs 23,039))	23,039	23,039
Advance to subsidiary (interest free advance )		
Zenotech Laboratories Limited, Nigeria (Maximum and outstanding during the year Rs. 814 (previous year Rs. 814))	814	814
Zenotech Inc, USA (Maximum and outstanding during the year Rs.2,233 (previous year: Rs. 2,233 ))	2,233	2,233
Application money for investement in:		
Zenotech Farmaceutica Do Brasil Ltd	31,956	31,956
Zenotech Laboratories Limited, Nigeria	2,614	2,614
Zenotech Inc., USA	11,055	11,055
Deposits with Government, public bodies and others	211	211
Loans and advances to employee	519	519
Balance with customs, central excise etc	-	331
	74,871	75,202
Less: Provision for doubtful advances	(74,871)	(75,202)
	-	-
<b>Unsecured, considered good</b>		
Advance income taxes (net of provisions)	1,559	11,812
Deposits with Government, public bodies and others	13,431	7,859
Balance with customs, central excise etc	7,160	11,346
Others	16	6
	22,166	31,023
	<b>22,166</b>	<b>31,023</b>

**Notes on accounts (contd...)**

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

<b>2.13 Inventories</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
(at lower of cost or net realisable value)		
Raw and packing materials	14,401	19,911
Work-in-progress	1,114	230
Finished goods	335	254
	<b>15,850</b>	<b>20,395</b>
<b>2.14 Trade receivable</b>		
Unsecured		
Trade receivables outstanding for period exceeding six months		
Considered good	2,349	295
Considered doubtful	284	490
Less: Provision for bad and doubtful trade receivables	(284)	(490)
	2,349	295
Other trade receivables, considered good	1,124	3,658
	<b>3,473</b>	<b>3,953</b>
<b>2.15 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash in hand	26	24
Balances with schedule banks		
- in current accounts	2,489	3,806
- in deposit accounts with original maturity of less than 3 months	-	45,000
<b>Other bank balances</b>		
Margin money deposits	1,960	9,073
	<b>4,475</b>	<b>57,903</b>
<b>2.16 Short-term loans and advances</b>		
<i>Unsecured, considered doubtful</i>		
Advance to supplier for material and services	188	150
Less: provision for doubtful advances	(188)	(150)
	-	
<i>Unsecured, considered good</i>		
Advance to supplier for material and services	46	253
Loans and advances to employee	43	13
Prepaid expenses	275	319
	<b>364</b>	<b>585</b>
<b>2.17 Other current assets</b>		
Interest accrued but not due	1,136	2,008
	<b>1,136</b>	<b>2,008</b>

**Notes on accounts (contd...)**

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

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.18 Other income</b>		
Interest income	2,059	2,226
Liabilities no longer required written back	331	1,077
Miscellaneous income	1,280	108
Provision for Doubtful Debts written back	206	-
Profit on sale of assets	-	41
	<b>3,876</b>	<b>3,452</b>
<b>2.19 Cost of materials consumed</b>		
Opening stock	19,911	37,765
Add : Purchases	14,507	13,823
Less : Closing stock	14,401	19,911
	<b>20,017</b>	<b>31,677</b>
<b>2.20 Change in inventories</b>		
<b>Opening stock</b>		
Work in progress	230	740
Finished goods	254	4
	484	744
<b>Closing stock</b>		
Work in progress	1,114	230
Finished goods	335	254
	1,449	484
Changes in inventories of work in progress and finished goods	<b>(965)</b>	<b>260</b>
<b>2.21 Manufacturing expenses</b>		
Power and fuel	9,836	14,193
Repairs and maintenance		
- Buildings	48	-
- Plant and machinery	2,540	2,296
Contract manpower	2,910	3,136
Other manufacturing expenses	2,621	4,657
	<b>17,955</b>	<b>24,282</b>
<b>2.22 Employee benefits expense</b>		
Salaries, wages and bonus	19,944	30,489
Contribution to provident and other funds	1,238	1,489
Workmen and staff welfare	1,048	767
	<b>22,230</b>	<b>32,745</b>
<b>2.23 Finance costs</b>		
Interest	75,387	66,470
Other finance cost	73	55
	<b>75,460</b>	<b>66,525</b>

## Notes on accounts (contd...)

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

2.24 Other expenses	For the year ended 31 March 2016	For the year ended 31 March 2015
Advertisement	147	107
Communication	276	290
Rates and taxes	16,890	106,813
Insurance	1,111	1,489
Repair and maintenance - others	2,808	2,151
Legal and professional	10,806	33,378
Remuneration to Auditors ( Refer note 2.29)	848	1,897
Printing & Stationery	158	186
Office and general maintenance	262	216
Security charges	2,476	2,025
Selling and distribution	114	155
Provision for doubtful advance written off	188	150
Travelling and conveyance	1,196	1,289
Foreign exchange loss, net	3,438	1,466
Miscellaneous	517	698
	<b>41,235</b>	<b>152,310</b>

### 2.25 a) Update on the events and circumstances relating to ongoing 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 (Sun Pharmaceutical Industries Limited effective from 24 March 2015 pursuant to a merger scheme) and Daiichi Sankyo Company Limited (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 12 November 2011 were missing and which are still not in the possession of the current Management. The Honorable Company Law Board vide order dated 8 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 Honorable 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 evidence and after considering the various non compliances under the Companies Act, 1956, listing agreement and Foreign Exchange Management Act, etc post 12 November 2011, reconstructed financial statements for the years ended 31 March 2011 and 2012. Management is also in the process of regularizing and compounding such non compliances with the various authorities concerned.

Since matters relating to several financial and non financial irregularities are sub-judice and various legal proceedings are ongoing, 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 financial consequences arising out of such ongoing evaluations, the outcome of which will depend on the nature and extent of non compliances which is currently not determinable.

## Notes on accounts (contd...)

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

- c). As of 31 March 2016, the net worth of the Company continues to be negative. During the year, the Company's reference to the Board for Industrial and Financial Reconstruction (BIFR) had already been registered as case no. 115/2015 under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985.

### 2.26 Managerial Remuneration

- The Company had filed an application under the Companies Act, 1956 to the Ministry of Corporate Affairs (MCA), Government of India for approval of managerial remuneration of Rs. 3,000 thousands payable to Late B. K. Raizada, erstwhile co-Managing Director for the period from 19 March 2011 to 18 March 2013. This has conditionally approved by MCA on 27 February, 2012. Pending compliance with the conditional approval by the Company, no adjustment in this regard has been made in the accompanying financials.
- The current Management had filed a case in the Court of the Hon'ble Chief Judge City Civil Court at Hyderabad for recovery of managerial remuneration aggregating to Rs. 7,980 thousands (excluding interests) paid to erstwhile Co-Managing Director during the period from October 1, 2007 to March 31, 2011, in contravention of the provisions of the Companies Act, 1956.

### 2.27 Contingent liabilities and commitments

	As at 31 March 2016	As at 31 March 2015
<b>Contingent liabilities</b>		
i) Claims against the company not acknowledged as debt	12,064	12,064
ii) Bank guarantees	1,960	5,312
iii) Other matters*		

\* Legal cases filed by/against the Company

- During the year ended 31 March 2011, Technology Development Board (TDB) had filed a claim petition under Arbitration and Conciliation Act, 1996 for recovery of dues payable by the Company as per loan agreement. The Arbitrator has issued an order with direction to the Company and erstwhile Co-Managing Director to pay individually or jointly the outstanding dues to TDB. During the earlier years, 600,000 equity shares of the Company held by erstwhile Co-Managing Director was transferred to TDB which were pledged as security.
- In addition to the legal claim as mentioned in note 2.26 (b) above, 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 of the Company and certain missing mammalian clones.
- Subsequent to Daiichi Sankyo Company Limited (DS) acquiring 63.92% stake in Ranbaxy Laboratories Limited (now Sun Pharmaceuticals 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 shareholder 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 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 favor 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 Honorable 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.



## Notes on accounts (contd...)

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

- d. In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.
- e. Other than those disclosed, the Company has not received any significant claims post 31 March 2011.

## 2.28 Earnings per share (EPS)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<i>Earnings</i>		
Loss for the year	(191,081)	(304,143)
<b>Number of share outstanding</b>		
Weighted average number of equity shares outstanding during the year	34,427,500	34,427,500
Potential equity shares on Employee Stock option granted – Anti dilutive*	-	-
Weighted average number of dilutive potential equity shares in respect of share application money	-	1,750
Weighted Average number of Equity Shares in computing diluted earnings per share	34,427,500	34,429,250
Earnings per share of par value Rs. 10 per share		
Basic	(5.55)	(8.83)
Diluted	(5.55)	(8.83)

\* The potential equity shares on ESOP granted are not available with the Company. The same is anti-dilutive, hence there is no impact on Earning per share.

## 2.29 Auditor's remuneration (excluding service tax)

	For the year ended 31 March 2016	For the year ended 31 March 2015
Statutory audit fee	600	1,600
Out of pocket expenses	150	152
	750	1,752

## 2.30 Deferred Taxation:

The Company has significant amount of outstanding business loss and unabsorbed depreciation. In the absence of virtual certainty of realisation, the Company has not recorded the cumulative deferred tax asset as on 31 March 2016 and for the year arising on account of timing differences, as stipulated in Accounting Standard (AS) 22 – Accounting for taxes on income.

## 2.31 Employee Stock Option Scheme

- a) Under the Zenotech Employee Stock Option Scheme 2005, the company granted 17,000 options (net of options lapsed) of which 4,250 vested options have been exercised during year 2009-10, issued 2,500 shares and balance is pending for allotment. Accordingly Rs. 1.22 lakhs received towards this was grouped under " Share application money pending allotment" untill last year. During the year this money has been refunded to the respective holders.
- b) The Company uses the fair value method for accounting employee share based payments.
- c) The company has not disclosed the impact on the net results and earnings per share (both basic and diluted) for the year using the fair value method as required in terms of the Guidance Note on Accounting for Employee Share-based Payment issued by the Institute of Chartered Accountants of India.

## Notes on accounts (contd...)

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

### 2.32 Other Provisions

Movement in provisions:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Opening balance	162,630	58,723
Addition	6,824	103,907
Utilisation/reversal	-	-
Closing balance	169,454	162,630

Provision for indirect taxes are in respect of which the claims are pending before various tax authorities for a considerable period of time and based on management's estimate of claims provision is made on prudent basis that possible outflow of resources may arise in future.

### 2.33 Employee benefit plans

#### Defined benefit plan - Gratuity

The Company has a defined benefit gratuity plan which is presently unfunded. The components of net gratuity expense recognised in the statement of profit and loss and amounts recognised in the balance sheet for the gratuity plans is as provided below.

**Changes in present value of defined benefit obligation representing reconciliation of opening & closing balances thereof as follows**

	As at 31 March 2016	As at 31 March 2015
Opening defined benefit obligation	1,068	2,477
Current service cost	414	610
Interest cost	117	284
Actuarial losses / (gain)	(292)	(718)
Benefits paid	-	(1,585)
<b>Closing defined benefit obligation</b>	<b>1,307</b>	<b>1,068</b>

#### Liability recognised in balance sheet

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Present value of unfunded obligations	1,307	1,068	2,477	2,325	1,423
Fair value of plan assets	-	-	-	-	-
<b>Net liability</b>	<b>1,307</b>	<b>1,068</b>	<b>2,477</b>	<b>2,325</b>	<b>1,423</b>
Provision for gratuity- Long term and Short term	1,307	1,068	2,477	2,325	1,423
<b>Actuarial losses / (gain)</b>	<b>(292)</b>	<b>(718)</b>	<b>(900)</b>	<b>166</b>	<b>(4,375)</b>
<b>Experience adjustment</b>					
On account of change in assumption	25	145	(382)	159	(58)
On account of change in experience	(317)	(863)	(518)	7	(4,317)

#### Expense recognized in statement of profit and loss / Net Gratuity expense

	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	414	610
Interest on defined benefit obligation	117	284
Net actuarial losses / (gains) recognized in year	(292)	(718)
<b>Net amount included in "Employee benefits expenses"</b>	<b>239</b>	<b>176</b>

**Notes on accounts (contd...)**

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

**Summary of actuarial assumptions**

The Assumptions used in accounting for the gratuity plan are set out as below:

	For the year ended 31 March 2016	For the year ended 31 March 2015
Discount rate	7.75% p.a.	7.95% p.a.
Salary escalation rate	10% p.a.	10% p.a.
Retirement age	58	58
Attrition rate	6%	6%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**2.34 Related party disclosures (As per AS-18)**

a) Name of the Related Party	Relationship
Sun Pharmaceutical Industries Limited*	Entity holding more than 20%
Daiichi Sankyo Company Limited	Entity holding 20%
Zenotech Farmaceutica Do Brasil Limitada, Brazil	Subsidiary
Zenotech Laboratories Nigeria Limited, Nigeria	Subsidiary
Zenotech, Inc., USA	Subsidiary
Dinesh Kapoor	Key Management Personnel
Poly K.V.	Key Management Personnel
Chinmoy Patnaik ( Upto Nov 16, 2015)	Key Management Personnel
Mohammad Abdul Gafoor ( w.e.f March 11, 2016)	Key Management Personnel

\* Pursuant to a merger scheme, Ranbaxy Laboratories Limited merged with Sun Pharmaceutical Industries Limited effective from 24 March 2015.

**b) Particulars of related party transactions**
**i) nature of transactions and year end balances**

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>i. Transaction with Sun Pharmaceutical Industries Limited</b>		
Sales	18,363	37,035
Short-term borrowing taken	-	74,509
Interest on short-term borrowing	69,888	61,863
<b>ii. Transaction with Key Management Personnel</b>		
Remuneration of key managerial personnel*	7,918	12,446

\* 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.

## Notes on accounts (contd...)

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

ii) The Company has the following amounts due to / from related parties\*:

		For the year ended 31 March 2016	For the year ended 31 March 2015
<b>i. Amount Due from:</b>			
Sun Pharmaceutical Industries Limited (disclosed under trade receivables)		-	2,157
<b>ii. Amount payable to :</b>			
Sun Pharmaceutical Industries Limited (disclosed as advance from related party under "other current liabilities")		(126)	-
Sun Pharmaceutical Industries Limited (disclosed as interest accrued and due "other current liabilities")		151,535	88,636
Sun Pharmaceutical Industries Limited (disclosed under trade payable)		3,764	3,364
Zenotech Inc., USA (disclosed under trade payable)		1,985	1,985
Late Mr. Bimal K Raizada (disclosed under other current liabilities) (refer note 2.26 (a))		3,000	3,000
Key managerial personnel (disclosed under other current liabilities)		(402)	2,294
<b>iii. Advance towards share capital :</b>			
Zenotech Farmaceutica Do Brasil Limitada, Brazil		31,956	31,956
Zenotech Laboratories Nigeria Limited, Nigeria		2,614	2,614
Zenotech Inc., USA		11,055	11,055
<b>iv. Advance outstanding :</b>			
Zenotech Laboratories Nigeria Limited, Nigeria		814	814
Zenotech Inc., USA		2,233	2,233
<b>v. Loan due from :</b>			
Zenotech Inc., USA		23,039	23,039
<b>vi. Loan due to :</b>			
Sun Pharmaceutical Industries Limited		512,000	512,000
<b>vii. For detail of investment, refer Note 2.11</b>			

\* Also refer Note 2.25. Outstanding balance are before considering provision made.

## 2.35 CIF value of imports

	For the year ended 31 March 2016	For the year ended 31 March 2015
Raw material	-	2,083
Spares	420	-
	<b>420</b>	<b>2,083</b>

## 2.36 Expenditure in foreign currency (on accrual basis)

	For the year ended 31 March 2016	For the year ended 31 March 2015
Professional fees	-	158
Trademark expenses	30	-
US FDA fees (refer not 2.47)	8,375	31,076
	<b>8,404</b>	<b>31,234</b>

### 2.37 Earning in foreign currency (on accrual basis)

	For the year ended 31 March 2016	For the year ended 31 March 2015
FOB value of export	-	1,607

### 2.38 Micro and Small Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2016 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Principal</b>		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
<b>Interest</b>		
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

### 2.39 Breakup of revenue from sale of manufactured products

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Manufactured</b>		
Formulation		
Oncology	19,920	33,843
G-CSF	678	6,924
	<b>20,598</b>	<b>40,767</b>

### 2.40 Breakup of purchase of raw and packing materials

	For the year ended 31 March 2016	For the year ended 31 March 2015
Oncology	13,236	10,997
Biotech R&D chemicals	-	27
Other chemicals	267	860
Packing materials	1,005	1,939
	<b>14,507</b>	<b>13,823</b>

**Notes on accounts (contd...)**

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

**2.41 Breakup of consumption of raw materials**

	For the year ended 31 March 2016	For the year ended 31 March 2015
Oncology	13,724	20,846
Biotech R&D chemicals	-	281
Other chemicals	5,559	6,466
Packing materials	735	4,084
	<b>20,018</b>	<b>31,677</b>

**2.42 Breakup of inventories**

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Raw and packing material</b>		
Oncology	125	614
Biotech	12,290	17,582
Packing materials	1,986	1,715
	<b>14,401</b>	<b>19,911</b>
<b>Finished Goods</b>		
Oncology	335	254
Biotech	-	-
	<b>335</b>	<b>254</b>
<b>Work in progress</b>		
Oncology	1,114	230
Biotech	-	-
	<b>1,114</b>	<b>230</b>

**2.43 Value of imported and indigenous consumption**

	For the year ended 31 March 2016	%	For the year ended 31 March 2015	%
Imported	14	0%	2,761	9%
Indigenous	20,501	100%	28,916	91%
	<b>20,515</b>	<b>100%</b>	<b>31,677</b>	<b>100%</b>

**2.44 Unhedge foreign currency exposure**

- a) There are no outstanding forward exchange contracts as at the year end.
- b) Foreign currency exposures as at 31 March 2016 and 31 March 2015 that have not been hedged by derivative instruments or otherwise:

	As at 31 March 2016		As at 31 March 2015	
	USD	INR	USD	INR
Loans and advances	584,223	26,086	584,223	26,086
Trade payables	46,268	2,095	46,268	2,091
Trade receivables	-	-	4,619	206
Other payables	1,017,444	67,490	926,088	57,965



## Notes on accounts (contd...)

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

### 2.45 Segment information

The Company is engaged in a business of manufacture and trading of pharmaceuticals products and is governed by a similar set of risks and returns. The operations of the Company substantially are confined to in India. Hence, in the view of the management the entity operates in only one business segment, 'Pharmaceuticals' and in one geographical segment, 'In India'. Consequently, no information under the requirements of the Accounting Standard 17 on segment reporting has been provided.

**2.46** Pursuant to the Companies Act 2013 ( the 'Act'), being effective from 1st April 2014, the Company has reassessed useful life of its fixed assets which coincide with the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31st March 2015 is higher by Rs 5,094. In respect of those assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs 924 has been adjusted in Reserves and Surplus in accordance with the requirements of Schedule II of the Act.

**2.47** During the current and previous years, the company has accrued certain amounts to Rs 144,626 towards expenses relating to fees for the USFDA for 2013 and 2014 and 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.

**2.48** Previous year figures have been reworked, regrouped, reclassified and rearranged wherever necessary to make them comparable with the current year figures.

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

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

**T.V.Balasubramanian**  
 Partner  
 Membership No: 027251

**Azadar Hussain Khan**  
 Chairman  
 DIN:01219312

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

**Dinesh Kapoor**  
 Chief Executive Officer

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

**Abdul Gafoor Mohammad**  
 Company Secretary

Place : Mumbai  
 Date : 21 May 2016

Place : Mumbai  
 Date : 21 May 2016

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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 40 2348 0430 / 0435, +91 90 3204 4583 / 4589

Fax No. : +91 40 2348 0429, E-mail: [abdul.gafoor@zenotech.co.in](mailto:abdul.gafoor@zenotech.co.in), Website: [www.zenotechlab.com](http://www.zenotechlab.com)

### 27<sup>th</sup> ANNUAL REPORT 2015-16

## Attendance Slip

Folio No./DP ID and Client ID:

No. of Shares:

Name and address of  
First/Sole Member :

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 27<sup>th</sup> Annual General Meeting of the members of Zenotech Laboratories Limited held on Saturday, September 24, 2016 at 10:30 am at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana – 500 078, India,

\_\_\_\_\_  
Name of the Member/Proxy  
(Block Letters)

\_\_\_\_\_  
Signature of the Member/Proxy

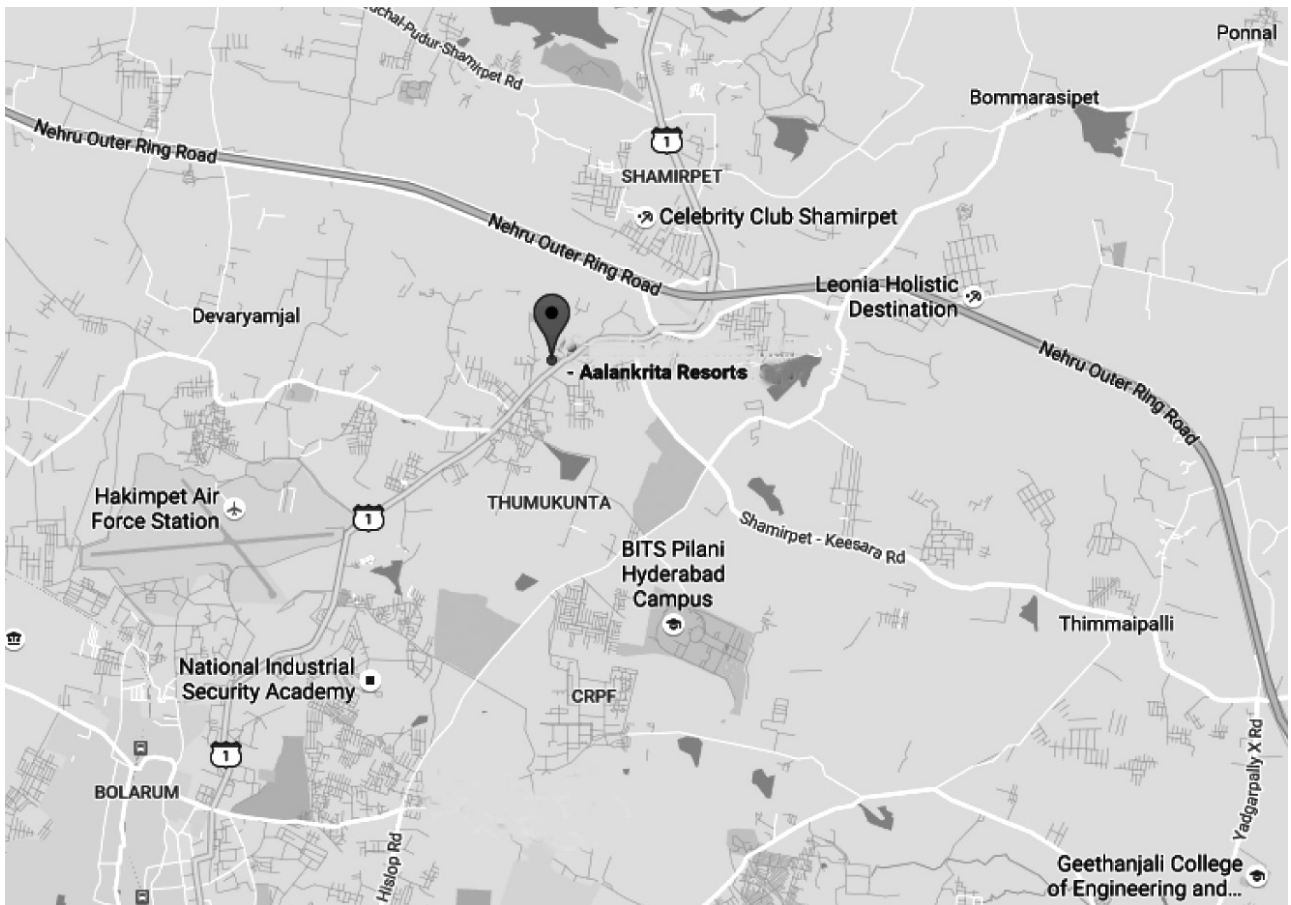
#### Note:

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. Applicable for Investors holding shares in electronic form.
4. Strike out whichever is not applicable.

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## Route Map to Aalankrita Resorts Thumkunta

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### Venue:

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

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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 40 2348 0430/0435, +91 9032044583/4589

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

### 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:

A Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_

Or failing him/her

B Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_

Or failing him/her

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the notice convening the 27<sup>th</sup> Annual General Meeting of the Company to be held on 24<sup>th</sup> September, 2016, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below:

Item Nos.	Resolutions		Vote [see note (d)] (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, 2016 and the Reports of the Board of Directors and Auditors thereon	Ordinary Resolution			
2.	To re-appoint Mr. Jignesh Anantray Goradia (DIN: 07229899), who retires by rotation and being eligible, offers himself for re-appointment as a Director.	Ordinary Resolution			
3.	To ratify the appointment of statutory auditors of the Company, and to fix their remuneration	Ordinary Resolution			
4.	To appoint Mr. Chintan Jitendra Shah as an Independent Director	Ordinary Resolution			
5.	To approve and adopt new set of Articles of Association (AOA) of the Company	Special Resolution			
6.	To approve the material Related Party Transactions with Sun Pharmaceutical Industries Limited.	Ordinary Resolution			

Place :

Date :

Signature of the Shareholder

Revenue  
Stamp

#### Notes:

- Proxy need not be a member of the Company.
- The Proxy Form in order to be effective shall be duly filled in and signed by the member(s) across Revenue Stamp and should reach the Company's Registered Office: Survey No. 250-252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad-Telangana-500 078, at least 48 hours before the commencement of the meeting.
- Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
- It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.





## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

[illegible]



**Manufacturing facilities & Registered office :**

Survey No. 250-252, Turkapally Village,  
Shameerpet Mandal, Ranga Reddy District  
Hyderabad-500 078

Phone : +91 40 2348 0430 / 35 Fax : +91 40 2348 0429  
90320 44584 / 585 / 586

Website : [www.zenotechlab.com](http://www.zenotechlab.com)  
CIN : L27100AP1989PLC010122