

ZENOTECH LABORATORIES LIMITED
CIN: L27100AP1989PLC010122
Regd. Office: Survey No. 250-252, Turkapally Village, Shameerpet Mandal,
Hyderabad – 500 078, Telangana State, India
Tel No. +91 90320 44584/585/586
Email id: info@zenotech.co.in Website: www.zenotechlab.com

NOTICE OF POSTAL BALLOT / E-VOTING

Dear member(s),

Notice is hereby given to the members of Zenotech Laboratories Limited ('the Company') pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014, (the "Rules"), including any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force and further pursuant to applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolution set out below is proposed to be passed as Special Resolution by way of Postal Ballot/e-voting. The instructions for e-voting annexed to the Notice of Postal Ballot / E-voting (the 'Notice')

The detailed Explanatory Statement pertaining to the said resolution setting out the material facts and the reasons for proposing the same is annexed hereto along with the Postal Ballot Form ("the Form") for your consideration and approval.

The Board of Directors of the Company has appointed (1) Mr. Mahadev Tirunagari, (Membership No. FCS: 6681, COP: 7350), having office at Sri Venkateswara Nilayam, Plot No-10, II Floor, Krishnapuram, Road No-10, Banjara Hills, Hyderabad – 500 034, Telangana State, India, as the Scrutinizer, for conducting the postal ballot and e-voting process in a fair and transparent manner and (2) KFin Technologies Private Limited (KTPL) to provide e-voting facility for the postal ballot.

You are requested to carefully read and follow the instructions printed on the Form and record your assent (for) or dissent (against) therein by filling the necessary details and by signing on the designated place in the Form and return the same in original, duly completed, in the enclosed self-addressed postage pre-paid envelope, so as to reach the Scrutinizer on or before the working hours (i.e. up to 5:00 p.m.) on March 14, 2020. Your assent / dissent received after 5.00 p.m. on March 14, 2020 would be strictly treated as if a reply has not been received.

Alternatively, in accordance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is also providing e-voting facility to its members, details of which are given in notes forming part of the Notice. Reference to postal ballot(s) in this Notice includes voting through electronic means.

The Scrutinizer shall submit a consolidated report of voting (e-voting & postal ballot voting) of the total votes cast in favour or against, to the Chairperson or person authorized by the Chairperson. The result of the voting by Postal Ballot along with the Scrutinizer's Report will be announced by the Chairperson or person authorized by the Chairperson by March 17, 2020 and the same shall be disseminated to BSE Limited on its website viz. www.bseindia.com and it shall also be displayed on the Company's website viz. www.zenotechlab.com as well as on KTPL website viz. www.kfintech.com.

The resolution for the purpose as stated herein below is proposed to be passed by Postal Ballot/e-voting

VARIATION IN TERMS OF "OBJECTS OF THE ISSUE" MENTIONED IN THE COMPANY'S LETTER OF OFFER DATED JUNE 21, 2017

To consider and, if thought fit, to give assent or dissent to the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 13 and 27 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the relevant Rules made thereunder (including any statutory modifications or re-enactments thereof for the time being in force), the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and other applicable rules, regulations, guidelines and statutory provisions for the time being in force and such other approvals, permissions and sanctions, if any, as may be necessary, the approval of the Members of the Company be and is hereby accorded to vary and/ or revise the terms of Objects of the Issue referred to in the Letter of Offer dated June 21, 2017 (the 'Letter of Offer') in relation to utilization of the Proceeds received from the Rights Issue (the 'Issue') of Equity Shares made in pursuance of the Letter of Offer and utilize such proceeds for the objects and in the manner as mentioned in the explanatory statement annexed to this Notice."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors(hereinafter referred to as the 'Board' including duly constituted Committee thereof) be and is here by authorized to do all such acts, deeds, matters and things, take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to their end and intent that the Members shall be deemed to have given their approval there to expressly by the authority of this resolution for the purpose of giving effect to this resolution."

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

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer

Place: Mumbai
Date: February 1, 2020

Registered Office:

Survey No. 250-252, Turkapally Village,
Shameerpet Mandal,
Hyderabad – 500 078, Telangana State, India
Tel No. +91 90320 44584/585/586
Email id:info@zenotech.co.in
Website: www.zenotechlab.com

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts of the proposed special resolution is annexed to the Notice.
2. The Postal Ballot Notice is being sent to all the members, whose names appear in the register of members and list of beneficial owners, received from the National Securities Depository Limited (NSDL) & the Central Depository Services (India) Limited (CDSL) as on February 7, 2020.
3. The Postal Ballot Notice is being sent by email to those members who have registered their email addresses with their depository participants or with the Company's Registrar & Share Transfer Agent. For members whose email IDs are not registered, physical copies of Postal Ballot Notice are being sent by permitted mode, along with self-addressed, postage pre-paid Envelope. Members who have received Postal Ballot Notice by email and wish to vote through Physical Form may write to KFin Technologies Private Limited, Tower – B, Plot No. 31 &32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032, Telangana State, India for printed Form or aduplicate one.
4. Members cannot exercise their vote by proxy on Postal Ballot.
5. Only a Member holding Equity Shares as on cut-off date is entitled to exercise his vote through e-voting/ physical Ballot and send it directly to the Scrutinizer at his address. Any person who is not a member of the Company as on the Cut-off date should treat this Notice for information purposes only.
6. In case of shares held by Companies, Trust etc. the duly completed Postal Ballot form should be accompanied by the relevant Board Resolution/ Authority Letter duly certified by Authorised Signatory(ies).

7. Members can cast their vote online from February 14, 2020 (9:00 am onwards) till March 14, 2020 (up to 5:00 pm) as the e-voting module shall be disabled for voting by KTPL thereafter. No voting shall be allowed beyond 5.00 p.m. on March 14, 2020.
8. Kindly note that the Members can opt for only one mode of voting i.e., either by Postal Ballot or e-voting. If the Members opt for e-voting, then they shall not vote by post and vice versa. However, in case Members cast their vote by post and e-voting, then voting done through e-voting shall prevail and voting done by post will be treated as invalid.
9. Documents related to the above mentioned Special Resolution are open for inspection at the Registered Office of the Company on all working days (except Saturday & Sunday) between 2:00 pm to 5:00 pm till March 14, 2020.

10. VOTING THROUGH ELECTRONIC MEANS:

In compliance with provisions of Section 108 & Section 110 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions, the Company is pleased to offer the facility of voting through electronic means and the business set out in the Notice above may be transacted through such electronic voting. The facility of casting the votes by the Members using remote e-voting is provided by KFin Technologies Private Limited (KTPL).

The instructions for members for voting electronically are as under:

- (i) Log on to the e voting website: <https://evoting.karvy.com> during the voting period.
- (ii) Click on “Members / Shareholders” tab.
- (iii) Now Enter your User ID

For CDSL : 16 digits beneficiary ID,
For NSDL : 8 Character DP ID followed by 8 Digits Client ID.
- (iv) Thereafter please enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and voted on an earlier voting of any company, then your existing password is to be used. If you have forgotten the password, then enter the UserID and the image verification code and click on “FORGOT PASSWORD” and enter the details as prompted by the system.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department (applicable for both members holding shares in demat as well as physical form). Members who have not updated their PAN with the Company / Registrar / DPs are requested to use the sequence number mentioned on address slip / email pertaining to the notice of this Postal Ballot.
Date of Birth	Enter the Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the Depository or Company, please enter the MemberID / Folio Number field as mentioned in instruction (iv) above.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares indemat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this

password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through KTPL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (x) Click on the EVSN (Electronic Voting Sequence Number) of Zenotech Laboratories Limited to vote.
- (xi) On the voting page, you will see 'RESOLUTIONDESCRIPTION' and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution(s).
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote subsequently.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) Shareholders can also cast their vote using KTPL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your Mobile.
- (xvii) Note for Non Individual Shareholders and Custodians:
 - Non Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://evoting.karvy.com> and register themselves as Corporates.
 - They should submit a scanned copy of the registration form bearing the stamp and sign of the entity to evoting@karvy.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to evoting@karvy.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney(POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding evoting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://evoting.karvy.com> under help section or write an email to evoting@karvy.com

11. The Board of Directors has appointed Mr. Abdul Gafoor Mohammad, Company Secretary & Compliance Officer as the person responsible for the entire postal ballot process. The Scrutinizer shall within a period not exceeding 7 (seven) days from the last date of receipt of Postal Ballot Forms / conclusion of the e-voting period make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairperson of the Company. The resolution will be taken as passed effectively on the last date of receipt of the Form, if the requisite majority of the Members had approved the aforesaid resolution. The result declared along with the Scrutinizer's Report will be available on <http://evoting.karvy.com> and shall also be communicated to BSE Limited (BSE).

EXPLANATORY STATEMENT
Pursuant to Section 102 of the Companies Act, 2013

Pursuant to the approval of the Board of Directors of the Company received on November 9, 2016, the Company had undertaken Rights Issue of 2,66,03,068 Equity Shares with face value of Rs.10/- each for cash at a price of Rs.45/- each including a share premium of Rs.35/- per equity shares aggregating to an amount up to Rs.11,971.38 Lakhs from the existing equity shareholders through Letter of Offer dated June 21, 2017 (the 'Rights Issue'). The net proceeds received from the Rights Issue were Rs. 11,887.40 Lakhs (excluding Rights Issue related expenses of Rs. 83.98 Lakhs) (the 'Net Proceeds').

The Company had, in terms of Letter of Offer dated June 21, 2017, proposed to utilise the Net Proceeds towards (i) Funding capital expenditure requirement for expansion and up gradation of existing manufacturing units of the Company; (ii) Repayment in full or part, of certain borrowings availed by the Company; and (iii) general corporate purposes (the 'Objects'), by Fiscal 2018, the summary whereof is reproduced below:

		(Rs. in Lakhs)
Sr. No.	Particulars	Amount
1.	Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units;	2,002.45
2.	Repayment in full or part, of certain borrowings availed by our Company;	6,988.04
3.	General corporate purposes	2,896.91
Total		11,887.40

However, the Company has utilized/deployed the Net Proceeds in accordance with schedule of implementation and deployment of funds as on December 31, 2019 set forth in the table below:

					(Rs. in Lakhs)
Sl. No	Particulars	Amount as per Letter of Offer	Utilisation upto December 31, 2019	Un utilised amount as at December 31, 2019*	
1	Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units	2,002.45	844.07	1,158.38	
2	Repayment in full or part, of certain borrowings availed by our Company	6,988.04	6,988.04	-	
3	General corporate purposes	2,896.91	2,896.91	-	
4	Issue Related Expense	83.98	83.98	-	
Total		11,971.38	10,813.00	1,158.38	

*As on February 1, 2020, there is no change in the unutilized amount.

Whilst the Company has made best efforts to utilize the Net Proceeds as per the terms of the Rights Issue, Rs. 1,158.38 Lakhs is still pending utilization as of December 31, 2019 (the 'Unutilized Amount'). The Company does not foresee spending the Unutilized Amount by March 31, 2020 and, therefore, the Company intends to vary the terms of Objects of the Issue as referred to in the Letter of Offer. The Company proposes to spend the Unutilized Amount i.e. Rs. 1,158.38 Lakhs for revamping of the Biotech facility of the Company, for which the Company has already availed loan of Rs.3,024 Lakhs from Sun Pharmaceutical Industries Limited, one of the Promoters of the Company. The Company now intends to repay the said loan to the extent of Unutilised Amount of Rs.1,158.23 Lakhs. The same shall be referred to as New Object.

The Variation / Alteration of Rs. 1,158.38 Lakhs amounts to 9.67% of the Total Issue Size for which Letter of Offer was issued. Accordingly, in terms of the provisions of Sections 13 and 27 of the Act and any other applicable provisions and the rules made there under, the Company seeks approval of the members by way of Special Resolution through postal ballot / e-voting for variation in the terms of the Objects of the Issue as disclosed in the Letter of Offer.

The amount utilized or proposed to be utilized for Objects for which the Letter of Offer was issued is 90.26% which is more than 75% of the Net Proceeds raised through Rights Issue and consequently the condition for Exit Offer mentioned in Schedule XX of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 does not apply. Therefore, there is no need for the Exit Offer to Public Shareholders.

The relevant and material information as per Rule 32 of the Companies (Incorporation) Rules, 2014 and Rule 7 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 is set out below:

1. Total money raised, the original purpose of the Objects, Details of utilization of the Net Proceeds towards the Objects and Schedule of Deployment as at December 31, 2019

(in Rs. Lakhs)

Sl. No.	Particulars	Net Proceeds as stated in Letter of Offer	Total Amount utilised up to December 31, 2019	Un utilised Amount as per Letter of Offer as on December 31, 2019 to be now utilized for purpose other than mentioned in the Letter of Offer*	% of Achievement as per Letter of Offer
1.	Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units	2,002.45	844.07	1,158.38	42.15%
2.	Repayment of certain borrowings availed by our Company	6,988.04	6,988.04	-	100%
3.	General Corporate purposes	2,896.91	2,896.91	-	100%
	TOTAL	11,887.40	10,729.02	1,158.38	90.26%

*As on February 1, 2020, there is no change in the unutilized amount

As of December 31, 2019, the Company has achieved approximately 90.26% (in terms of the amount utilised as per Letter of Offer) towards the Objects of the Issue. Pursuant to the Letter of Offer, Rights Issue proceeds which remain unutilized as at December 31, 2019 were invested in fixed deposits with scheduled commercial banks.

The Company has been unable to utilise the balance Net Proceeds on account of the following reasons:

- Not spending by the Company for Lyophilizer installation & commissioning due to:

The Company anticipated more demand from industry towards lyophilized products at the time of Rights issue and accordingly planned for installing new lyophilizer of larger capacity to cater the market demands. However, the projections were not in line with the extended capacity and hence, it was decided not to proceed with the procurement of new lyophilizer as the return on investment was not feasible.

- Not spending by the Company for HT line conversion from 11KV to 33KV due to:

- The Company anticipated more volumes and operations in our Unit-2 facility and thereby more consumption of power supporting the operations. However, the future projections do not guarantee the expected volumes and increased power consumption. The current maximum demand is 985 KVA, which is below 1500 KVA. Once we cross 1500KVA we may proceed for approval of 33KV line and its installation by utilising internal accruals; and

- Savings from vendor selection and negotiations.

2. Particulars of the proposed variation, time limit, schedule of implementation and interim use:

(Rs. in Lakhs)

Activity	Amount sanctioned as on December 31, 2019	Amount outstanding as on December 31, 2019	Interest rate (% per annum)	Purpose for which loan is availed and utilised	Amount proposed to be repaid out of the Unutilised Amount	Estimated Schedule of Deployment
						Financial Year 2019-20
Repayment / pre-payment, in full or part, of Term Loan availed from Sun Pharmaceutical Industries Limited	4,000	3,024	9%	Revamping of Biotech facility of the Company	1,158.38	1,158.38
TOTAL	4,000	3,024	---	---	1,158.38	1,158.38

Notes:

- Capital expenditure incurred up to December 31, 2019 under the head "Upgradation of New plant and machinery amounting to Rs.1,158.38Lakhs, pending appropriation, will be appropriated from the Unutilized Amount post the above approval.
- The schedule of deployment as set out in the table above is based on internal management estimates of the Company, assessed in light of current circumstances of the Company's business. The schedule of deployment is, however, dependent upon various factors beyond the Company's control, such as, change in technology, changes in business requirements, general economic conditions and political conditions and force majeure. Accordingly, the actual amounts to be spent in a particular financial year for the proposed Objects may be different than the amount set out in the table above. Furthermore, to the extent the Company is unable to utilize or over spend any portion of the funds as per the estimated schedule of deployment set out above, such variation in amounts shall be either deployed or appropriated from any of the aforementioned objects in the current financial year or subsequent financial years as the case may be.

The Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds for interim use. Pending utilization for the purposes described above, the Unutilized Amount will temporarily remain invested in fixed deposit, towards interim use of funds. The Company confirms that it shall not use the Net Proceeds for any investment in the equity markets.

3. Reason and justification for seeking variation

The Company plans to make substantial investment in Biotech facility for manufacturing of biotech products for Sun Pharmaceutical Industries Limited under Loan Licensing, in the coming years for which the Company has already availed loan of Rs. 3,024 Lakhs (as of December 31, 2019) from Sun Pharmaceutical Industries Limited. The Company also aims to continue its efforts in the direction to look for new solutions with lower capital expenditure and higher savings in the interest of stakeholders and the environment at large.

In view of the above, the Board considers it prudent to extend the time frame of deployment and re-classify the Unutilized Amount towards the object stated above for optimum utilization of Net Proceeds and maximize the return on investment for members of the Company and ensuring future growth of the Company. Further, the repayment / pre-payment of the loan will result into lowering the cost of debt and improved debt-equity ratios.

4. Risk factors

Any of the following risks, individually or together could adversely affect our business, financial conditions, results of operations or prospects. The actual results may differ materially from those suggested by the proposed objects due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the pharmaceutical industry in India where the Company has businesses and its ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated

turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in its industry. Important factors that could cause actual results to differ materially from the Company's expectations include, but are not limited to, the following:

- i. decrease in demand for pharmaceuticals in India;
- ii. regulatory developments in relation to pharmaceutical industry and policies;
- iii. rise in global commodity and equipment prices as well as increase in labour cost.

While we have described the risks and uncertainties that our management believes are material, these risks and uncertainties may not be the only risks and uncertainties we face. Further, the proposed variation is inherent to all the risks as stated in the Letter of Offer dated June 21, 2017.

5. Estimated financial impact of the proposed variation in terms of the Objects of the Issue on the earnings and cash flow of the Company

The Company had, in terms of Letter of Offer, proposed to utilise the Net Proceeds towards the Objects and made best efforts to utilise the same. The Company is proposing a variation in the terms of Objects to the Issue only to the extent of extending the schedule of deployment and re-classifying the Unutilized Amount towards New Object. Based on the market analysis and other factors, the management of the Company is of the view that the proposed variation in terms of the Objects of the Issue will ensure optimum utilization of Net Proceeds and maximize the return on investment for members. Though it is difficult to estimate the financial impact of this proposed variation in view of various subjective factors, this variation is sought to ensure that these funds be utilized towards the operations as capital expenditure so as to result in commensurate generation of revenues and earnings.

A copy of the Postal Ballot Notice is also available on the website of the Company, at www.zenotechlab.com, website of KFin Technologies Private Limited at <https://evoting.karvy.com>, website of the BSE Limited, at www.bseindia.com.

Accordingly, approval of the members is sought for varying the terms of objects of the issue referred to in the Letter of Offer. The Board recommends the passing of resolution as set out for approval of the members as a special resolution through postal ballot which means voting by post or through e-voting process.

None of the Directors or Key Managerial Personnel of the Company including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their shareholding in the Company.

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

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer

Place: Mumbai
Date: February 1, 2020

Registered Office:
Survey No. 250-252, Turkapally Village,
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