

INDEPENDENT AUDITORS' REPORT

To the Members of Zenotech Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Zenotech Laboratories Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

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

Our report is not modified in respect of these matters.

Key Audit Matters

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

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

Key audit matters	Auditor's Response
Going concern assumption	
The Company has losses from last many years and continuing in loss for the current audit period also. Hence we were required to assess whether the going concern assumption is appropriate.	Our Audit Procedures included: <ul style="list-style-type: none">• Review of management's budgets to gain an understanding of the inputs and process underpinning the cash flow model prepared for the going concern assessment.• Discussion with the management on the cash flow position and the plans for meeting the requirements of cash deficits, if any, in the business plans.• Evaluation of the plans of the Company for becoming cash positive from operations and becoming profitable over a period.• We have also evaluated the disclosures provided in the standalone financial statements to ensure that this aspect has been appropriately disclosed.
Impairment of Fixed Assets	
Non-recognition of impairment provision on fixed assets.	Our Audit procedures included: <ul style="list-style-type: none">• Checks to identify if the plant is performing below the rated capacity.• Review of all Long pending capital advances as at date of the financials.• Review the assessment made by the management and evaluating whether those are mitigating the risk of not considering the provision for impairment as at date of the financials.• Review that there is no significant movement in the land price as per registration value prescribed by State Government which calls for the impairment, if any.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity 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 Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 29 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.
3. As required by Section 197(16) of the Act, we report that the remuneration paid by the company to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197.

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

S. Prasana Kumar
Partner
Membership No. 212354

Place of Signature: Mangalore
Date: 18th May 2019.

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Zenotech Laboratories Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2019.

(i) In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date.

(ii) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.

(iv) Based on our audit procedures & according to the information and explanation given to us, the Company has neither given any loan, guarantees or security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore clause 3(iv) of the Order is not applicable to the Company.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.

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

(vii)

- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues were in arrears, as at 31 March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax(GST), Duty of customs, Excise duty and Value added tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of statute	Nature of dues	Amount Rs in '000*	Period to which amounts relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax	NIL#	FY 2007-08	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Service Tax	NIL#	FY 2007-08 to 2009-10	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Service Tax	10,124	FY 2006-07 and 2007-08	Commissioner of Central Excise and Service Tax, Hyderabad IV
A.P. Vat Act, 2005	VAT	1,685	FY 2009-10 to 2012-13	Deputy Commissioner Commercial Taxes (Appeal)
The Finance Act, 1994	Service Tax	3,405**	Prior to Financial year 2011-12 (Service Tax)	N/A
A.P. Vat Act, 2005	Sales Tax	39 **	Prior to Financial year 2011-12 (Sales Tax)	Commercial Tax Officer, Srinagar Colony Circle
The Customs Act, 1962	Customs Duty	5,160	Prior to Financial year 2011-12 (Customs Act)	Principal Commissioner of Customs, Hyderabad

* excluding penalty & Interest.

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

Principal portion fully settled in this year.

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

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

* amount of accrued interest only.

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

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

S. Prasana Kumar
Partner
Membership No. 212354
Place of Signature: Mangalore
Date: 18th May 2019

Annexure B

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

Report on the Internal Financial Controls 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 31 March 2019 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 (ICAI). 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 ICAI. 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 authorizations of management and directors

of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S. Prasana Kumar
Partner
Membership No. 212354

Place of Signature: Mangalore
Date: 18th May 2019.

Zenotech Laboratories Limited
CIN: L27100AP1989PLC010122
Standalone Balance Sheet as at March 31, 2019
(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3	4,31,088	4,44,309
(b) Capital Work-In-Progress	3	1,69,514	23,239
(c) Financial Assets			
(i) Investments	4(a)	-	-
(ii) Others	4(b)	6,368	3,929
Income Tax Assets (net)		7,930	3,340
(d) Other Non-current Assets	5	38,992	28,392
Total Non - Current Assets		6,53,890	5,03,209
Current Assets			
(a) Inventories	6	5,842	8,208
(b) Financial Assets			
(i) Trade Receivables	7(a)	23,581	39
(ii) Cash and Cash Equivalents	7(b)	1,31,963	2,84,048
(iii) Bank balances other than above	7(b)	560	7,560
(iv) Other Financial Assets	7(c)	3,180	4,252
(c) Other Current Assets	8	26,817	10,097
Total Current Assets		1,91,943	3,14,204
Total Assets		8,45,833	8,17,413
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	6,10,306	6,10,306
(b) Other Equity	10	(2,21,323)	(1,90,130)
Total Equity		3,88,983	4,20,176
LIABILITIES			
Non-current Liabilities			
(a) Financial Liabilities		-	-
(b) Provisions	11 (a)	3,372	2,770
Total Non - Current Liabilities		3,372	2,770
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12 (a)	2,02,400	-
(ii) Trade payables			
(a) Total outstanding dues of Micro and Small Enterprises	12 (b)	3,949	-
(b) Total outstanding dues other than above	12 (b)	37,204	54,132
(iii) Other financial liabilities	12 (c)	33,427	88,078
(b) Other Current Liabilities	13	4,507	84,555
(c) Provisions	11 (b)	1,71,991	1,67,702
Total Current Liabilities		4,53,478	3,94,467
Total Equity and Liabilities		8,45,833	8,17,413

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

Summary of Significant accounting policies

1 & 2

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

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

S.Prasana Kumar
Partner
Membership No.: 212354

Azadar Hussain Khan
Chairman
DIN:01219312

Kavita R. Shah
Director
DIN:02566732

R.S.Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place: Mangalore
Date: May 18, 2019

Place: Mumbai
Date: May 18, 2019

Zenotech Laboratories Limited
CIN: L27100AP1989PLC010122
Statement of profit and loss for the Year ended March 31, 2019
(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Particulars	Note No.	For the Year ended 31 March 2019	For the year ended 31 March 2018
Income			
I Revenue from Operation	14	1,30,291	1,11,442
II Other income	15	47,097	23,691
III Total Income (I+II)		1,77,388	1,35,133
Expenses			
IV Cost of materials consumed	16	7,055	8,106
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	16	119	(119)
Employee benefits expense	17	49,804	50,657
Finance costs	18	1,177	24,494
Depreciation and amortisation expense	3	42,020	39,031
Other expenses	19	1,08,483	1,31,474
Total Expenses (IV)		2,08,658	2,53,643
V Profit / (Loss) before exceptional items and tax (III-IV)		(31,270)	(1,18,510)
VI Exceptional items	3	-	-
VII Profit / (Loss) before tax (V-VI)		(31,270)	(1,18,510)
VIII Tax expense:		-	-
(1) Current tax		-	-
(2) Deferred tax		-	-
IX Profit / (Loss) for the period (VII-VIII)		(31,270)	(1,18,510)
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of employee benefits obligations	11(c)	77	613
be reclassified to profit or loss			
XI Total Comprehensive Income for the year (IX+X)		(31,193)	(1,17,897)
XII Earning per equity share	21		
(face value per equity share Rs 10 each)			
(1) Basic (Rs.)		(0.51)	(2.24)
(2) Diluted (Rs.)		(0.51)	(2.24)

See accompanying note referred to above form an integral part of Financial Statements
Summary of Significant accounting policies 1 & 2

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

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

S. Prasana Kumar
Partner
Membership No: 212354

Azadar Hussain Khan
Chairman
DIN:01219312

Kavita R. Shah
Director
DIN:02566732

R.S.Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place: Mangalore
Date: May 18, 2019

Place: Mumbai
Date: May 18, 2019

Zenotech Laboratories Limited
Standalone Cash flow statement for the year ended March 31, 2019
 (All amounts in thousands of Indian Rupees except share data and where otherwise stated)

	For the Year ended 31 March 2019	For the Year ended 31 March 2018
A. Cash flows from operating activities		
Loss before taxation	(31,270)	(1,18,510)
Adjustments for:		
Depreciation and amortisation	42,020	39,031
Amounts written back	(32,687)	-
Unrealised foreign exchange loss, net	1,244	124
Interest expenses	1,177	24,494
Interest income	(12,482)	(17,308)
Operating cash flows before working capital changes	(31,998)	(72,169)
Changes in Working Capital:		
(Increase)/ decrease in trade receivables	(23,542)	(28)
(Increase)/ decrease in inventories	2,366	1,032
(Decrease)/ increase in trade payables	16,184	2,790
(Increase)/ decrease in other financial assets	1,072	(3,154)
(Increase)/ decrease in non-current financial assets	(1,439)	96
(Increase)/ decrease in non-current assets	(5,337)	(6,930)
(Increase)/ decrease in other current assets	(16,720)	(14,103)
(Decrease)/ increase in provisions for non current liabilities	602	382
(Decrease)/ increase in provisions for current liabilities	4,289	(15,887)
(Decrease)/ increase in other financial liabilities	(107)	1,211
(Decrease)/ increase in other current liabilities	(81,214)	(52,952)
Cash used in operations	(1,35,844)	(1,59,712)
Income taxes paid/ TDS (net)	(4,590)	(2,801)
Net cash used in operating activities (A)	(1,40,434)	(1,62,513)
B. Cash flows from investing activities		
Payment for Purchase of property plant equipment (including Capital advance & Work in Progress)	(1,80,335)	(38,245)
Deposits towards margin money	6,000	(5,600)
Interest income received	12,482	17,308
Net cash provided by/ (used in) investing activities	(1,61,853)	(26,537)
C. Cash flows from financing activities		
Repayment to Biotech Consortium India Limited Term Loan	-	(1,112)
Repayment to Sun Pharmaceutical Industries Limited (Holding company) Term Loan	-	(5,12,000)
Proceeds from issue of equity share capital - Rights Issue	-	11,97,138
Proceeds from short-term borrowings, net	2,02,400	-
Repayment of long-term borrowings	-	(29,648)
Interest paid	(52,197)	(1,86,090)
Net cash provided by financing activities (C)	1,50,203	4,68,288
Net increase/ (decrease) in cash and cash equivalents during the year(A+B+C)	(1,52,084)	2,79,238
Cash and cash equivalents at the beginning of the year	2,84,048	4,810
Cash and cash equivalents at the end of the year (refer Note 7 (b))	1,31,964	2,84,048

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

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

Note 3: Please refer Net Debt Reco annexed

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

Summary of Significant accounting policies

1 & 2

for PKF Sridhar & Santhanam LLP
 Chartered Accountants
 Firm Registration Number: 003990S/S/200018

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

S. Prasana Kumar
 Partner
 Membership No: 212354

Azadar Hussain Khan
 Chairman
 DIN:01219312

Kavita R. Shah
 Director
 DIN:02566732

R.S.Parihar
 Chief Executive Officer

Poly K.V.
 Chief Financial Officer

Abdul Gafoor Mohammad
 Company Secretary

Place: Mangalore
 Date: May 18, 2019

Place: Mumbai
 Date: May 18, 2019

Zenotech Laboratories Limited
 Standalone Cash flow statement for the year ended March 31, 2019
 (All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Net debt reconciliation

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

	31 March 2019	31 March 2018
Cash and cash equivalents	1,31,964	2,84,048
Liquid Investments	-	-
Current borrowings (Including interest accrued)	(2,04,642)	(53,262)
Non-current borrowings	-	-
Net debt	(72,678)	2,30,786

	Other assets		Liabilities from financing activities			Total
	Cash and bank	Liquid Investments	Finance lease obligations	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2017	4,810	-	-	-	(7,57,618)	(7,52,808)
Cash flows	2,79,238	-	-	-	5,42,760	8,21,998
Interest expenses	-	-	-	-	(24,494)	(24,494)
Interest paid	-	-	-	-	1,86,090	1,86,090
Net debt as at 31 March 2018	2,84,048	-	-	-	(53,262)	2,30,786
Cash flows	(1,52,064)	-	-	-	(2,02,400)	(3,54,464)
Interest expenses	-	-	-	-	(1,177)	(1,177)
Interest paid	-	-	-	-	52,197	52,197
Net debt as at 31 March 2019	1,31,964	-	-	-	(2,04,642)	(72,678)

Zenotech Laboratories Limited
Statement of changes in equity for the year ended 31 March, 2019
 (All amounts in thousands of Indian Rupees except share data and where otherwise stated)

A. Equity share Capital	
Particulars	
As at 31.03.2018	6,10,306
Changes in Equity Share Capital	-
As at 31.03.2019	6,10,306

As at 31.03.2017	3,44,275
Changes in Equity Share Capital	2,66,031
As at 31.03.2018	6,10,306

B. Other Equity	Reserves and Surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1st April 2017	11,64,324	(21,67,663)	(10,03,339)
Additions during the year	9,31,107	-	9,31,107
Profit for the year	-	(1,18,511)	(1,18,511)
Other comprehensive income- Remeasurement of defined benefit obligations	-	613	613
Total comprehensive income for the year	-	(1,17,898)	(1,17,898)
Other Equity as on 31st March 2018	20,95,431	(22,85,561)	(1,90,130)
Balance as at 1 April 2018	20,95,431	(22,85,561)	(1,90,130)
Profit for the year	-	(31,270)	(31,270)
Other comprehensive income- Remeasurement of defined benefit obligations	-	77	77
Total comprehensive income for the year	-	(31,193)	(31,193)
Other Equity as on 31st March 2019	20,95,431	(23,16,754)	(2,21,323)

Nature and purpose of reserves:

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

As per our Report of even date attached
 for PKF Sridhar & Santhanam LLP
 Chartered Accountants
 Firm Registration Number: 0039905/S/200018

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

S.Prasana Kumar
 Partner
 Membership No.: 212354

Azadar Hussain Khan
 Chairman
 DIN:01219312

Kavita R. Shah
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 Chief Executive Officer

Place: Mangalore
 Date: May 18, 2019

Poly K.V.
 Chief Financial Officer

Abdul Gafoor Mohammad
 Company Secretary

Place: Mumbai
 Date: May 18, 2019

Zenotech Laboratories Limited
Notes to the Standalone Financial Statements for the Year ended March 31, 2019
(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

1.1 Corporate information

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

1.2 Going concern

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

1.3 Consolidated Financial Statements

The Books of accounts and other related records/documents of the overseas subsidiaries of the Company were missing and due to non-availability of those records/information, complaint before the Hon'ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 was filed against the former Managing Director, Late Dr. Jayaram Chigurupati, who was in complete "control over the Company's affairs during the period of those events", which is currently sub-judice. The Company has evaluated and concluded that it is not controlling the US Subsidiary as per Ind AS 110 Consolidated Financial Statements basis its inability to exercise power over the investee. Further, the Company's Board has initiated the winding-up process for the defunct subsidiaries in Brazil and Nigeria. The Company is in contact with consultants of respective countries to file the winding-up applications and adhere to the laws of the country. Accordingly, the Company is of the view that it does not have subsidiaries within the definition of Ind AS 110 and hence is not required to prepare and present a Consolidated Financial Statement.

2. Significant accounting policies

2.1 Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

Basis of preparation and presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

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

Functional and Presentation Currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional and presentation currency of the Company.

IND AS 27 Separate financial statements

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

- (a) at cost; or
- (b) in accordance with IND AS 109. Such cost shall be cost as per IND AS 27 or deemed cost.

The investments in subsidiaries is recognised at deemed cost

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- > Expected to be realised or intended to be sold or consumed in normal operating cycle
- > Held primarily for the purpose of trading
- > Expected to be realised within twelve months after the reporting period, or
- > Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- > It is expected to be settled in normal operating cycle
- > It is held primarily for the purpose of trading
- > It is due to be settled within twelve months after the reporting period, or
- > There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Considering the nature of activity, the Company has determined the operating cycle as twelve months.

b. Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction.

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

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

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

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

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

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

c. Use of estimates and Judgement

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

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

i) Useful life of PPE

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

ii) Measurement of defined benefit plan obligation

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

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

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

iii) Impairment of non-financial assets

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

iv) Write down in value of Inventories

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

v) Estimation for Litigations

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

d. Fair value measurement

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

> in the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

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

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

e. Revenue recognition

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

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

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

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

Sale of goods:

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

Rendering of Services:

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

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

Interest income

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

f. Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

> When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

> When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from or payable to the taxation authority, is included as part of receivables or payables in the balance sheet.

h. Property, plant and equipment

Freehold land is carried at historical cost.

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

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

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

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

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

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

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

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

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

i. Borrowing costs

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

j. Inventories

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

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

ii) Finished goods and Work-in-process - Weighted average method, which comprises direct material costs and appropriate overheads.

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

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

k. Impairment of non-financial assets

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

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

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

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

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

I. Provisions, contingent Liabilities & contingent Assets

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

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

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

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

m. Retirement and other employee benefits

i) **Gratuity:** Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the projected unit credit method. Actuarial gains/losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the other comprehensive Income as Income on the basis of valuation by an independent Actuary. The liability is unfunded.

ii) **Provident Fund:** A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

iii) **Compensated Absences:** Liability in respect of compensated absence is determined and charged to the statement of profit and loss on the basis of valuation by an independent actuary.

n. Earnings per shares:

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

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

o. Leases:

Company as lessor:

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

p. Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

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

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

Equity investments

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

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

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

Derecognition

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

Initial recognition and measurement

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

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

Subsequent measurement

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

> Financial liabilities at fair value through profit or loss

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

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

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

> Financial liabilities at amortised cost

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

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

> Derecognition

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

> Offsetting of financial instruments

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

q. Cash and cash equivalents

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

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

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

r. Recent Accounting Pronouncements:

(i) New standards notified and adopted by the Company

MCA on 29 March 2018 notified the new standard for revenue recognition (effective from 1 April 2018) which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five-step application principle to be followed for revenue recognition:

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
- v. Recognition of revenue when the Company satisfies a performance obligation.

A number of other standards had been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital, mutual fund and other similar organisations (Amendment to Ind AS 28) and applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments have any material effect on the Company's financial statements.

(ii) New standards notified but not yet effective

Ind AS 116 Leases

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

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

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

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

The Company expects that the adoption of this new standard will not have any significant impact on the financial statements.

Other Amendments to the existing standards but not effective

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

- a) business combination accounting in case of obtaining control of a joint operation;
- b) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- c) income tax consequences in case of dividends;
- d) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- e) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- f) accounting for prepayment features with negative compensation in case of debt instruments;

- g) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- h) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

The above amendments will come into force from 1st April 2019. The Company does not expect the effect of this on the financial statements to be material based on preliminary evaluation.

Zenotech Laboratories Limited
Notes to the Standalone Financial Statements for the Year ended March 31, 2019
 (All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 3: Property, Plant and Equipment.

	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	EDP Equipment	Total
Gross Block at Cost								
As at 1 st April 2017	10,831	1,53,642	3,74,684	4,591	237	1,768	945	5,46,698
Adjustments:								
Additions	-	-	13,097	443	446	990	30	15,006
As at 31 st March 2018	10,831	1,53,642	3,87,781	5,034	683	2,758	975	5,61,704
Adjustments:								
Additions	-	7,181	17,442	413	1,538	-	2,223	28,797
As at 31 st March 2019	10,831	1,60,823	4,05,223	5,447	2,221	2,758	3,198	5,90,501
Depreciation and impairment								
As at 1 st April 2017	-	14,020	59,445	3,353	172	852	522	78,364
Adjustments:								
Depreciation charge during the year		7,146	30,854	504	92	295	140	39,031
As at 31 st March 2018	-	21,166	90,299	3,857	264	1,147	662	1,17,395
Adjustments:								
Depreciation charge during the year		7,265	33,293	520	210	371	361	42,020
Impairment loss (note)								
As at 31 st March 2019	-	28,431	1,23,592	4,377	474	1,518	1,023	1,59,415
Net Book Value								
As at 31 st March 2019	10,831	1,32,392	2,81,631	1,070	1,747	1,240	2,175	4,31,086
As at 31 st March 2018	10,831	1,32,476	2,97,482	1,177	419	1,611	313	4,44,309

Note

- The Company had leased equipments of Rs.22,212 to Sun Pharmaceutical Industries Limited under cancellable lease agreement.
- During the year the Company had purchased equipments of Rs. 1,269/- from Sun Pharma Laboratories Limited, one of the Group Companies of SPIL
- For details of the assets pledged for TDB loan, refer Note 30 of the financial statements.

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

Gross block as at 1st April, 2016	10,831	1,49,103	3,54,281	4,591	237	1,768	516	5,21,327
Accumulated depreciation as at 1st April, 2016	-	(6,994)	(29,608)	(2,106)	(92)	(466)	(357)	(39,623)
Net block as at 1st April, 2016 treated as deemed cost	10,831	1,42,109	3,24,673	2,485	145	1,302	159	4,81,704

B. Capital Work in Progress

As at 1st April 2017	1,03,156
Additions during the period	23,239
Gross Capital Work In Progress	1,26,395
Less: Provision for Impairment	(1,03,156)
Net CWIP as at March 31, 2018	23,239

As at 1st April 2018	1,26,395
Additions during the period*	1,67,768
Gross Capital Work In Progress	2,94,163
Less: Transferred to Fixed Assets during the year	21,492
Less: Provision for Impairment	(1,03,156)
Net CWIP as at March 31, 2019	1,69,514

* including interest capitalised Rs. 1,455 (Previous year-Nil)

Zenotech Laboratories Limited

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

Note 4: Financial Assets

4(a). Non-current investments

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in equity shares of Subsidiaries# at Deemed cost		
Unquoted		
Zenotech Farmaceutica Do Brasil Ltda*	-	-
39,600 (previous year: 39,600) shares of Reais 10 each		
Zenotech Laboratories Limited, Nigeria*	-	-
9,99,000 (previous year: 9,99,000) Ordinary shares of Naira 1 each		
Zenotech Inc., USA	-	-
10,00,000 (previous year: 10,00,000) shares of USD 0.10 each		
Investments in equity shares of Other Companies at Deemed cost		
Unquoted		
Equity shares in Credence Organics Private Limited**	-	-
Total Non current investments	-	-
Less: Provision for diminution in value	-	-
Net Non current investments	-	-
Total non-current investments		
Aggregate amount of quoted investments and market value thereof		
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in the value of investments	-	-

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

* During the year ended March 31, 2017, the Company had decided to wind up its overseas subsidiary namely Zenotech Pharmaceutica do Brazil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017. The process of winding-up of Zenotech Laboratories Nigeria Limited will be completed in F.Y: 2019-20. There is no change in the status of Zenotech Pharmaceutica do Brazil Ltda as on March 31, 2019.

** Investments in shares of Credence Organics Private Limited have been written off as the Company no longer exist.

4(b). Other Non-current Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Deposits with Government, public bodies		
-Considered good	5,364	3,889
-Credit Impaired	211	211
Margin Money deposits	1,000	-
Others	4	40
Total	6,579	4,140
Less: Provision for doubtful receivables	211	211
Total Other Non-current Financial Assets	6,368	3,929

Note 5: Other Non Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good except stated other wise)		
Deposits with Government, public bodies*	28,658	23,309
Capital Advances	10,334	5,071
Others	-	12
Total	38,992	28,392

* Includes amount deposited under protest

Zenotech Laboratories Limited

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials and Packing materials	5,842	8,089
Work-in-progress	-	119
Total Inventories	5,842	8,208

* Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. The changes in write downs are recognised as an expense in statement of Profit & Loss. Write downs of inventory during the current year amounted to Rs. 1,500/- (Previous year Rs.1,940/-).

7 (a). Trade receivables- Current

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good-Secured	-	-
Trade receivables considered good-Unsecured*	23,581	39
Trade receivables which have significant increase in credit risk	-	-
Trade receivables-credit impaired	-	295
Total	23,581	334
Less : Provision for Trade Receivables credit impaired **	-	295
Total trade receivables	23,581	39

* Related Party receivables

** Provision for Trade Receivables credit impaired

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	295	284
Add : Provision during the year	0	11
Total	295	295
Less : Provision adjusted against bad debts written off	(295)	0
Closing Balance	-	295

7(b). Cash and Bank Balances

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
- in current accounts	1,937	4,021
Cash on hand	26	27
Other Bank Balances		
Deposits with original maturity of less than 3 months	1,30,000	2,80,000
Cash and Cash equivalents (A)	1,31,963	2,84,048
Bank Balances other than above		
- Margin Money deposits	1,560	7,560
Less: Margin Money Deposit with Bank maturing after 12 months from the balance sheet date classified as Non-Current (Note 4(c))	1,000	-
Total Bank Balances other than above (B)	560	7,560
Total cash and Bank Balances (A+B)	1,32,523	2,91,608

7(c). Other Financial Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Interest accrued but not due	3,180	4,252
Total Other Financials Current Assets	3,180	4,252

8. Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered doubtful		
Excess Remuneration paid, recoverable from an erstwhile managing director	7,980	7,980
Less: Provision for excess remuneration paid, recoverable	(7,980)	(7,980)
Unsecured, considered good		
Balance with Statutory authorities	24,564	8,052
Advance for supply of goods and services	423	806
Prepaid expenses	586	449
Advance to employees	24	40
Unbilled revenue (Contract Assets)*	1,220	750
Total Other Current Assets	26,817	10,097

* During the year ended March 31, 2019, Rs. 750 of unbilled revenue pertaining to contracts as of April 1, 2018 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Note 9: Equity

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Authorised				
Equity shares of Rs.10/- each	10,00,00,000	10,00,000	10,00,00,000	10,00,000
	10,00,00,000	10,00,000	10,00,00,000	10,00,000
Issued, Subscribed and Fully Paid-up				
Equity shares of Rs.10/- each	6,10,30,568	6,10,306	6,10,30,568	6,10,306
TOTAL	6,10,30,568	6,10,306	6,10,30,568	6,10,306

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Equity shares				
At the beginning of the year	6,10,30,568	6,10,306	3,44,27,500	3,44,275
Issued during the year	-	-	2,66,03,068	2,66,031
Outstanding at the end of the year	6,10,30,568	6,10,306	6,10,30,568	6,10,306

(b) Terms/rights attached to equity shares

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

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 rights were not exercised.

During the previous year, the Company made rights issue of 2,66,03,068 Equity Shares with a face value of Rs 10 each for cash at a price of Rs 45 each including a share premium of Rs 35.00 per Equity Share aggregating to an amount upto Rs. 11,97,138/- thousands.

(c) Shares held by holding company

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Value	No. of shares	Value
Equity shares of Rs. 10/- each (Held by Sun Pharmaceutical Industries Limited)	3,51,28,078	35,12,80,780	3,51,28,078	35,12,80,780
	3,51,28,078	35,12,80,780	3,51,28,078	35,12,80,780

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

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
Sun Pharmaceutical Industries Limited*	3,51,28,078	57.56%	3,51,28,078	57.56%
Daiichi Sankyo Company, Limited	68,86,500	11.28%	68,86,500	11.28%
Padmasree Chigurupati	30,60,500	5.01%	30,60,500	5.01%

Note:

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

"During the year ended March 31, 2019, the amount of per share dividend recognised as distribution to equity shareholders was NIL (Previous year: NIL)"

Zenotech Laboratories Limited

CIN: L27100AP1989PLC010122

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

Note 10: Other Equity

	As at March 31, 2019	As at March 31, 2018
Retained Earnings		
Securities premium reserve	20,95,431	20,95,431
Retained Earnings	<u>(23,16,754)</u>	<u>(22,85,561)</u>
Total Reserves & Surplus	<u>(2,21,323)</u>	<u>(1,90,130)</u>
Securities Premium Reserve		
Opening Balance	20,95,431	11,64,324
Rights issue	-	9,31,107
Closing Balance	<u>20,95,431</u>	<u>20,95,431</u>
Retained Earnings		
Opening balance	(22,85,561)	(21,67,663)
Net loss for the period	(31,270)	(1,18,511)
Remeasurements of post-employment benefit obligation, net of tax (OCI)	77	613
Closing Balance	<u>(23,16,754)</u>	<u>(22,85,561)</u>
GRAND TOTAL	<u>(2,21,323)</u>	<u>(1,90,130)</u>

Zenotech Laboratories Limited

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

Note 11 (a): Provisions - Long Term

Particulars	As at	As at
	March 31, 2019	March 31, 2018
	Non-Current	Non-Current
Provision for Compensated Leave absences (Refer Note 11(c))	1,598	1,321
Provision for Gratuity (Refer Note 11 (c))	1,774	1,449
Total	3,372	2,770

Note 11 (b): Provisions - Short Term

Particulars	As at	As at
	March 31, 2019	March 31, 2018
	Current	Current
Provision for indirect taxation (Refer footnotes below)	1,71,116	1,67,359
Provision for Compensated Leave absences (Refer Note 11(c))	581	302
Provision for Gratuity (Refer Note 11(c))	294	41
Total	1,71,991	1,67,702

i) Information about individual provisions and significant estimates.

Provision for indirect taxation

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

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Provision for Service Tax	90,215	86,458
Provision for Customs (EPCG Duty)	80,901	80,901
Total	1,71,116	1,67,359

ii) Movements in provisions

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

Particulars	Towards	Towards
	Service Tax	Customs duty
As at 1st April 2018	86,458	80,901
Charged/(credited) to profit or loss		
-additional provisions recognised	7,269	-
Amounts used during the year	(3,512)	-
As at 31st March 2019	90,215	80,901

ii) Movements in provisions

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

Particulars	Towards	Towards
	Service Tax	Customs duty
As at 1st April 2017	79,188	1,04,185
Charged/(credited) to profit or loss		
-additional provisions recognised	7,270	6,650
Amounts used during the year	-	(29,934)
As at 31st March 2018	86,458	80,901

Zenotech Laboratories Limited
Notes to the Standalone Financial Statements for the Year ended March 31, 2019
 (All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 11 (c):

a) Employee Benefits

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amount recognised as expense in the statement of Profit and Loss		
Provident Fund Contribution	1,928	1,878

b) Leave Obligation

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current Liability	581	302
Non-Current Liability	1,598	1,321
Total	2,179	1,623

c) Gratuity (Unfunded)

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

Changes in defined benefit obligation

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Projected benefit obligation at the beginning of the year	1,490	1,569
Current Service Cost	542	583
Interest Cost	113	106
Actuarial (gain)/ loss on obligation	(77)	(613)
Benefits paid	-	(155)
Projected benefit obligation at the end of the year	2,068	1,490

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current Liability	294	41
Non-Current Liability	1,774	1,449
Total	2,068	1,490

Expense recognised in the Statement of Profit and Loss

	Year ended 31 March 2019	Year ended 31 March 2018
Service Cost	542	583
Interest Cost	113	106
Net Gratuity Costs	655	689

Summary of Actuarial Assumptions

	Year ended 31 March 2019	Year ended 31 March 2018
Discount rate	7.50%	7.70%
Salary escalation rate	7.00%	7.00%

Maturity profile of the defined benefit obligation

	Year ended 31 March 2019	Year ended 31 March 2018
Weighted average duration of defined benefit obligation (in years)	9.85	10.25
Expected benefit payments for the year ending		
Not later than 1 year	294	41
Later than 1 year and not later than 5 years	507	578
Later than 5 year and not later than 10 years	573	272
Above 10 years	3,748	2,985

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Remeasurement for the period - Obligation (gain)/loss arising from		
- change in demographic assumptions	(0)	(16)
- change in financial assumptions	40	(139)
- experience variance	(117)	(458)
Amount recognised in OCI	(77)	(613)

Sensitivity analysis of significant actuarial assumptions

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Decrease	Increase	Decrease	Increase
Discount rate(-/+1%)	5.12%	-4.74%	5.33%	-4.94%
Salary growth rate(-/+1%)	-4.78%	5.12%	-4.99%	5.3%

Zenotech Laboratories Limited
Notes to the Standalone Financial Statements for the Year ended March 31, 2019
(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 12: Financial liabilities

(a) Current borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand		
Secured	-	-
Unsecured - amortised cost		
Loan from holding Company (including interest accrued)	2,04,642	53,262
Total current borrowings	2,04,642	53,262
Less: Interest accrued	2,242	53,262
Current borrowings (as per Balance Sheet)	2,02,400	-

Terms:

Loan from related party is availed with interest at the rate of 9% per annum on the principal amount outstanding. The interest shall be paid at the last day of every calendar quarter. However, any interest remaining unpaid at the end of financial year shall be added to the principal amount. Total Loan or any portion of the Loan amount shall be repayable at any time or from time to time during the Loan Period (i.e., 1 year calculated from the Effective Date). During the previous year the Company had repaid the principal and interest due upto Sep'16 out of proceeds from Rights Issue and interest from Oct'16 till July'17 still remains unpaid.

(b) Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
A). Trade payables-Micro and Small Enterprises (Refer footnotes below)	3,949	-
Total (A)	3,949	-
B). Trade payables-Others		
Related parties (Refer Note: 26(d))	1,438	2,059
Others	35,766	52,073
Total (B)	37,204	54,132
Total trade payables (A + B)	41,153	54,132

Note 1:

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

(c) Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Interest accrued and due*	29,887	80,907
Payable to employees	575	3,936
Expenses payables	2,965	3,235
Total other current financial liabilities	33,427	88,078

* Includes Rs 2,242 (Previous year Rs 53,262) Interest accrued and due pertaining to related parties

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

However, Rs. 27,645 towards Interest due is payable to TDB subject to realisation of 6,00,000 shares of Late.Dr. Jayaram Chigurupati held by TDB as security against the secured loan, as per the settlement agreement dated 22nd February, 2018 signed between the Company and TDB

Note 13: Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	-	1,672
Statutory liabilities	4,507	5,095
Advance Rent Received SPIL	-	257
Advance from related party (Sun Pharmaceutical Industries Limited)	-	77,531
Total	4,507	84,555

Zenotech Laboratories Limited

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

Note 14: Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	7,602	7,793
Sale of services	1,22,689	1,03,649
Total*	1,30,291	1,11,442

*Refer note 20 for further details

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

A) Other Income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income from bank deposits at amortised cost	12,482	17,308
Liabilities no longer required written back*	32,687	5,489
Lease Rental Income from Related Party	1,333	389
Miscellaneous income	595	505
Total (A)	47,097	23,691

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

Note 16: Cost of materials consumed

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Raw materials and Packing materials at the beginning of the year	8,089	9,240
Add: Purchases	4,808	6,955
Less: Raw materials and Packing materials at the end of the year	5,842	8,089
Total cost of materials consumed	7,055	8,106

The cost of materials consumed includes Rs 1,500 (Previous year Rs 1,940) written off inventories relating to biotech division.

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening Balance		
Work-in progress	119	-
Total opening goods	119	-
Closing balance		
Work-in progress	-	119
Total closing balance	-	119
Total changes in inventories of work-in-progress, stock in trade and finished goods.	119	(119)

Zenotech Laboratories Limited**Notes to the Standalone Financial Statements for the Year ended March 31, 2019**

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

Note 17: Employee benefit Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	44,471	45,434
Contribution to provident fund and other funds	2,739	2,173
Staff welfare expenses	2,594	3,050
Total	49,804	50,657

Note 18: Finance Cost

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on Car Loan	-	-
Interest on Term Loan - Biotech Consortium	-	-
Interest on Term Loan - TDB	-	414
Interest on Term Loan - SPIL*	1,177	24,046
Others	-	34
Total	1,177	24,494

* Interest expense Rs 1,455 (PY-NIL) related to Biotech Project transferred to Capital work in progress

Zenotech Laboratories Limited

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

Note 19: Other Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	36,821	42,428
Repairs and maintenance		
- Buildings	1,321	1,896
- Plant and machinery	13,804	18,732
- Others	4,540	5,471
Contract manpower expenses	10,753	9,861
Other manufacturing expenses		
- Analytical Charges	94	247
- Quality Control Cost	7,236	4,696
- Consumables	8,616	10,919
Advertisement	209	503
Communication	195	282
Rates and taxes	8,967	16,516
Insurance	1,678	2,048
Legal and professional	3,937	7,652
Remuneration to Auditors (Refer note(i) below)	1,294	789
Printing & Stationery	543	991
Office and general maintenance	314	885
Security charges	2,524	2,454
Selling and distribution	51	54
Net gain/(loss) on foreign currency transactions	1,244	124
Miscellaneous Balance Written off	769	583
Provision for doubtful debtors	-	11
Travelling and conveyance	2,350	3,550
Miscellaneous	1,223	782
Total	1,08,483	1,31,474

Note (i)

Details of payments to auditors

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Payment to auditors		
As Statutory auditor:	475	400
Certificates fees	230	50
Tax Audit fees	200	200
Other services	150	50
Out of pocket expenses	239	89
Total payment to auditors	1,294	789

Note 20: Customer contracts

Contract with customers:

Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations		
Revenue from contract with customers		
a) Sale of Oncology Products	7,602	7,793
b) Sale of Services- Contract Manufacturing)	1,22,689	1,03,649
c) Lease rental income	1,333	389
Total Income	1,31,624	1,11,831

Disaggregate Revenue

The Company derives its revenue from sale of goods and services related to manufacturing of pharmaceutical products to its only one customer i.e. Sun Pharmaceutical Industries Limited in India

Contract balances

Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards sales/Services. Revenue is recognised once the performance obligation is met.

As at 31st March	-	77,788
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Zenotech Laboratories Limited

Notes to the Standalone Financial Statements for the Year ended March 31, 2019

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

Note 21: Earnings Per Share

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

a) Basic Earnings Per Share	Year ended March 31, 2019	Year ended March 31, 2018
From continuing operations attributable to the equity shareholders of the company	(0.51)	(2.24)
From Discontinued Operations	-	-
Total basic earnings per share attributable to the equity shareholders	(0.51)	(2.24)
b) Diluted Earnings Per Share		
From continuing operations attributable to the equity shareholders of the company	(0.51)	(2.24)
From Discontinued Operations	-	-
Total diluted earnings per share attributable to the equity shareholders	(0.51)	(2.24)

c) Reconciliation of earnings used in calculating earnings per share	Year ended March 31, 2019	Year ended March 31, 2018
Basic Earnings Per Share		
Profit attributable to the equity shareholders		
From continuing operations	(31,270)	(1,18,510)
From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating basic earnings per share:	(31,270)	(1,18,510)
Diluted Earnings per share		
Profit attributable to the equity shareholders		
From continuing operations	(31,270)	(1,18,510)
From discontinued operations	-	-
Profit attributable to the equity shareholders of the company used in calculating diluted earnings per share	(31,270)	(1,18,510)

d) Weighted average number of shares used as denominator	No. of Shares	No. of Shares
Weighted average number of shares used as denominator in calculating basic earnings per share	6,10,30,568	5,30,21,325
Adjustments:	-	-
Weighted average number of shares and potential equity shares used as denominator in calculating diluted earnings per share	6,10,30,568	5,30,21,325

Note 22(a): Fair Value Measurements

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

	31 March 2019			31 March 2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Trade Receivables			23,581			39
Cash and cash equivalents and Bank Balances			1,32,523			2,91,608
Other Financial Assets - Non Current			6,368			3,929
Other Financial Assets - Current			3,180			4,252
Total Financial Assets			1,65,652			2,99,828
Financial Liabilities						
Borrowings	-		2,02,400	-		-
Trade payables			41,153			54,132
Other Financial liabilities			33,427			88,078
Total Financial Liabilities			2,76,980			1,42,210

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

Zenotech Laboratories Limited
Notes to the Standalone Financial Statements for the Year ended March 31, 2019
(All amounts in thousands of Indian Rupees except share data and where otherwise stated)

Note 22(b): Fair Value Hierarchy

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

Note 23: Financial Risk Management

A) Credit Risk

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

B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the companies' liquidity position comprising the cash and cash equivalents on the basis of expected cash flows.

i) Financial Arrangements NIL

ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. There are no derivatives financial liabilities for the company.

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

Rs' 000				
Contractual Maturities as at 31.03.2019	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
Non derivatives				
Borrowings	2,02,400	-	-	2,02,400
Obligations under finance lease	-	-	-	-
Trade payables	41,153	-	-	41,153
Other financial liabilities	33,427	-	-	33,427
Total non-derivative liabilities	2,76,980	-	-	2,76,980

Contractual Maturities as at 31.03.2018	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Total
Non derivatives				
Trade payables	54,132	-	-	54,132
Other financial liabilities	88,078	-	-	88,078
Total non-derivative liabilities	1,42,210	-	-	1,42,210

C) Market Risk

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

Note 24: Capital Management

The companies objectives when managing capital are to:

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

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

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

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Net debt (total borrowings net of cash and cash equivalents)	72,678	NA
Total equity (as shown in the balance sheet, including non-controlling interests).	3,88,983	NA
Gearing Ratio (Net debt to equity ratio)	19%	0%

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

Note 25: Operating Segment Disclosure

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

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

Major Customer Dependency

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

Note 26: Interests in other entities

a) Subsidiaries

The Company's subsidiaries at 31 March 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the company. The country of incorporation or registration is also their principal place of business

Name of the Entity	Place of the business/country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	
		%	%	%	%	
Zenotech Farmaceutuca Do Brasil Ltda	Brazil	66.39	66.39	33.61	33.61	NA
Zenotech Laboratories Nigeria Limited	Nigeria	99.9	99.9	0.1	0.1	NA
Zenotech Inc	USA	100	100	-	-	NA

* During the year ended March 31, 2017, the Company had decided to wind up its overseas subsidiaries namely Zenotech Pharmaceutuca do Brasil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017. The process of winding-up of Zenotech Laboratories Nigeria Limited will be completed in F.Y: 2019-20. There is no change in the status of Zenotech Pharmaceutuca do Brasil Ltda as on March 31, 2019.

b) Interest in Associates and Joint Ventures- Nil

Note 27: Related party transactions

(A) Holding Company:

Name	Type	Place of incorporation	Ownership interests	
			31.03.2019	31.03.2018
Sun Pharmaceutical Industries Limited	Immediate and ultimate parent entity	India	57.56%	57.56%

(B) Fellow Subsidiary:

Sun Pharma Laboratories Limited	Fellow Subsidiary	India	NA	NA
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(C) Key managerial personnel:

Name	Designation
Mr. Dinesh Kapoor	Chief Executive Officer (upto Nov 2017)
Mr. Rajendra Singh Parihar	Chief Executive Officer (wef. Feb 2018)
Mr. Poly K V	Chief Financial Officer
Mr. Abdul Gafoor Mohammad	Company Secretary & Compliance Officer

(D) Transactions and balances with related parties:

Particulars	Name of Entity	For the year ended March 31, 2019	For the year ended March 31, 2018
i). Operating transactions/balances with holding Company/group Company			
Sales*	Sun Pharmaceutical Industries Limited	6,382	6,981
Conversion Charges*		1,22,689	1,03,648
Interest on short-term borrowing		2,632	24,048
Trade advances taken		-	86,525
Rental and Hire Charges Received		1,333	389
Repayment of Interest accrued from borrowings		53,262	-
Purchase of Fixed Assets	Sun Pharma Laboratories Limited	1,269	-
Other income received		50	-
Trade payable (Balances as at)		1,438	-

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

Particulars	As at March 31, 2019	As at March 31, 2018
a). Loans from Sun Pharmaceutical Industries Limited		
Beginning of the year	53,262	7,26,919
Loans advanced/ received	2,02,400	-
Loans repayment received/ made	(53,262)	(6,95,298)
Interest charged	2,369	21,641
Interest paid	(127)	-
End of the year	2,04,642	53,262

b). Trade advances from Sun Pharmaceutical Industries Limited		
Beginning of the year	77,532	1,28,483
Advance taken	-	86,525
Adjusted with sales/services	(1,52,750)	(1,25,544)
Advance repaid	-	(13,709)
Receipts against bills	51,837	1,777
End of the year	(23,581)	77,532

(E) Key management personnel compensation:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	5,874	8,639

Notes:

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

Note 28:

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

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

The Management, therefore, based on the available limited records, statutory returns filed, supplementary documents, invoices, external corroborative evidence and after considering the various non compliances under the Companies Act, 1956, listing agreement and Foreign Exchange Management Act, etc. post 12 November 2011, reconstructed financial statements for the years ended 31 March 2011 and 2012. Management is also in the process of regularizing and compounding such non compliances with the various authorities concerned.

Since matters relating to several financial and non-financial irregularities are sub-judice and various legal proceedings are on-going, any further adjustments / disclosures to the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identifiable/ determinable.

b) Investment in subsidiaries:

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

Note 29: Contingent assets and liabilities

(i). Contingent liabilities		
Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Claims against the Company not acknowledged as debt		
Employee claims towards Gratuity	1,860	-
Claims by erstwhile co-managing director	-	12,064
Total	1,860	12,064
(b) Guarantees		
Bank Guarantees issued on behalf of third parties	-	-
Total	-	-
(c) Other matters for which the Company is contingently liable		
Income Tax	-	49,634
Customs & Central Excise	1,04,640	1,04,640
Service Tax	78,912	23,998
Sales Tax / VAT	39	-
Wealth Tax	69	-
Others*	-	-
Total	1,83,660	1,78,272

***Legal cases filed by/against the Company**

a). During the year ended 31 March 2011, Technology Development Board (TDB) had filed a claim petition under Arbitration and Conciliation Act, 1996 for recovery of dues payable by the Company as per loan agreement. The Arbitrator has issued an order with direction to the Company and erstwhile Co-Managing Director to pay individually or jointly the outstanding dues to TDB. During the earlier years, 600,000 equity shares of the Company held by erstwhile Co-Managing Director was transferred to TDB which were pledged as security. During the previous year ended March 31, 2018, Company has repaid all the amount due to TDB (excluding Interest) based on the settlement agreement by the DRC (Dispute Resolution Committee). The interest liability will depend upon the liability payable less the shares sold in the open market by TDB (Pledged shares)

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

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

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

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

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

(ii) Contingent assets: Nil

Note 30: Asset pledged as security

The carrying amount of assets pledged as security in case of loan taken from Technology Development Board (TDB)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Property, plant & equipments (First charge)	4,31,086	4,44,309
Total non-current assets pledged as security	4,31,086	4,44,309
Total assets pledged as security	4,31,086	4,44,309

Zenotech Laboratories Limited**Notes to the Standalone Financial Statements for the Year ended March 31, 2019**

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

Note 31: Unhedged foreign currency exposure

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

b) Foreign currency exposures as at 31 March 2019 and as at 31 March 2018 that have not been hedged by derivative instruments or otherwise:

Particulars	As at 31 March 2019		As at 31 March 2018	
	(IN USD)	Rs.	(IN USD)	Rs.
Loans and advances to subsidiaries *	5,84,223	26,086	5,84,223	26,086
Trade payables	1,066	74	45,524	2,054
Other payables	-	-	3,07,544	20,004

* Provided fully and hence not restated

Note 32: Capital Commitments

Particulars	As at 31 March 2019		As at 31 March 2018	
	Estimated value of contracts remaining to be executed on capital account and not provided for			
Tangible Assets	74,770		36,597	
Intangible Assets	-		-	
	74,770		36,597	

Note 33:

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

Note 34:

In the absence of probability on availability of taxable profit in near future, the Company has not recorded the cumulative deferred tax assets as on 31 March 2018 on unabsorbed depreciation amounting to Rs 495,121 (Previous year: Rs.447,439) arising on account of temporary differences, as stipulated in IND AS 12- Income Taxes.

Note 35:

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

Note 36:

The Standalone financial statements were approved by the board by directors on May 18, 2019.

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

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

S. Prasana Kumar
Partner
Membership No.: 212354

Azadar Hussain Khan
Chairman
DIN:01219312

Kavita R. Shah
Director
DIN:02566732

R.S.Parihar
Chief Executive Officer

Poly K.V.
Chief Financial Officer

Abdul Gafoor Mohammad
Company Secretary

Place: Mangalore
Date: May 18, 2019

Place: Mumbai
Date: May 18, 2019