
Annual Report
2014 - 15



ZENOTECH LABORATORIES LTD.

CIN : L27100AP1989PLC010122

Board of Directors

Jignesh A. Goradia : Non Executive Director
Kavita R. Shah : Independent Director
Virendra G. Bhatt : Independent Director
Azadar Hussain Khan : Non Executive Director

Key Managerial Personnel

Dinesh Kapoor : Chief Executive Officer
Chinmoy Patnaik : Company Secretary and Head - Legal
Poly K V : Chief Financial Officer

Manufacturing facilities & registered office : Survey No. 250-252, Turkapally Village
Shameerpet Mandal, Ranga Reddy District
Hyderabad-Telangana-500 078
Telephone Nos. : +91 040-23480430/0435
+91 9032044583/4589
Fax No. : +91 040-23480429
E-mail : chinmoy@zenotech.co.in
Website : www.zenotechlab.com

Registrar and Transfer Agents : Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot No. 31 & 32,
Gachibowli, Financial District,
Nanakramguda, Serlingampally,
Hyderabad-500 008
Telephone Nos. : 1800-3454-001 (Toll Free)
E-mail : einward.ris@karvy.com

Statutory Auditors : BSR & Associates LLP
8-2-618/2, Reliance Humsafar, Fourth Floor,
Road No.11, Banjara Hills, Hyderabad-500 034
Telephone No. : +91 40 3046 5000

Secretarial Auditors : Mr. Mahadev Tirunagari, Company Secretary in Practice,
Hyderabad, Telephone No. : +91 40 6455 7764

Annual General Meeting

11.00 a.m, Monday, September 28, 2015
Aalankrita Resorts, Thumkuntha Village, Karimnagar Main Road
Shameerpet Mandal, R.R. District, Telengana-500 078

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Important Communication to Members

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

Notice

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Shareholders of Zenotech Laboratories Limited will be held on Monday, September 28, 2015 at 11 A.M. at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, India - Pin - 500078, to transact the following business:

Ordinary Business:

1. To adopt the audited Financial Statement of the Company for the financial year ended 31st March, 2015 and the reports of the Board of Directors' and Auditors' thereon.
2. To appoint statutory auditors of the Company.

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

"RESOLVED THAT, pursuant to the provisions of Section 139 (1), 142 and other applicable provisions of the Companies Act, 2013 and the rules there under, M/s. PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Golden Edifice, 105, 1st floor, D No: 6-3-639/640, Khairatabad, Hyderabad 500 004, India, as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the thirty first Annual General Meeting of the Company and that the Board of Directors be and is hereby authorized to fix their remuneration for the period as per the recommendation of the Audit Committee."

Special Business:

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

"RESOLVED THAT pursuant to provisions of Sections 160 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Articles of Association of the Company, Mr. Jignesh A. Goradia (DIN: 07229899), who was appointed as an Additional director by the Board of Directors and holds office effective from July 8, 2015 upto the ensuing Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature to the office of Director of the Company be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 149, 152, 160 and other applicable provisions of the Companies Act, 2013, the rules there under read with Schedule IV thereto, Clause 49 of the listing agreement, consent is hereby granted for regularization of Smt. Kavita R Shah (DIN-02566732), who was appointed as independent director by the Board of directors and holds office as Additional director effective from April 1, 2015 upto the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature to the office of director, as independent director of the Company for a period of five (5) consecutive years effective from May 26, 2015 and shall not be liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 149, 152, 160 and other applicable provisions of the Companies Act, 2013, the rules there under read with Schedule IV thereto, Clause 49 of the listing agreement, consent is hereby granted for regularisation of Mr. Virendra G. Bhatt (DIN-02343351), who was appointed as independent director by the Board of directors and holds office as Additional director effective from June 30, 2015 upto the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature to the office of director, as independent director of the Company for a period of five (5) consecutive years with effective June 30, 2015 and shall not be liable to retire by rotation."

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

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

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

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

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Clause 49(VII) of the Listing Agreement, approval of the members of the Company be and is hereby accorded to the transactions undertaken during the financial year ended March 31, 2015 with Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) (“SPIL”) ‘Related Party’ as defined under Clause 49(VII) of the Listing Agreement, which are material in nature in terms of Clause 49(VII) of the Listing Agreement and undertaken on the terms and conditions as agreed upon between the Company and SPIL for the purposes as set out in the explanatory statement annexed hereto.”

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for keeping the Register of Members, Index of Members, copies of Annual Returns under Section 88 and 92 of the Act together with copies of certificates and documents required to be annexed thereto, at the office of Company’s Registrar and Share Transfer Agent of the Company, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008 and/or at their corporate office situated at 1-8-303/69/3, S.P. Road, Secunderabad – 500 003.

“RESOLVED FURTHER THAT the Board of Directors or any Committee thereof of the Company be and are here by authorised to do all such things and take all such actions as may be required for the above purpose.”

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

“RESOLVED THAT pursuant to provisions of Sections 160 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Articles of Association of the Company, Mr. Azadar Hussain Khan (DIN: 01219312), who was appointed as an Additional director of the Company by the Board of Directors and holds office effective from August 25, 2015 upto the ensuing Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature to the office of Director of the Company be and is hereby appointed as a Director liable to retire by rotation.”

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

Place : Mumbai
Date : September 1, 2015

Jignesh A. Goradia
Chairman

Notes:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent, of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. In case of Joint Holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per Register of members will be entitled to vote.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Members/proxies should bring the attendance slips duly filled in for attending the meeting.
7. The Register of Members and Transfer Books of the Company will be closed from 24th to 28th September, 2015 (both days inclusive).
8. The members are requested to -
 - i) Intimate to the Registrars and Transfer Agents of the Company/Depository Participants of changes, if any, in their registered addresses at an early date.
 - ii) Quote Ledger Folio/Client ID in all the correspondence.
 - iii) You are requested to carry a copy of the Annual Report and attendance slip to the Meeting.
9. Shareholders holding shares in physical form are requested to notify any change of their addresses timely to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Unit: Zenotech Laboratories Limited), Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Telangana. For members holding shares in electronic form, intimation needs to be made to the respective Depository Participant and not to the Company or the Registrar.
10. Members seeking any information with regard to accounts are requested to write to the Company at least seven (7) days before the Meeting.
11. All the documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
12. The Notice of the AGM along with the Annual Report 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. A copy of the notice of the AGM along with the Annual Report is also available for download on the website of the Company at www.zenotechlab.com.
13. The Company has, pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, extended e-voting facility for its members to enable them to cast their vote electronically instead of participating and voting physically in the Annual General Meeting.
14. The Board of directors has appointed Mr. Mahadev Tirunagari, Practicing Company Secretary, who is in the opinion of the Board is duly qualified person as a scrutinizer who will collate the electronic voting process in a fair and transparent manner. He has also conveyed his willingness to be appointed as such.

15. The cutoff date for e-voting facility is September 23, 2015 and members whose names appear in the register of members shall be entitled to avail the service. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 23, 2015, is requested to contact Karvy to get the details relating to his/her user-id and password. Members may call the Karvy's toll free number 1800-3454-001 or send an email request to e-voting@karvy.com.
16. The remote e-voting period will commence at 9 a.m. on September 25, 2015 and will end at 5 p.m. on September 27, 2015. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through 'Insta Poll'. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

Procedure for remote e-voting

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

(I) INITIAL PASSWORD IS PROVIDED IN THE COVER LETTER TO ANNUAL REPORT, AS FOLLOWS:

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

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

- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.

- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
 - IV. The voting rights shall be as per the number of equity share held by the Member(s) as on September 23, 2015. Members are eligible to cast vote electronically only if they are holding shares as on that date.
 - V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9 a.m. on September 25, 2015 and will end at 5 p.m. on 27 September, 2015. The e-voting module shall be disabled by Karvy at 5.00 p.m. on the same day.
 - VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
 - VII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
 - VIII. Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID by approaching the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
 - a. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - b. Member may call Karvy's toll free number 1-800-3454-001
 - c. Member may send an e-mail request to evoting@karvy.com
 - IX. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.
17. Members are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to M/s. Karvy Computershare Private Limited, the Registrars and Transfer Agents at the aforesaid address.

ANNEXURE TO THE NOTICE

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

Item No.3

Mr. Jignesh A. Goradia was appointed as Additional director of the Company effective from July 8, 2015 and his office as Additional director shall expire at the ensuing Annual General Meeting.

The Company has received consent from Mr. Jignesh A. Goradia conveying his willingness to be director and has accordingly, submitted declarations stating that he fulfills the conditions of being appointed as a director. The Board of directors is also of the opinion that he fulfills the conditions specified under the Companies Act, 2013 for such appointment.

The Company has received a notice in writing from a member along with the requisite deposit in terms of Section 160 of the Act proposing him as director. Accordingly, it is proposed to appoint Mr. Jignesh A. Goradia as Director liable to retire by rotation.

The Board of Directors considers that appointment of Mr. Jignesh A. Goradia as a director would immensely benefit the Company and therefore, recommends the proposal for approval of the Shareholders.

The details of Mr. Jignesh A. Goradia as required to be given in terms of Clause 49 of the listing agreement and Secretarial Standards - 2 have been provided separately under Profile of Directors seeking appointment.

Except Mr. Jignesh A. Goradia and his relatives, none of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution set forth above under this item no.3.

Item No.4

Smt. Kavita R. Shah is appointed as independent director and holds office as Additional director pursuant to the provisions of Section 161 of the Companies Act, 2013.

The Company has received consent from Smt. Kavita R. Shah conveying her willingness to be director and has accordingly, submitted declarations stating that she fulfills all other conditions of being appointed as a director in terms of the provisions of Section 149 of the Companies Act, 2013. The Company has also received declaration from Smt. Kavita R. Shah stating

that she meets the criteria of independence as prescribed under Sub Section (6) of Section 149 of the Companies Act, 2013. The Board of Directors is also of the opinion that she fulfills all the conditions specified under the act.

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

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

The details of Smt. Kavita R. Shah as required to be given in terms of Clause 49 of the listing agreement and Secretarial Standards - 2 have been provided separately under Profile of Directors seeking appointment.

Except Smt. Kavita R. Shah and her relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution set forth above under this item no.4.

Item No.5

Mr. Virendra G. Bhatt is appointed as independent director and holds office as Additional director pursuant to the provisions of Section 161 of the Companies Act, 2013.

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

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

The Board of Directors considers that appointment of Mr. Virendra G. Bhatt as an Independent Director would immensely benefit the Company and therefore, recommends the proposal for approval of the Shareholders.

The details of Mr. Virendra G. Bhatt as required to be given in terms of Clause 49 of the listing agreement and Secretarial Standards - 2 have been provided separately under Profile of Directors seeking appointment.

Except Mr. Virendra G. Bhatt and his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution set forth above under this item no.5.

Item No.6

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

The draft copy of new set of Articles of Association are made available for inspection at the Registered office of the Company and also at the meeting in physical or in electronic form during the Business hours (i.e. 9 AM to 5:30 PM) on all days except Sunday and other public holiday.

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

The Board recommends the Resolutions set out at Item No.6 of the Notice for approval of the members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

Item no. 7.

The Company in the ordinary course of its business, during the financial year ended March 31, 2015 transacted with Sun Pharmaceutical Industries Limited "SPIL" (formerly Ranbaxy Laboratories Limited), which is a 'Related Party' within the meaning of Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement for the purposes, which were 'material' in nature as detailed hereunder

(Rs. in thousands)

Sales	37,035
Short-term borrowing taken	74,509
Interest on short-term borrowing	61,863

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

Pursuant to revised clause 49 of the Listing Agreement all material Related Party Transactions require approval of the shareholders through Special Resolution in which the related parties shall abstain from voting.

Thus, the transactions would require the approval of the members by way of a Special Resolution.

It is therefore, in the interest of the Company, to continue working with SPIL. The Board, therefore, recommends the Special Resolution set out in Item No. 7 of the Notice for the approval of the members.

Pursuant to the applicable provisions of the revised clause 49 of the Listing Agreement, Mr. Azadar Hussain Khan and their relatives are deemed to be interested in the Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited ("SPIL"), since it is an investing Company of Zenotech Laboratories Limited as per Accounting Standard (AS) 18, in which Mr. Azadar Hussain Khan is the employee of SPIL. Other than Mr. Azadar Hussain Khan and his relatives, none of the other Directors or Key Managerial Persons or their relatives is concerned or interested financially or otherwise in the proposed resolution.

Item no. 8.

In terms of the provisions of Section 94 of the Companies Act, 2013 ("the Act"), the Register of members, the index of members, the register and index of debenture holders and copies of all annual returns prepared under sections 88 and 92 of the act together with the copies of certificates and documents required to be annexed thereto, shall be kept at the Registered Office of the Company or with the approval of the shareholders at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside. Karvy Computershare Private Limited, Company's Registrar and Share Transfer Agent intimated that they would be shifting their office premises to a larger integrated facility situated at the address mentioned in the resolution, wherein they would be maintaining the Register of members, the index of members etc., of the Company.

The Special resolution at item no. 8 is proposed for the purpose of enabling the Company to keep the records at the new premises of the registrar and transfer agents as stated in the resolution. Karvy Computershare Private Limited has confirmed that the place in the resolution satisfies the requirement as stipulated above.

A copy of the proposed special resolution set out in item no.8 will be delivered to the Registrar of Companies, Hyderabad, Telangana in advance.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board of Directors in the interest of the Company recommends the resolution for the approval of the members.

Item no. 9.

Mr. Azadar Hussain Khan (DIN: 01219312) was appointed as Additional director of the Company effective from August 25, 2015. In terms of the provisions of Section 161(1) of the Companies Act, 2013, his office as Additional director shall expire at the ensuing Annual General Meeting..

The Company has received consent from Mr. Azadar Hussain Khan conveying his willingness to be director and has accordingly, submitted declarations stating that he fulfills the conditions of being appointed as a director. The Board of directors is also of the opinion that he fulfills the conditions specified under the Companies Act, 2013 for such appointment.

The Company has received a notice in writing from a member along with the requisite deposit in terms of Section 160 of the Act proposing him as director. Accordingly, it is proposed to appoint Mr. Azadar Hussain Khan as Director liable to retire by rotation.

The Board of Directors considers that appointment of Mr. Azadar Hussain Khan as a director would immensely benefit the Company and therefore, recommends the proposal for approval of the Shareholders.

The details of Mr. Azadar Hussain Khan as required to be given in terms of Clause 49 of the listing agreement and Secretarial Standards - 2 have been provided separately under Profile of Directors seeking appointment.

Except Mr. Azadar Hussain Khan and his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution set forth above under this item no.9.

Additional information as required under Clause 49 of the Listing Agreement and Secretarial Standards on General Meetings, the particulars of Directors who are proposed to be appointed/ reappointed are given below.

Particulars	Mr. Jignesh A. Goradia	Smt. Kavita R. Shah	Mr. Virendra G. Bhatt	Mr. Azadar Hussain Khan
Date of Birth	01.10.1967	18.09.1967	12.05.1945	16.10.1958
Qualification	Chartered Accountant.	Chartered Accountant	Company Secretary in Practice.	He holds a Diploma in Business Management from IMT Ghaziabad, Post Graduate Diploma in Psychological counselling and M.S. in Psychotherapy. He has also earned Diploma in 6 Sigma Black Belt & Statistical Process Control (SPC) with 7-Tools of Q.C. He has attended MDP program from IIM Ahmedabad on performance management for competitive advantage and from Fore School of Management, New Delhi on interviewing skills.
Expertise in specific functional Area	His expertise in dealing with various business issues for more than 20 years. He is the founder partner of M/s Jignesh Goradia & Associates, a Firm of Chartered Accountants. His expertise lies in offering consulting and advisory services in finance, Indirect Tax, Direct Tax, Company Law. He has vast experience in the fields of tax audit, statutory audit, audit of companies, internal audits, income tax and sales tax matters.	Her expertise in Accounting, Auditing, Taxation, Company Law matters, Project Financing, Corporate Restructuring, Corporate & Management Consultancy, Merchant Banking, Investment Banking, etc. She also possesses Merchant Banking Certification from National Institute of Securities Market (NISM). She is Currently working as Director with Inga Capital Pvt. Ltd. (Formerly known as Collins Stewart Inga Pvt. Ltd., a category I merchant Banker. Spearheading fund raising - public offering as well private equity including FCCBs and other debt offerings, advisory transactions like open offer under SAST regulations, fair valuation of shares, valuation of company, etc	He worked in M/s Flexicons Limited as Company Secretary & Chief Executive Officer for 18 years prior to his practice. He has expertise in the areas of project financing, advisory role in matters relating to public issues, FEMA, SEBI & Stock Exchanges compliances and has been associated with companies like Rolta India Ltd., Hinduja Group, Cadbury India Ltd., ICICI Bank Ltd, GTL Ltd.	HR function, Corporate Relations, India Regulatory affairs, Clinical Research function for launch of products in Indian market.

Directorship held in other companies	Nil	M/s Kepstone Constructions Private Limited	Nil	1. Virtuous Finance Pvt. Ltd. 2. Virtuous Securities & Broking Pvt. Ltd. 3. Virtuous Share Investments Pvt. Ltd. 4. Sun Fastfin Services Pvt. Ltd. 5. Jeevanrekha Investrade Pvt. Ltd. 6. Package Investrade Pvt. Ltd.
Membership/Chairmanships of Committees of other public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil	Nil	Nil
Date of first appointment on the Board	08.07.2015	01.04.2015	30.06.2015	25.08.2015
No. of shares held in the Company as on 31st March, 2015.	Nil	Nil	Nil	Nil
Relationship with Other Directors, Manager & other Key managerial personnel of the Company	N.A.	N.A.	N.A.	N.A.

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

Place : Mumbai
Date : September 1, 2015

Jignesh A. Goradia
Chairman

DIRECTORS' REPORT

Your Directors are pleased to present the twenty sixth Annual Report together with the audited annual Financial Statement of the Company for the year ended March 31, 2015.

Standalone results

(Rs. in thousands)

	2014-15	2013-14
Sales (net)	40,767	27,557
Other Income	3,452	23,868
Depreciation	40,563	35,561
Profit/(Loss) before tax	(304,143)	(228,554)
Exceptional Items	-	-
Profit/(Loss) after tax	(304,143)	(228,554)
Loss brought forward from previous year	(1,476,111)	(12,47,557)
Profit/(Loss) carried forward to Balance Sheet	(1,781,178)	(1,476,111)

Operations

The year under review recorded a growth in sales of 48% with contribution to sales from various streams of opportunities vis-à-vis last year with additional business contribution from institutions, third party supplies & export.

However, the year continued to be challenging due to legacy issues that inhibit your Company from delivering commercially viable products. Most vital technical information and essential lab records have not been accessible since 2011 (post possession) of the actual control over the affairs of your Company. Nearly all the DNA clones relating to the biotech products and projects on which your Company was working upon have been unavailable. Therefore, this led to the suspension of activities in biotech unit during the year. This step was taken to control the costs against the uncertain outcome which was affecting the financial health of the company. In addition, legacy issues also led to the provisions made for certain costs/commitments which have not been met and in the absence of related documents since the takeover of the operations by the current management.

Since team Zenotech is committed to strengthen the business performance, create and rebuild product pipeline and deliver superior results within the constraints and hence has realigned on the core business of chemo oncological range. Operations in chemo-oncologicals were continued and supplies were made in domestic and export markets. Your Company participated in select tenders and it is encouraging that orders from institutional supplies, though of small volumes, are being received.

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

During the year under review, GMP approval was received from WHO for the range of products manufactured in the Company's facility and certificate of pharmaceutical products to participate in international tenders.

Outlook

With continued legacy issues and the weakening financial health of the company, the rebuilding exercise of a pharmaceutical organization has to be calibrated carefully which is inherently a time consuming process, with probable underutilization of manufacturing capacity. In addition to the continuous improvements in the current supplies, efforts are hence, being made to continue to seek business by offering in-house facilities to reputed companies to outsource their requirements by manufacturing at Zenotech's production units. In addition, the collaborative opportunities are also being explored to evaluate feasibility of engaging biotech facility to use its capacity for commercially viable outcome. Overall, your Company is positive that revenue streams would improve in the future.

Research & Development

In the absence of technical documents and records, your Company attempted to explore the possibility to manufacture mammalian range of biotech products by undertaking small scale batches both at R&D scale and at operational levels, which demonstrated the expressions of the mammalian products was exceptionally low indicating that the available cell lines were weak. Given the high costs associated in the manufacturing of biotech products and also that due to the absence of technical documents and records, the activities currently stand suspended at the R&D.

Internal Control Systems and their Adequacy

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. They have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure.

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Human resources & Industrial Relations

The Company believes that Human Resource is its most valuable resource which has to be nurtured well and equipped to meet the challenges in the Industry your Company operates. The staff are highly motivated with good work culture, training, remuneration packages and the values. The total number of people employed in the company as on 31.03.2015 is 23. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the employees.

BIFR

The Board of directors of the Company at its meeting held on May 26, 2015, while approving the Audited Annual Financial Statements for the financial year ended March 31, 2015, opined that the Company has become a Sick Industrial Company as envisaged under Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Necessary reference has been made to The Board for Industrial and Financial Reconstruction (BIFR).

Open Offer by Sun Pharmaceutical Industries Limited (SPIL) under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011

Consequent to the consummation of the merger of Ranbaxy Laboratories Limited into SPIL on March 24, 2015, SPIL indirectly acquired 46.84 percent of the voting rights held by Ranbaxy in, and control over the Company and became the promoter of the Company along with Daiichi Sankyo Company Limited.

SPIL, pursuant to the PA and the Detailed Public Statement (DPS) made in terms of Regulations 3(1), 4, and 5(1) and other applicable provisions of the SEBI (SAST) Regulations, made Open Offer to all the public shareholders of the Company excluding the Acquirer, persons acting in concert with the Acquirer, Ranbaxy Laboratories Limited ("Ranbaxy"), persons acting in concert with Ranbaxy, persons who were the signatories to the Transaction Documents or such other persons as were excluded by law. The Open Offer was concluded in August 2015.

Share Capital

The Share Capital of your Company remained unaltered during the year with the Authorized Share Capital at Rs.100 crores.

Auditors' qualifications and Board's responses

Statutory Audit

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

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

Reconstructed books of account for the financial years ended March 31, 2011 and 2012, differences between the current management and the then Co-Managing Director, non resolution of the above, inability of the auditors to determine the adjustments/disclosures which may become necessary etc.: As has been reported in the annual report for the previous years, it is reiterated that your Company, under the current management, has initiated appropriate steps to recover various missing assets and properties, valuable information and records of the Company and the matters are currently being investigated or sub-judice.

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

b. Regarding Para No. 2 in the Basis for Qualified Opinion of the Audit report: Contravention of the provisions of Companies Act, 1956 with respect to payment of Rs.7,980 thousands towards managerial remuneration for the period from October 1, 2007 to March 31, 2011: It is informed that your Company in order to recover the excess amount paid,

has filed money suit before the Hon'ble Court of Chief Judge, City Civil Court, Hyderabad, and the matter is currently sub-judice.

- c. Regarding Para No. 3 in the Basis for Qualified Opinion of the Audit report: Application made to the Ministry of Corporate Affairs, Government of India (MCA) seeking approval to pay remuneration to Mr. B. K. Raizada, former Managing Director of the Company: The management wishes to inform that MCA vide letter dated February 27, 2012 conveyed approval to the Company to pay remuneration to Mr. B. K. Raizada subject to the condition that the Company cleared its outstanding dues to Technology Development Board (TDB) and file a compliance report with MCA by February 29, 2012. As the Company is unable to repay the outstanding dues towards the loan assistance granted by TDB, the Company has not paid remuneration to Mr. B. K. Raizada, former Managing Director of the Company.

Regarding Point no. (viii) of Annexure to the Audit Report: Accumulated losses exceeding fifty percent of Company's net worth: The Board of directors of the Company at its meeting held on May 26, 2015, while approving the Audited Annual Financial Statements for the financial year ended March 31, 2015, opined that the Company has become a Sick Company as envisaged under Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Necessary reference has been made to The Board for Industrial and Financial Reconstruction (BIFR)..

Regarding Point no. (ix) of Annexure to the Audit Report: Outstanding dues that included interest on the loan assistance granted by Technology Development Board and Biotech Consortium India Limited were overdue. The Company has no other outstanding loans from any bank/financial institutions.

Secretarial Audit

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

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

Observation no. 1 (b): Currently, the Company has a functional website and all the requisite disclosures and reports are uploaded which can be viewed at www.zenotechlab.com.

Observation no. 1 (c) : In an effort to recover the missing related records, appropriate actions have already been initiated against the previous Managing Director who was in control over the affairs of the Company during the period of offence including filing of criminal complaint under the provisions of Section 630 of the erstwhile Companies Act, 1956 before the Economic Offence Court, Nampally, Hyderabad, and the matter is sub-judice.

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

Observation no. 1 (e): The monies outstanding in the Share Application Money Account of the Company is refunded to the applicants pursuant to Notification dated March 31, 2015 issued by the Ministry of Corporate Affairs under the Companies (Acceptance of Deposit) Amendment Rules, 2015.

Observation no. 1 (f): The Board of Directors while approving the annual Financial Statements of the Company for the financial year ended March 31, 2015, formed an opinion that due to the complete erosion of the networth, the Company has become a Sick Industrial Company as envisaged under the Sick Industrial Companies (Special Provisions) Act, 1985. Consequently, necessary reference has been made to the Board for Industrial and Financial Reconstruction (BIFR).

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

Observation no.2: The Auditor's observation indicates the reason for the non compliance and there is nothing more to respond.

Observation no. 3 (a) & (b) : Responded at observation no.1(b) supra;

Observation no. 3 (c): Mr. K.L. Khurana resigned from the Board effective from March 26, 2015 as a result of which there was non-compliance.

Observation no.3 (d): Policy on Material Related Party Transactions has been adopted and is in place effective from February 2, 2015.

Consolidated financial statements

As reported in annual reports for the financial years ended March 31, 2012, 2013 and 2014, it is restated that the overseas subsidiaries of the Company do not exist anymore. Due to the missing and non-availability of the books of account and other related records and documents of those overseas subsidiaries, the Company is unable to prepare consolidated accounts and attach the required statements and particulars in terms of the applicable provisions of the Companies Act, 2013 and the listing agreement with BSE Ltd.

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

The erstwhile management deliberately ignored and has so far remained non-compliant to the directions of your Company. Your Company therefore has filed a complaint before the Hon'ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 against the former Managing Director, who was in complete control over the Company affairs during the period of these events. The matter is currently sub-judice.

Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended March 31, 2015 and of the loss of the company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Employee Stock Option Scheme

Disclosure as on March 31, 2015 is provided in **Annexure-1** to this Report.

Report on Corporate Governance and Management Discussion & Analysis

Report on Corporate Governance together with the compliance certificate of Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, on the status of compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and the Management Discussion & Analysis form part of this Annual Report.

Deposits

The Company has not accepted any deposit under Section 73 of the Companies Act, 2013 during the year under review.

Auditors

Statutory Auditors

M/s. BSR & Associates LLP, Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the ensuing Annual General Meeting. M/s PKF Sridhar & Santhanam LLP (Firm registration number- 003990S/S 200018) Chartered Accountants, Hyderabad, are being proposed to be appointed as statutory auditors for a period of five years to

hold office from the conclusion of the 26th Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company, according to the provisions of Companies Act, 2013.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013, your Board has appointed Mr. Mahadev Tirunagari, Company Secretary in Practice, Hyderabad, as Secretarial Auditors for the financial year 2014-15 and Secretarial Audit Report for the Financial Year ended 31st March, 2015 is enclosed to this Report as **Annexure 2**.

Board of Directors and Key Managerial Personnel

Composition

At the 25th Annual General Meeting of your Company held on September 29, 2014, Mr. K. L. Khurana and Dr. R. S. Bakshi were appointed as independent directors while Mr. Rajiv Gulati was appointed as director liable to retire by rotation.

Dr. R. S. Bakshi and Mr. K. L. Khurana, independent directors, had submitted declarations stating that they met the criteria of Independence as envisaged under Section 149(6) read with Schedule IV to the Act and clause 49 (II)(B)(e) of the listing agreement.

On November 08, 2014 Mr. Rajiv Gulati resigned from the Board while Mr. Surinder Kumar Kohli, Nominee of Ranbaxy Laboratories Limited, was appointed as Additional director.

On March 26, 2015, Mr. K. L. Khurana resigned from the Board.

On April 01, 2015, Mr. Vijay G. Agarwal and Smt. Kavita R. Shah were appointed by the Board of Directors as Additional Directors. There were appointed as Independent Directors, effective from May 26, 2015.

On June 01, 2015 Dr. R. S. Bakshi resigned from the Board.

On June 30, 2015, Mr. Virendra G. Bhatt was appointed by the Board of Directors as Independent Directors holding office as Additional Director. His office as Additional Director would expire at the ensuing 26th Annual General Meeting of the company. Mr. Vijay G. Agarwal and Mr. Surinder Kumar Kohli resigned from the Board.

On July 08, 2015, Mr. Jignesh A. Goradia was appointed as Additional director.

On August 25, 2015, Mr. Azadar Hussain Khan was appointed as Additional director.

In terms of the applicable provisions of the Companies Act, 2013, Smt. Kavita R. Shah and Mr. Virendra G. Bhatt have been proposed for appointment as independent directors for a period of five years. Both Smt. Kavita R. Shah and Mr. Virendra G. Bhatt have furnished declarations under Section 149(7) to the effect that they meet the criteria of independence and in the opinion of Board of Directors, they fulfill the criteria of independence as mentioned under Companies Act, 2013 read with Schedule IV and relevant rules made thereunder. In view of the same, they are eligible for appointment as independent directors of the Company to hold offices for a period upto 5 years so long as their appointments are in compliance with provisions of subsections (6) to (8) of Section 149 read with Schedule IV to the Act.

Mr. Jignesh A. Goradia and Mr. Azadar Hussain Khan are being proposed for appointment as directors liable to retire by rotation. Appropriate resolutions with the requisite information are being placed before the members for their approval at the Meeting.

The Company has received notices in writing from members along-with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of Smt. Kavita R. Shah, Mr. Virendra G. Bhatt, Mr. Jignesh A. Goradia and Mr. Azadar Hussain Khan to the offices of Directors as set out in the Notice of the Annual General Meeting.

Mr. Dinesh Kapoor, Chief Executive Officer, Mr. Chinmoy Patnaik, Company Secretary & Head-Legal and Mr. Poly K.V., Chief Financial Officer, are the Key Managerial Personnel of the Company as per the provisions of the Act.

Meetings

Four meetings of the Board and four meetings of the Audit Committee of the Board were held during the financial year ended March 31, 2015.

Criteria for identification, appointment, remuneration and evaluation of performance of Directors

Your company as required under the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement entered with BSE Ltd, constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the "Committee") to oversee, inter-alia, matters relating to the following:

- a) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- b) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment or removal;

- c) recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- d) carry out evaluation of every director's performance including that of independent directors and

Your company's Board of directors, after considering the recommendations of its Nomination and Remuneration Committee in above connection, have approved a document setting out criteria to be followed by nomination and remuneration committee for identification, appointment, remuneration and evaluation of performance of directors including company's Board diversity.

The aforesaid criteria of appointment, qualifications and positive attributes along-with remuneration policy as applicable to directors, KMPs and other Senior management personnel and criteria to be followed for performance evaluation of each director including Independent directors of the company are mentioned hereunder:

The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director in terms of Diversity Policy of the Board and recommend to the Board his/her appointment in accordance with the criteria laid down under the Companies Act, 2013 and the listing agreement for appointment of directors including the independent directors.

For the appointment of KMP (other than Managing/Wholetime Director), a person should possess requisite qualification(s) prescribed if any, expertise and experience for the position he/she is considered for the appointment. However, the appointments at the level of senior management shall be approved by the committee.

The term of the directors including Managing/Wholetime Director/independent director shall be governed as per the provisions of the Act and Rules made thereunder and the Clause 49, as amended from time to time subject to the approval of the shareholders. Whereas the term of the KMP (other than the Managing/Whole time Director) and senior management shall be governed by the prevailing HR policies of the company and the terms and conditions of his / her appointment.

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

Framework for performance evaluation of independent directors and the Board.

As per the provisions of Clause 49, the Nomination and Remuneration Committee shall lay down the evaluation criteria for performance evaluation of independent directors and the Board. Further, in terms of Clause 49, the Board is further required to monitor and review Board Evaluation Framework.

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the committee on regular basis reviews processes for evaluation of performance of independent directors and the Board.

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and/or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the committee may recommend, to the Board, with reasons recorded in writing, removal of a director, KMP & senior management.

The remuneration/compensation/commission, etc., as the case may be, to the Managing/Wholetime Director/KMP will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission, etc., as the case may be, shall be subject to the prior/post approval of the shareholders of the company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder.

The remuneration/commission/sitting fees, as the case may be, to the Non-Executive/independent director, payable if any, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the committee/Board/shareholders.

An independent director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Clause 49, as amended from time to time.

Formal annual evaluation by the Board of its own performance, its Committees and individual directors

Keeping in view the various provisions of the Companies Act, 2013 and listing agreement dealing with powers, duties and functions of the Board of the Company, your Company has adopted criteria for evaluating the performance of its Board, Committees and other Directors including Independent Directors applicable from the financial year 2014-15.

During the financial year under report, the Board could not have undertaken evaluation process of its own committees and individual directors performance due to regular changes in the composition of the Board.

Listing Fees

The Equity Shares of the Company continue to be listed on BSE. The annual listing fee for the year 2015-16 has been paid to the exchange.

Extract of Annual Return:

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure-3**

Particulars of Loans, Guarantees Or Investments

Details of loans given by the Company, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements (Please refer Note 2.12) pertaining to the year under review. During the year under review, your company did not give any other loans or guarantees, provide any security or made any Investments.

Related Party Transactions:

Related party transactions entered during the financial year ended March 31, 2015 are disclosed in Note no. 2.34 of the Financial Statements of the company. These transactions were entered in the ordinary course of business and at arm's length. Form AOC-2, containing the note on the aforesaid related party transactions is enclosed herewith as **Annexure- 4**

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

Pursuant to Clause 49 of the listing agreement, a Special Resolution for approving material related party transactions has been included in the Notice convening the 26th Annual General Meeting.

Risk Management Framework

Your company's Board believes that to ensure sustainable business growth with stability of affairs and operations of the company, periodical review of various risks having a bearing on the business and operations is vital to proactively manage uncertainty and changes in the internal and external environment, to limit negative impacts and capitalize on opportunities. Further, it is also belief of your management that Risk Management Framework enables a systematic approach to risk identification, leverage of any opportunities and provides treatment strategies to manage, transfer and avoid or minimize the impact of the risks.

Keeping in view the above, your Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy to identify internal and external risks and implementing risk mitigation steps. However there are certain risks which cannot be avoided but the impact can only be minimized. The risks and concerns associated with each segment of your company's business are discussed while reviewing segment-wise Management Discussion and Analysis.

Corporate Social Responsibility

The company does not come under the purview of the provisions of Section 135 of the Companies Act, 2013 and the rules made there under. Since the company is incurring huge losses it is not able to contribute towards societal activities.

Familiarization programme for independent directors.

The Company proactively keeps its directors informed of the activities of the company, its management, and operations and provides an overall industry perspective as well as issues being faced by the industry (weblink <http://zenotechlab.com/>).

Prevention of Sexual Harassment Policy

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2014-2015, no complaints were received by the Committee related to sexual harassment.

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

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as **Annexure- 5**.

Vigil Mechanism/Whistle Blower Policy

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and listing agreement, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company www.zenotechlab.com at web link <http://zenotechlab.com/wp-content/uploads/2015/07/Vigil-Mechanism.pdf>.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is enclosed herewith as **Annexure- 6**

Remuneration ratio of the Directors / Key Managerial Personnel/ Employees:

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure-7**

General

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- i. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- ii. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- iii. The company does not have a Managing Director or the Whole-time Directors.
- iv. No significant or material orders were passed by any Regulator or Court or Tribunal which impact the going concern status and Company's operations in future.

Acknowledgement

The Board of directors would like to express their grateful appreciation for the assistance and co-operation received from banks, various government authorities, customers, vendors and members of the Company during the period.

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

For and on behalf of the Board

Jignesh A Goradia
Chairman

Mumbai
September 1, 2015

Annexure 1

Details of Stock Options granted under Zenotech Stock Option Scheme, 2005 (ZESOS, 2005) as on March 31, 2015* Pursuant to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

DESCRIPTION	PLAN 2
Number of Options available under the Scheme	42,500
Total number of Options granted	42,500
Options granted during the year	Nil
Pricing formula	The market price of the share quoted on the BSE as per SEBI (ESOS & ESPS) Guidelines, 1999 in vogue.
Options vested during FY 2014-15	Nil*
Options exercised during FY 2014-15	Nil
The total number of shares arising as a result of exercise of options	Nil
Options lapsed during FY 2014-15 which are subject to reissue	Nil
Variation of terms of options	Nil
Money realized by exercise of options	Nil
Grant price (Face value of Rs.10)	Rs. 103.65
Total number of options in force as on March 31, 2015 (cumulative)	15,000*
Grant details of members of senior management team during the year 2014-15	Nil
Number of other employees who receives a grant in any one year options amounting to 5% or more of options granted during that year	Nil
Number of employees who are granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Diluted earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	Rs. (8.83)
Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options (in case the company has calculated the compensation cost using the intrinsic value of the Stock Options).	Not applicable as the Company is valuing the options at fair value of the options granted

* Information provided is as on march 31, 2015 and based on the inferred data. Since all employees to whom these options were granted either did not rejoin the company or have left the company and have not opted to exercise their options, the valuation has not been undertaken by the company.

Under Zenotech Employee Stock Option Scheme, 2005, the company granted 17,000 options (net of options lapsed) of which 4,250 vested options have been exercised during the year ended March 31, 2010, which was subject to leave of the company law board. Out of these, the company allotted 2,500 shares vide company law board order dated 6 august 2010 and balance is pending for allotment subject to leave of the company law board. However, in view of Ministry of Corporate Affairs Notification dated March 31, 2015 issued under the Companies (Acceptance of Deposit) Amendment Rules, 2015, the Company has refunded the money lying in the Share Application Account.

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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

To,
The Members,
Zenotech Laboratories Limited

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

Based on my verification of Zenotech Laboratories Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Zenotech Laboratories Limited for the financial year ended on 31 March 2015 according to the provisions of:

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India are not applicable.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange

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

1. As informed by the management/reported in the Annual Report for the financial year ended 31st March 2014 we report the following
 - a) It is noticed that there are ongoing litigations between the erstwhile promoters and the present promoters of the Company. The present management of the Company took over the possession of the Company's premises effective from 11 November 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was found that, among others, various statutory books and records of the Company was missing. In order to recover the related missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. The matter is currently subjudice.
 - b) Due to unavailability of administrative control over the Company's website, a domain name and email server, the Company does not have a functional website. Consequently, the Company has not disclosed/ uploaded the policies/codes and other documents as are required to be disclosed/uploaded on the company's website under various provisions of the Companies Act 2013, Listing Agreement and other applicable statutes.
 - c) Due to the missing and non-availability of the books of account and other related records and documents of the overseas subsidiaries, the Company is unable to prepare consolidated financial statements and attach the required statements and particulars in terms of the provisions of Section 129 of the Companies Act, 2013 and relevant provision of the listing agreement.
 - d) Under the Zenotech Stock Option Scheme 2005, the company allotted 1,25,000 shares to the directors during the financial years 2007-08 and 2008-09 and the Company had also allotted 2,500 shares to its employees under Company's Employees Stock Option Scheme in August, 2010 pursuant to Company Law Board's (CLB) order dated 6 August, 2010 which have not been listed with the Exchange. These Shares were allotted during the period before the current management gained access to the Company's premises and the fact that these Shares are unlisted came to the notice subsequently. On further assessment it was revealed that no return of allotment with respect to those Shares was filed with the Registrar of Companies, Hyderabad. Besides, due to the missing statutory records and registers of the Company including the Minutes of the meetings of the Board of Directors, the Company is unable to undertake the compliance formalities with respect to the said allotments and seek enlistment of the shares on BSE Ltd.
 - e) The Company has some amount in Share Application Money beyond the prescribed time periods and accordingly attracting the nature of deposits.
 - f) The Company is a Potential Sick Company in terms of the provisions of Section 23 of the Sick Companies (Special Provisions) Act, 1985.
 - f) The Company at its 24th Annual General Meeting held on 13th August 2013 proposed to increase the Authorised Share Capital of the Company from Rs 35 Crores to Rs 100 Crores. The proposal to amend the memorandum of association of the Company requiring Ordinary Resolution was approved by the Shareholders of the Company while the Special Resolution proposed to alter the Article 3 in the Articles of Association of the Company relating to Capital was defeated. Therefore, the article 3 in the Articles of Associations of the Company remains unaltered.
- 2) The company did not have the minimum number of three directors as envisaged under the provisions of Section 149(1)(a) of the Companies Act, 2013 during the period from March 26, 2015 up till March 31, 2015, consequent to the resignation of Mr. K. L. Khurana, Independent director on March 26, 2015.
- 3) The Company has complied with all the conditions of corporate governance code as envisaged under Clause 49 of Listing Agreement except for :-
 - a. posting of code of conduct and other disclosures on the website of the Company,
 - b. Disclosures relating to subsidiaries;

- c. The composition of the Board and its committees with requisite number of independent directors from 26 March 2015 upto 31 March 2015;
- d. Formulating a policy on materiality of Related Party Transaction and also on dealing with related party transactions till 02 February 2015;

I further report that

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

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

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

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

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

I further report that pursuant to a scheme of arrangement with Sun Pharmaceutical Industries Limited ("Sun Pharma") Ranbaxy Laboratories Limited ("Ranbaxy"), the Promoter, merged into Sun Pharmaceutical Industries Limited ("Sun Pharma") on March 24, 2015. Consequently Sun Pharma indirectly acquired 46.85 percent of the voting rights held by Ranbaxy in, and control over, the Company and became the promoter of the Company along with Daiichi Sankyo Company Limited.

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

Place : Hyderabad
Date : 15/07/2015

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2015

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L27100AP1989PLC010122
ii	Registration Date	15/06/1989
iii	Name of the Company	Zenotech Laboratories Limited
iv	Category/Sub-category of the Company	Limited by Shares
v	Address of the Registered office & contact details	Survey no. 250 - 252, Turkapally village, Shameerpet Mandal, Hyderabad, Telangana, Pin 500078 Telephone Nos. : +91 040-23480430/0435 +91 9032044583/4589
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad -500032 Phone: 040-67162222 Fax: 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated			
Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Manufacturer of pharmaceuticals	210	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES *

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Zenotech Farmaceutica Do Brasil Ltda	-	Overseas subsidiary	-	-
2	Zenotech Laboratories Ltd Nigeria	-	Overseas subsidiary	-	-
3	Zenotech Inc., USA	-	Overseas subsidiary	-	-

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

IV. (i) Category - Wise Share Holding Between 31/03/2014 AND 31/03/2015

CATEGO- RY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				% CHANGE DURING THE YEAR
		DEMAT (III)	PHYSICAL (IV)	TOTAL (V)	% OF TOTAL SHARES (VI)	DEMAT (VII)	PHYSICAL (VIII)	TOTAL (IX)	% OF TOTAL SHARES (X)	
(I)	(II)									
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
	(a) Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
	(c) Bodies Corporate	16127293	0	16127293	46.84	16127293	0	16127293	46.84	0.00
	(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1)	16127293	0	16127293	46.84	16127293	0	16127293	46.84	0.00
(2)	FOREIGN									
	(a) Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Bodies Corporate	6886500	0	6886500	20.00	6886500	0	6886500	20.00	0.00
	(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2)	6886500	0	6886500	20.00	6886500	0	6886500	20.00	0.00
	Total A=A(1)+A(2)	23013793	0	23013793	66.84	23013793	0	23013793	66.85	0.00
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
	(a) Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
	(b) Financial Institutions /Banks	4414	0	4414	0.01	4414	0	4414	0.01	0.00
	(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
	(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
	(f) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
	(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1)	4414	0	4414	0.01	4414	0	4414	0.01	0.00

CATEGO- RY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2014				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2015				% CHANGE DURING THE YEAR
		DEMAT (III)	PHYSICAL (IV)	TOTAL (V)	% OF TOTAL SHARES (VI)	DEMAT (VII)	PHYSICAL (VIII)	TOTAL (IX)	% OF TOTAL SHARES (X)	
(1)	(II)									(XI)
(2)	NON-INSTITUTIONS									
	(a) Bodies Corporate	200088	0	200088	0.58	817843	0	817843	2.38	-1.79
	(b) Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1816447	49817	1866264	5.42	1835085	47305	1882390	5.47	-0.05
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1342188	3978949	5321137	15.46	1283131	3378949	4662080	13.54	1.91
	(c) Others									
	CLEARING MEMBERS	1257	0	1257	0.00	22737	0	22737	0.07	-0.06
	FOREIGN BODIES	0	692791	692791	2.01	0	692791	692791	2.01	0.00
	NON RESIDENT INDIANS	1606607	1721149	3327756	9.67	1610303	1721149	3331452	9.68	-0.01
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	4966587	6442706	11409293	33.14	5569099	5840194	11409293	33.14	-0.00
	Total B=B(1)+B(2) :	4971001	6442706	11413707	33.15	5573513	5840194	11413707	33.15	-0.00
	Total (A+B) :	27984794	6442706	34427500	100.00	28587306	5840194	34427500	100.00	-0.00
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
	(1) Promoter and Promoter Group									
	(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	27984794	6442706	34427500	100.00	28587306	5840194	34427500	100.00	

(ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Sun Pharmaceutical Industries Ltd.	16127293	46.84	0	16127293	46.84	0	0
2	Daichii Sankyo Company, Ltd.	6886500	20	0	6886500	20	0	0
	Total	23013793	66.84	0	23013793	66.84	0	0

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change			
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs).

Sl. No.	Name of the Shareholder	Shareholding		Increase/(Decrease) in share Holding			Cumulative Shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the Company
1	Jayaram Chigurupati	4222632	12.27	-	-	-	4222632	12.27
2	Padmasree Chigurupati	3060500	8.89	-	-	-	3060500	8.89
3	Zenotech LLC	692791	2.01	-	-	-	692791	2.01
4	Technolgy Development Board	600000	1.74	-	-	-	600000	1.74
5	P Lakshma Reddy	152000	0.44	-	-	-	152000	0.44
6	Venkata Naga Sathya Laxmi	118413	0.34	-	-	-	118413	0.34
7	Madhuri Kela	66500	0.19	13.06.2014	(66500)	Sale/Transfer	-	-
8	Kantilal M. Vardhan(H.U.F)	53754	0.16	-	-	-	53754	0.16
9	Rishra Investments Limited	48268	0.14	-	-	-	48268	0.14
10	Bhavna Manoj Dand	30000	0.09	-	-	-	30000	0.09

(v) Shareholding of Directors & KMP

Sl. No.	Name of Director/ KMP	Shareholding		Increase/(Decrease) in share Holding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date of increase or decrease	No. of Shares	Mode	No. of shares	% of total shares of the company
1	Mr. K. L. Khurana - Director	0	0		0	0	0	0
2	Dr. R. S. Bakshi - Director	0	0		0	0	0	0
3	Dr. Junichi Koga - Director	0	0		0	0	0	0
4	Dr. Sudershan Kumar Arora - Director	0	0		0	0	0	0
5	Mr. Rajiv Gulati - Director	0	0		0	0	0	0
6	Mr. Surinder Kumar Kohli - Director	0	0		0	0	0	0
7	Mr. Dinesh Kapoor - CEO (KMP)	0	0	19/09/2014	10	Purchase	10	0
		0	0	22/09/2014	3	Purchase	13	0
8	Mr. Chinmoy Patnaik - Company Secretary(KMP)	0	0		0	0	0	0
9	Mr. Poly K. V. - Chief Financial Officer (KMP)	0	0	22/09/2014	1	Purchase	1	0

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: Amount in Rs.

		Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtness at the beginning of the financial year				
i)	Principal Amount	30,583,028.00	438,602,660.00	470,515,081.00
ii)	Interest due but not paid	13,877,490.00	33,044,793.19	47,265,098.19
iii)	Interest accrued but not due	-	-	-
	Total (i+ii+iii)	44,460,518.00	471,647,453.19	517,780,179.19
Change in Indebtedness during the financial year				
Additions		3,913,636.45	130,255,273.81	134,168,910.26
Reduction		-	-	-
Net Change		3,913,636.45	130,255,273.81	134,168,910.26
Indebtedness at the end of the financial year				
i)	Principal Amount	30,049,528.45	513,112,000.00	544,490,921.45
ii)	Interest due but not paid	18,324,626.00	88,790,727.00	107,458,168.00
iii)	Interest accrued but not due	-	-	-
	Total (i+ii+iii)	48,374,154.45	601,902,727.00	651,949,089.45

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:						
Sl. No.	Particulars of Remuneration	Name of the MD/WTD/ Manager			Total Amount	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	as % of profit	-	-	-	-	-
	others (specify)	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors:						
Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount	
1	Independent Directors					
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non Executive Directors					
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act.	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (in Rs.)					
Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	9,942,673	1,509,975	993,185	12,445,833
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	9,942,673	1,509,975	993,185	12,445,833

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A.	COMPANY				
	Penalty		Not Applicable		
	Punishment				
	Compounding				
B.	DIRECTORS				
	Penalty		Not Applicable		
	Punishment				
	Compounding				
C.	OTHER OFFICERS IN DEFAULT				
	Penalty		Not Applicable		
	Punishment				
	Compounding				

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:		
(a)	Name(s) of the related party and nature of relationship	Not Applicable
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2. Details of material contracts or arrangement or transactions at arm's length basis:		
(a)	Name(s) of the related party and nature of relationship	*Please refer the note given below
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

***NOTE:** The details of names, nature of relationship; nature of such contracts/arrangements/transactions are disclosed in Note No.2.34 (a) & (b) of the Financial Statements.

ANNEXURE 5

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

A. Conservation of energy-

- i. the steps taken or impact on conservation of energy and the capital investment made thereon:
- ii. the steps taken by the company for utilising alternate sources of energy and investment made thereon:

a) Power and fuel consumption		2014-15	2013-14
1	Electricity		
	i. Purchased		
	Units	982480	24,95,528
	Total amount(Rs)	70,05,395	1,74,42,650
	Rate/unit(Rs)	7.13	6.99
	ii. Own generation through diesel generation set		
	Units	152,619	228,580
	Total amount(Rs)	29,50,637	36,43,155
	Units per liter of diesel oil	3.00	3.04
	Rate/unit(Rs)	19.33	15.93
2	Diesel (used in boiler)		
	Quantity (tones)	751	2,180
	Total cost (Rs)	34,67,520	99,42,655
	Average rate (Rs)	4615.36	4560.85
b) Consumption per unit of production			
The company manufactures injectables of various forms and strengths. It is therefore, impractical to apportion the consumption and cost of utilities to each unit.			

B. Technology absorption-

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

The Company is continuously endeavoring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies.
- ii. Particulars of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

None
- iii. **EXPENDITURE INCURRED ON RESEARCH & DEVELOPMENT**
 - a. Expenditure on R&D:

No specific expenditure exclusively on R&D has been incurred. The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.
 - b. Specific areas in which R&D carried out by the Company: NA
 - c. Benefits derived as a result of the above R&D : NA
 - d. Future course of action: Presently strategising future plans

C. FOREIGN EXCHANGE EARNINGS/OUTGO:

The details of foreign exchange earnings / outgo during the year 2014 - 2015 are as follows:

Total foreign exchange used and earned:

(Rs. in thousands)

	31.03.2015	31.03.2014
Earnings in Foreign Currency		
Export of Goods (FOB Value)	1,607	Nil
CIF value of Imports		
Raw Materials	2,083	8,226
Components and Spare Parts	Nil	4,699
Capital Goods	Nil	4,142
Professional fees/ services	31,234	898

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans: Participated in tender and exported to Zambia. Obtained Certificate of pharmaceutical products to further participate in international tenders

Annexure 6

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name of the employee	Age in years	Designation	Remuneration Received (Rs. Lakhs)	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Last Employment (Position held)	% of Equity Shares	Relative of any director along with names of such directors
A. Employed throughout the Financial Year 2014-15									
Dinesh Kapoor	51	CEO	99.43	Permanent	MBA 28 Years	01/08/2013	Area Director-EN RoA-Ran baxy Laboratories Limited	0	No
B. Employed for a part of the Financial Year 2014-15									
NIL									

ANNEXURE 7
Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of managerial personnel) Rules, 2014.

- (i) The percentage increase in remuneration of each Director, other key managerial personnel (KMP), Ratio of the remuneration of each director to the median remuneration of the employees of the company and the comparison of the remuneration of each KMP against the performance of the Company during the financial year 2014-15 are as under:

	Director's / KMPs / Manager's Name	Remuneration of Director/KMP for financial year 2014-15 (in Lacs)	% increase in Remuneration in the Financial Year 2014-15	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
1	Dinesh Kapoor CEO	99.43	5.31	15:1	Revenues from sales increased by 47.93% in Financial year 2014-15
2	Chinmoy Patnaik CS	15.10	5.83	3:1	
3	Poly K V* - CFO	9.93	N.A	N.A	

Notes:

* Has been appointed as CFO effective from 02.06.2014 and thus percentage of increase did not apply.

(ii)	Percentage increase in the median remuneration of employees in the financial year 2014-15 compared to 2013-14	7.11%	
(iii)	Number of permanent employees on the rolls of the company:		
	As on 31.03.2015	As on 31.03.2014	
	23	83	
(iv)	Explanation on the relationship between average increase in remuneration and the company performance	The average increase in the overall remuneration of the Company is 7.11% as against 47.93% increase in sales.	
(v)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The increase in KMPs remuneration for the year was 5.57% as against 47.93% increase in sales.	
(vi)	Average percentile increase in salaries of Employees other than managerial Personnel and its comparison with the percentile increase in the managerial remuneration and justification thereof and is there any exceptional circumstances for increase in the managerial remuneration.	Not applicable	
	Average percentile increase in salaries of Employees other than managerial Personnel	7.11%	
	percentile increase in the managerial remuneration	N.A	
	Comparison of above	N.A	
(ix)	Key parameter for any variable component of remuneration availed by the Directors	NOT APPLICABLE	
(x)	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess the highest paid director during the year	NOT APPLICABLE	

Details required:			
Sl.No.	Description	2014-15	2013-14
1	Median remuneration of the employees of the company	5,66,162	3,32,676
2	No. of permanent employees on the rolls of the company	23	83
3	Average increase in remuneration	7.11%	8%
4	Average percentile increase in salaries of employees other than KMPs	7.32%	8%

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of listing agreement)

1. Company's philosophy on code of governance.

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

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

2. Board of Directors

- (i) The Board of Zenotech Laboratories Limited consists of eminent persons having professional expertise in fields such as business strategy and management, marketing, finance and governance. The Chairman is non executive Independent Director and the Board consists of sufficient number of Independent Directors as stipulated under Companies Act, 2013 and listing agreement.
- ii) As regards the appointment of new Directors on the Board, Nomination policy lays down that the Nomination and Remuneration Committee of the Board after considering the qualifications, positive attributes and independence as per the criteria laid-down in that behalf, make its recommendation to the Board for its consideration.
- iii) The Board, inter-alia, provides leadership, strategic guidance, objective and independent view/judgment to the Company's management. The Board meets at regular intervals for planning, assessing and evaluating all important matters in business.
- iv) The Board members get updated on the Company's procedures and policies as per the familiarization program devised in that behalf by the Company.
- v) None of the Directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees as specified in clause 49, across all the Companies in which he is a director. Necessary disclosures regarding Committee positions have been made by the directors.

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

- vi) Board of directors, their attendance at meetings during the financial year ended March 31, 2015 and other details are provided hereunder:

Name of Director	Designation & Category	No. of Board Meetings attended	Attendance at Previous AGM held on 29.09.2014	Number of Directorships held in other companies (#)	Number of Board Committee (#) memberships held in such companies	Number of Chairmanship of Board Committees (#) held in such companies
Mr. K. L. Khurana,	Independent Director & Chairman	4	Yes	-	-	-
Mr. R. S. Bakshi	Independent Director	4	Yes	-	-	-
Dr. Junichi Koga *	Non Executive & Independent Director	Nil	Not Applicable	-	-	-
Dr. Sudershan K. Arora *	Non Executive & Promoter Director	1	Not Applicable	-	-	-
Mr. Rajiv Gulati **	Non Executive & Promoter Director	Nil	NO	-	-	-
Mr. Surinder Kumar Kohli	Non Executive & Promoter Director	1	Not Applicable	-	-	-

Notes:

- # "Other Companies" exclude Private limited companies and foreign companies. "Board committees" include only Stakeholders Committee and Audit Committee of the Board;

*Dr. Junichi Koga resigned as director effective from June 10, 2014;

*Consequent to the resignation of Dr. Junichi Koga, Dr. Sudershan K. Arora, Alternate director to Dr. Junichi Koga, ceased to be director effective from June 10, 2014.

**Mr. Rajiv Gulati resigned as director effective from November 8, 2014 and Mr. Surinder Kumat Kohli was appointed as Additional director.

- vii) As per the information available with the Company, none of the Directors were related interse.
- viii) None of the non-Executive Independent Directors has any material pecuniary relationship or transaction with the Company.
- ix) Necessary information as mentioned in Annexure X appended to clause 49 of the listing agreement has been placed before the Board for their consideration.
- x) The Company's Independent Directors meet at least once in every financial year without presence of Executive and non-independent directors or management personnel, to discuss informally, matters pertaining to Company affairs and put forth their views to the Chairman of the Board. During the financial year 2014-2015; the Independent Directors met on February 9, 2015
- xi) During the year, four meetings of the Board of directors were held on May 26, 2014, August 13, 2014, November 8, 2014 and February 2, 2015.

3. Audit Committee:

- a) Composition:

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

Meeting date		May 26, 2014		August 13, 2014		November 8, 2014		February 2, 2015
Composition	(1)	Mr. K. L. Khurana Chairman	(1)	Mr. K. L. Khurana Chairman	(1)	Mr. K. L. Khurana Chairman	(1)	Mr. K. L. Khurana Chairman
	(2)	Dr. R. S. Bakshi,	(2)	Dr. R. S. Bakshi	(2)	Dr. R. S. Bakshi	(2)	Dr. R. S. Bakshi
	(3)	Dr. Sudershan K. Arora	(3)	Mr. Rajiv Gulati*	(3)	Mr. Rajiv Gulati *	(3)	Mr. Surinder K. Kohli

*Mr. Rajiv Gulati resigned from the Board of Directors on November 08, 2014

All the members of the committee attended the meetings except Mr. Rajiv Gulati, who could not attend any meeting.

- b) Description of the terms of reference:

The terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement & Section 177 of the Companies Act, 2013. The Company Secretary is the Secretary of the Committee.

- c) The last Annual General Meeting was held on September 29, 2014 and the Chairman of the Audit Committee attended it.

4. Nomination and Remuneration Committee;

Composition in the month of March, 2015:

- a) Dr. R. S. Bakshi – Chairman;
- b) Mr. Surinder Kumar Kohli - Member;
- c) Mr. K. L. Khurana – Member.

(Note: Mr. K. L. Khurana resigned from the Board on March 26, 2015.)

a) Terms of reference:

The terms of reference of the Committee cover the matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013 and clause 49 of listing agreement. One meeting of the committee was held on November 8, 2014.

No Director was paid remuneration or sitting fees for the year ended March 31, 2015. The Company has reimbursed the travelling, out of pocket and other incidental expenses incurred by the directors in attending meetings of the board and its committees.

Remuneration Policy: The Company's remuneration policy is driven by the success and performance of the individual employees as well as their expertise in critical areas of operations of the Company. The Company's Remuneration Policy as applicable to Directors, KMPs and other Senior management personnel of the Company is mentioned in the Directors' Report.

5. Stakeholders Relationship Committee

a) Composition as on March 31, 2015

1. Dr. R S Bakshi – Chairman;
2. Surinder Kumar Kohli - Member

b) Powers of the Committee

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

There were two meetings of the committee held on June 18, 2014 and September 22, 2014 during the year ended March 31, 2015.

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

6. Mr. Chinmoy Patnaik is the Compliance officer and is designated as Company Secretary & Head, Legal.**7. Annual General Meetings**

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any
2013 -14	25th AGM	Monday, September 29, 2014 at 10:30 AM	Hall: Ananda, Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Telangana, INDIA, Pin - 500078	Special Resolution was passed for increasing the borrowing powers of the company under the provisions of Section 180 (1) (c) and other applicable provisions of the Company Act, 2013.
2012-13	24th AGM	Tuesday, August 13, 2013, at 10.30 A.M	Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad - 500 034	No Special Resolution passed
2011 -12	23rd AGM	Friday, December 28, 2012 at 10:30 A.M	Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad - 500 034	No Special Resolution passed

For past three years ended as on March 31, 2015; there was no ordinary or special resolution passed through postal ballot. Further, no Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

8. Disclosures**(i) Shareholding of Directors.**

As on March 31, 2015, no Director of the Company held any share in the Company.

(ii) Materially significant related party transactions

Transactions with related parties as per requirements of Accounting Standards - (AS-18) - "Related Party Disclosures" are disclosed in Schedule No. 2.34 to financial statements as at March 31, 2015.

(iii) Compliance

In view of the missing statutory and other records of the Company, the Company is unable to ascertain and figure out whether there was any non-compliance, penalties, strictures imposed on the Company by BSE Ltd. or SEBI or any other statutory authority for the period prior to the takeover of factory premises by the current management on November 12, 2011. After the access and control over the factory premises, there has been no penalties nor strictures imposed on the Company by BSE Ltd or SEBI except as reported in this report. Further, the status on the statutory compliances, and penalties and strictures imposed on the Company are reported on regular basis in the annual reports of the Company apart from being communicated through other means, according to the requirements of applicable laws. As earlier reported in the annual reports, BSE Ltd suspended the trading of the Shares of the Company in view of the non compliances of the listing agreement. However, the Hon'ble High Court of Andhra Pradesh, Hyderabad, was pleased to grant stay on the operation of the said Order, which remains in force. During the year, the Company was generally been compliant with all the provisions of Clause 49 of the listing agreement except for the following;

- (i) posting of code of conduct and other disclosures on the website of the Company,
- (ii) Disclosures relating to subsidiaries;,,
- (iii) the composition of the Board and its committees with requisite number of independent directors from 26 March 2015 upto 31 March 2015;
- (iv) Formulating a policy on materiality of Related Party Transaction and dealing with related party transactions; Reasons for the non compliances and steps taken for remedying them are mentioned hereunder.

(a) Company's website and posting of Code of Conduct

Due to unavailability of administrative control over the Company's website, domain name and email servers, the Company has been constrained and prevented from publishing various reports on its website, which are otherwise statutorily required to be published. As a result, the Company is at default in not publishing Code of Conduct on its website as envisaged under Clause 49 (1)(D) of listing agreement. To repossess the control on the website, the Company has initiated a complaint in the Economic Offences Court, Nampally, Hyderabad and the matter is sub-judice. In the meantime, the Company has another website and the requisite information are being uploaded.

(b) Overseas Subsidiaries

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

(c) Policy on materiality of Related Party Transaction

The Company has framed a policy on materiality of Related Party Transactions and also on dealing with related party transactions on February 2, 2015, which is currently in force.

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

(v) CEO & CFO Certificate

Certificate from the Chief Executive Officer and Chief Finance Officer were placed and noted by the Board of Directors in terms of Clause 49 (V).

(vi) Management Discussion and Analysis

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

(vii) Disclosure of accounting treatment

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

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

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

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

(x) Share Capital Audit: A practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. It is reported by the practicing Company Secretary that there were ongoing litigations between the erstwhile promoters and the present promoters of the Company. The present management of the Company took over the possession of the Company's premises effective from November 12, 2011, pursuant to an Order passed by Company Law Board. Consequent to the takeover, it was found that various statutory books and records of the Company were missing. Further assessment revealed that 1,27,500 shares allotted during those periods have not been listed with the Stock Exchange. In order to recover the related missing records, the Company has initiated appropriate actions against Dr. Jayaram Chigurupati, the erstwhile Managing Director. The matter is currently subjudice. The company is making efforts to comply with the non mandatory requirements specified under the corporate governance code.

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

DECLARATION

As required by Clause 49(II)(E) of Listing Agreement, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2015, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

August 10, 2015

Dinesh Kapoor
Chief Executive Officer

9. Means of communication

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

10. General Shareholder information

i. Annual General Meeting

Date	: September 28, 2015
Time	: 11.00 A.M.
Venue	: Aalankrita Resorts, Thumkuntha Village, Karimnagar Main Road, Shameerpet Mandal, R. R. District, Pin - 500078, Telangana, INDIA

ii. Financial Calendar Year ending : March 31, 2015

- iii. Book Closure : 24th to 28th September, 2015
(Both days inclusive)
- iv. Listing on Stock Exchange : BSE Limited (listing fees has been paid upto financial year 2015-16)
- v. Stock Code / Symbol on BSE (Physical & Demat) : ZENOTECH LAB / 532039
- vi. International Securities Identification Number : INE486F01012
(ISIN) allotted to the Company's Shares
- vii. Market Price Data: Monthly High & Low during each month in the financial year ended March 31, 2015 and Company's closing share price as against BSE SENSEX closing on the BSE Ltd, Mumbai, is provided hereunder:

Month	High	Low	Close	BSE Sensex (Close)
April	32.85	15.8	32.85	22,417.80
May	36.15	28.45	29	24,217.34
June	29.55	25.5	27.5	25,413.78
July	28.95	23.2	24.1	25,894.97
August	28.75	23.05	26.8	26,638.11
September	29.75	24.9	26.75	26,630.51
October	28.05	23.4	24.3	27,865.83
November	26.6	22.2	24.8	28,693.99
December	30.5	23	26.95	27,499.42
January	28.45	23.9	26.1	29,182.95
February	30.05	24	27.1	29,361.50
March	45.25	25.75	45.25	27,957.49

(The information is sourced from BSE Limited website)

viii. Registrar and Transfer Agents

Name & Address : Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Hyderabad -500032
Phone: 040-67162222 Fax: 040-23001153
e-mail: einward.ris@karvy.com
Toll Free No: 1800-3454-001
Hyderabad 500 081
Website: www.karvy.com

- ix. Share Transfer System: The Company's shares are traded in the stock exchanges compulsorily in Demat form. The Company's Registrar and Transfer agent is the common agency to look after physical and Demat share work. The shares lodged for transfer at the registrar are processed and returned to shareholders within the stipulated time.

x. Shareholding:

a) Distribution of shareholding as on March 31, 2015

Sl.No	Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1	1 - 500	5083	85.86	703334	2.04
2	501 - 1000	410	6.93	335307	0.97
3	1001 - 2000	209	3.53	322478	0.94
4	2001 - 3000	79	1.33	197503	0.57
5	3001 - 4000	34	0.57	123585	0.36
6	4001 - 5000	38	0.64	178207	0.52
7	5001 - 50000	54	0.91	699977	2.03
8	50001 - 100000	1	0.02	53754	0.16
9	100001 & above	12	0.20	31813355	92.41
	TOTAL	5920	100.00	34427500	100.00

b) Categories of Shareholders as on March 31, 2015

Sl.No.	Category	No. of Holders	No. of Shares	Percentage to equity
1	Indian Promoters	2	16127293	46.84
2	Foreign Promoters	1	6886500	20.00
3	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	2	4414	0.01
4	Private Corporate Bodies	157	817843	2.38
5	Indian Public	5688	6544470	19.01
6	NRIs / OCBs	44	4024243	11.69
7	Clearing members	26	22737	0.07
	TOTAL	5920	34427500	100.00

Pursuant to scheme of arrangement Ranbaxy Laboratories Limited ("Ranbaxy"), Promoter, merged into Sun Pharmaceutical Industries Limited ("Sun Pharma") on March 24, 2015. Consequently, Sun Pharma indirectly acquired 46.84 percent of the voting rights held by Ranbaxy in, and control over, the Company and became the promoter of the Company along with Daiichi Sankyo Company Limited.

xi. Dematerialization of shares and liquidity:

Company's Shares are compulsorily traded in dematerialization form. Equity Shares of the Company representing 83.04 percent of the Company's Share Capital are dematerialized as on March 31, 2015. The Company's Shares are regularly traded on BSE Limited.

xii. As on March 31, 2015, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments

xiii. Manufacturing facility & address for correspondence:

Zenotech Laboratories Limited

Survey No. 250-252 and 253, Turkapally Village,

Shameerpet Village, R.R. District - 500 078, Telangana.

Certificate on Compliance of Corporate Governance under clause 49 of Listing Agreement

Members,
Zenotech Laboratories Limited,
Hyderabad.

I have examined the compliance of the conditions of Corporate Governance by Zenotech Laboratories Limited for the year ended 31 March 2015 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of management. My examination has been limited to a review of the procedures and implementation thereof, adopted by the Company or ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the management, I certify that the Company has complied with all the conditions of corporate governance code as envisaged under Clause 49 of Listing Agreement except for the following:

- a) Posting of code of conduct and other disclosures on the website of the Company,
- b) Disclosure relating to subsidiaries;
- c) The composition of the Board and its committees with requisite number of independent directors from 26 March 2015 upto 31 March 2015;
- d) Formulating a policy on materiality of Related Party Transaction and also on dealing with related party transactions till 02 February 2015;

Place : Hyderabad
Date : July 30, 2015

Mahadev Tirunagari
Practicing Company Secretary
FCS: 6681, C.P. No. 7350

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL INDUSTRY STRUCTURE AND DEVELOPMENTS

Aging populations, chronic/lifestyle diseases, emerging-market expansion, and treatment and technology advances are expected to spur life sciences sector growth in 2015. However, efforts by governments, health care providers, and health plans to reduce costs, improve outcomes, and demonstrate value are dramatically altering the health care demand and delivery landscape. A dynamically changing clinical, regulatory, and business landscape is requiring that pharmaceutical, biotechnology, and medical technology companies adapt traditional research and development (R&D), pricing, supply chain, and commercial models to support value-based, contain costs by increasing their use of generics and biosimilars, maintain regulatory compliance & focus on emerging markets. The total world consumption in sales of pharmaceutical products has displayed strong growth and is expected to grow further with expanding populations in emerging markets. Seen in perspective, the pharmerging markets themselves are expected to grow at a significantly higher rate than the rest of the world.

R&D expenditures by pharmaceutical companies are, in part, a consequence of changing industry structure, particularly, with the rise of the biotechnology sector.

INDIAN SCENERIO

The country provides generic medicines to around 200 countries globally. It is responsible for about 40% of the generic and over-the-counter drugs consumed in the US. India has been able to make its name as a quality supplier of affordable medicines across the globe.

OPPORTUNITIES AND THREATS

Large numbers of drugs going off-patent in the US and Europe have offered a big opportunity for the Indian companies to capture these markets. Since generic drugs are commodities by nature, Indian producers have the competitive advantage, as they are the low cost producers of drugs in the world.

Opening up of health insurance sector and the expected growth in per capita income are key growth drivers from a long-term perspective. This leads to the expansion of healthcare industry of which pharma industry is an integral part. Being the lowest cost producer combined with largest number of FDA approved plants, Indian companies can become a global outsourcing hub for pharmaceutical products.

Biosimilars and injectable formulations present a huge potential in the emerging pharmaceutical market scenario. The creation of a market for biomedical science and increased vertical competition within the industry are likely to spur innovation and raise productivity.

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

OUTLOOK

The outlook on the Indian pharmaceutical companies remains favourable as it is believed that companies would continue to benefit from recovery in the domestic market, strong growth potential in export markets and potential outsourcing opportunities.

RISKS AND CONCERNS

Every business carries inherent risks and all of them cannot be eliminated. The management at Zenotech has been striving to minimize the known risks. Despite the fact that the Company is not fully operational due to the legacy issues, the management has been endeavoring to explore business opportunities for research, manufacturing and seeking business by offering in-house facilities to reputed companies to outsource their requirements by manufacturing at your Company's facilities.

Companies cannot afford to ignore the corporate, reputational and personal risks attached to their business activities, wherever in the world they operate. In the ultimate analysis, the industry and therefore the patients stand to benefit with enhanced operating procedures that overcome the challenges.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company endeavours to comply with all the applicable technical, legal, regulatory and other compliances.

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

OPERATIONAL PERFORMANCE

As already stated, upon gaining access to the factories premises, the present management conducted an internal assessment to take stock of the assets. The management also reviewed all issues relating to the technical viability of all the facilities and further steps required to be taken to restart them for bio-tech and oncology products, including the manpower requirements etc.

Assessment, review and validation of records, equipments as well as all processes were completed during the previous two years after the takeover of the possession of the factories. The assessment revealed that DNA/human clones, technical documents/registers, technical information and other proprietary information belonging to Zenotech were missing. In the absence of these necessary items, it became impossible for the present management to carry on production and since then the manufacturing facilities have been underutilized. Therefore, the operations at the facilities have been adversely affected which compelled the management to align the organization with the available capabilities.

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

FINANCIAL PERFORMANCE

(Rs. In thousands)

	2014 -15	2013-14
Sales(net)	40,767	27,557
Other Income	3,452	23,868
Depreciation	40,563	35,561
Profit/(Loss) before tax	(304,143)	(228,554)
Exceptional Items	-	-
Profit/(Loss) after tax	(304,143)	(228,554)
Loss brought forward from previous year	(1,476,111)	(12,47,557)
Profit/(Loss) carried forward to balance sheet	(1,781,178)	(1,476,111)

The cash flow position of the Company continues to be under pressure and the Company is facing a severe liquidity crisis owing to gross mismanagement committed by the erstwhile management of Dr. Jayaram Chigurupati in the past few years, before the takeover of the factory premises. The networth of the company stood completely eroded as on March 31, 2015 and the Board of directors at its meeting held on May 26, 2015 formed an opinion that the company has become sick as envisaged under the Sick Industrial (Special Provisions) Act, 1985.

HUMAN RESOURCES

Manufacturing facilities have never been able to carry on production at the same/similar levels for which they were set-up or to fully utilize the capacity. The present strength of human resource engaged by the Company is around 50. Industrial relations have been cordial during the year under report.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZENOTECH LABORATORIES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Zenotech Laboratories Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'standalone financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. As more fully explained in note 2.25 to the financial statements, based on the available information the books of account for the financial years ended 31 March 2011 and 2012 were reconstructed by the Management post 12 November 2011. Given the fact that certain matters relating to the differences between the current Management and the then Co- Managing Director are currently sub-judice and unresolved, our audit opinion on the related financial results for the years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 were modified accordingly. These related to obtaining audit evidence on the related financial statements and the consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustments/disclosures arising out of the outcome of ongoing legal proceedings.

The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial statements may be materially misstated is low.

In view of the non-resolution of these, our opinion on the current year's financial statements is qualified in respect of both, the current year and the corresponding year, as we are unable to determine the adjustments/disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above.

2. As more fully explained in Note 2.26(b) to the financial statements, the Company has filed a legal case against the erstwhile co-managing director for recovering the managerial remuneration paid amounting to INR 7,980 thousands during the period from 1 October 2007 to 31 March 2011, including an amount of INR 2,280 thousands which was in excess of the prescribed limits for the year ended 31 March 2011 without obtaining the necessary prior

approval from the Central Government of India which is in contravention of the provisions of the Companies Act, 1956. Since the current management has filed a claim for the entire amount, there is a continuing default in relation to the excess remuneration paid

3. As more fully explained in Note 2.26(a) to the financial statements, the Company's application under the Companies Act, 1956 to the Ministry of Corporate Affairs (MCA), Government of India is pending for approval of managerial remuneration. Pending requisite approval of the amount, no adjustment in this regard has been made in the accompanying financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 2015, and its losses and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section II of Section 143 of the Companies Act, 2013 (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the current period except for the matter number 1 explained in the 'Basis for Qualified Opinion' paragraph;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable;
 - e) In our opinion, the matter described in matter number 1 in the 'Basis for Qualified Opinion' paragraph above, may have an adverse effect on the functioning of the Company;
 - f) on the basis of written representations received from the directors as on 31 March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the matter number 1 in the Basis for Qualified Opinion paragraph above.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule II of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2015 on its financial position in its financial statements - Refer Note 2.25, 2.26 and 2.27 to the standalone financial statements;
 - ii. Based on the information provided by the Management, the Company does not have any long-term contracts including derivative contracts; and
 - iii. Based on the information there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

Place: Hyderabad
Date: 26 May 2015

Sriram Mahalingam
Partner
Membership No: 049642

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

The Annexure referred to in the Independent Auditors' Report of even date, on the Standalone Financial Statements to the Members of Zenotech Laboratories Limited ("the Company") for the year ended 31 March 2015. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified 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. In accordance with this programme, the Company has verified all its fixed assets during the previous year and no material discrepancies were noticed on such verification.
- (ii) (a) The inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and with regard to sale of goods. The activities of the Company do not involve rendering of services. We have not observed any major weaknesses in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of Excise, Duty of Customs, Value added tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Duty of Customs and Duties of excise which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Value added tax and Service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount in thousands of INR*	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service tax	8,498	Financial Year 2007-08	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Service tax	4,611	Financial Year 2007-08, 2008-09 and 2009-10	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Service tax	11,124 (1,000 paid under protest)	Financial Year 2006-07 and 2007-08	Commissioner of Central Excise and Service Tax, Hyderabad IV
The A.P. Vat Act, 2005	Valued added tax	3,952 (1,664 paid under protest)	Financial Year 2009-10, 2010-11, 2012-2013	Deputy Commissioners Commercial Taxes (Appeal)

* excluding interest and penalty.

- (c) As explained to us, the Company did not have any dues on account of investor education and protection fund.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the current year and immediately preceding financial year.
- (ix) On the basis of audit procedures performed by us, and according to the information, explanations and representation given to us by the Management, the Company had delayed in repayments of certain dues (including interest) to financial institutions. The delayed principal amount and the interest aggregates to INR 30,488 thousands and INR 18,479 thousands respectively, and delays ranges from 142 days to 2,678 days. The Company has outstanding dues of INR 48,967 thousands as of balance sheet date. The Company did not have any outstanding debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) According to the information and explanations given to us, the Company has applied term loan for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Associates LLP**
Chartered Accountants
Registration Number : 116231W/W-100024

Place: Hyderabad
Date: 26 May 2015

Sriram Mahalingam
Partner
Membership No: 049642

Balance sheet as at March 31, 2015

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

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	344,275	344,275
Reserves and surplus	2.2	(616,854)	(311,787)
		(272,579)	32,488
Share application money pending allotment	2.3	122	122
Non-current liabilities			
Long-term borrowings	2.4	430	842
Long-term provisions	2.5	1,929	4,855
		2,359	5,697
Current liabilities			
Short-term borrowings	2.6	512,000	437,491
Trade payables	2.7	19,511	33,445
Other current liabilities	2.8	212,908	133,319
Short-term provisions	2.9	162,813	59,337
		907,232	663,592
		637,134	701,899
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.10	521,267	562,458
Capital work-in-progress		-	-
Non-current investment	2.11	-	-
Long-term loans and advances	2.12	31,023	31,402
		552,290	593,860
Current assets			
Inventories	2.13	20,395	38,509
Trade receivable	2.14	3,953	911
Cash and bank balances	2.15	57,903	63,951
Short-term loans and advances	2.16	585	920
Other current assets	2.17	2,008	3,748
		84,844	108,039
		637,134	701,899
The note referred to above form an integral part of balance sheet			
Significant accounting policies	1		
Notes on accounts	2		

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

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

Vijay G. Agarwal
Chairman
DIN:00058548

R.S. Bakshi
Director
DIN:06381483

Dinesh Kapoor
Chief Executive Officer

Sriram Mahalingam
Partner
Membership No.: 049642

Poly K.V.
Chief Financial Officer

Chinmoy Patnaik
Company Secretary

Place : Hyderabad
Date : 26 May 2015

Place : Mumbai
Date : 26 May 2015

Statement of profit and loss for the year ended March 31, 2015

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

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from Operation			
Gross sales		44,882	30,920
Less : Excise duty		(4,115)	(3,363)
Net sales		40,767	27,557
Other income	2.18	3,452	23,868
Total revenue		44,219	51,425
Expenses			
Cost of materials consumed	2.19	31,677	22,398
Change in inventories	2.20	260	2,638
Manufacturing expenses	2.21	24,282	59,367
Research & development expenses	2.35	-	15,461
Employee benefits expense	2.22	32,745	61,544
Finance costs	2.23	66,525	46,864
Depreciation and amortisation	2.10	40,563	35,561
Other expenses	2.24	152,310	36,146
Total expenses		348,362	279,979
Loss before tax		(304,143)	(228,554)
Income tax expense		-	-
Net loss after tax		(304,143)	(228,554)
Earning per share (equity share, par value Rs 10 each)	2.28		
Basic and diluted (Rs.)		(8.83)	(6.64)

The note referred to above form an integral part of statement of profit and loss

Significant accounting policies	1
Notes to accounts	2

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

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

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Chief Executive Officer

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Partner
Membership No.: 049642

Poly K.V.
Chief Financial Officer

Chinmoy Patnaik
Company Secretary

Place : Hyderabad
Date : 26 May 2015

Place : Mumbai
Date : 26 May 2015

Cash Flow Statement for the year ended March 31, 2015

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
Cash flows from operating activities		
Loss before taxation	(304,143)	(228,554)
Adjustments:		
Depreciation and amortisation	40,563	35,561
(Profit)/ loss on sale of fixed assets, net	(41)	10
Unrealised foreign exchange loss, net	1,466	1,780
Provision for doubtful debts and advances, net	150	(3,368)
Interest expenses	66,470	46,812
Interest income	(2,226)	(3,669)
Operating cash flows before working capital changes	(197,761)	(151,428)
(Increase)/ decrease in inventories	18,114	(16,483)
(Increase)/ decrease in trade receivables	(3,192)	3,119
(Increase) / decrease in loans and advances and other assets	1,138	(489)
(Decrease)/ increase in current liabilities and provisions	104,667	(84,407)
Cash generated from operating activities	(77,034)	(249,688)
Income taxes paid/ TDS (net)	(124)	6,667
Net cash used in operating activities	(77,158)	(243,021)
Cash flows from investing activities		
Purchase of fixed assets	(494)	(9,688)
Proceeds from sale of fixed assets	239	265
Interest income received	3,666	4,423
Net cash provided by/ (used in) investing activities	3,411	(5,000)
Cash flows from financing activities		
Proceeds from short-term borrowings, net	74,509	307,591
Proceeds/(repayment) of long-term borrowings, net	(533)	(627)
Interest paid	(6,277)	(10,648)
Net cash provided by financing activities	67,699	296,316
Net increase/(decrease) in cash and cash equivalents during the year	(6,048)	48,295
Cash and cash equivalents at the beginning of the year	63,951	15,656
Cash and cash equivalents at the end of the year (refer Note 2.15)	57,903	63,951

Note 1: Cash and cash equivalents includes restricted cash balance (Margin money) of Rs 9,073 (previous year: Rs 8,135).

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

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

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

Vijay G. Agarwal
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Poly K.V.
Chief Financial Officer

Chinmoy Patnaik
Company Secretary

Place : Hyderabad
Date : 26 May 2015

Place : Mumbai
Date : 26 May 2015

Notes forming part of the Accounts

1. Significant accounting policies

1.1 Company overview

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

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

1.2 Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 2013.

1.3 Going concern

The Company has accumulated losses and its net worth has been completely eroded, the Company has incurred a net cash loss during the current and previous years and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements have been prepared on a going concern basis, notwithstanding the above conditions as one of the significant shareholder (Ranbaxy Laboratories Limited, now merged with Sun Pharmaceutical Industries Limited pursuant to a merger scheme) had undertaken to provide such financial support as necessary, to enable the Company to continue its operations and to meet its liabilities as and when they fall due. Accordingly these financial statements do not include any adjustments relating to the recoverability and classification of carrying amount of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern. Based on the information available with the Company, the said undertaking provided has not been withdrawn and continues to be valid.

1.4 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Refer note 2.25 certain key factors impacting the management estimates.

1.5 Current–non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

1. Significant accounting policies (contd...)

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

1.6 Fixed assets and Depreciation

Fixed assets are accounted for at cost of acquisition or construction inclusive of inward freight, duties, taxes and directly attributable costs of bringing the asset to its working condition for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are shown as Capital Advances under Long-term loans and advances and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress under Fixed assets.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management which coincide with the useful lives as prescribed under the Schedule II of the Companies Act, 2013. Depreciation for assets purchased/sold during a period is proportionately charged. The Management estimates the useful lives for the other fixed assets as follows:

Nature of Assets	Useful Life
Factory buildings	30 Years
Plant and machinery	10 to 20 Years
Furniture and fittings	10 Years
Motor vehicles	8 Years
Office equipment	5 Years
EDP equipment	3 Years

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

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

1.7 Research and development expenditure:

Revenue expenditure incurred on research and development is expensed as incurred and capital expenditure incurred is capitalized as fixed assets and depreciated in accordance with depreciation policy of the Company.

1.8 Foreign currency translations:

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss.

1.9 Investments:

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

1. Significant accounting policies (contd...)

1.10 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.

1.11 Employee Retirement benefits:

Liability for employee benefits, both short-term and long-term, for present and past services which are due as per terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits"..

- i) Gratuity: Liability on account of Gratuity is determined and charged to the statement of profit and loss on the basis of valuation by an independent Actuary. The liability is unfunded.
- ii) Provident Fund: Contribution to Provident Fund (a defined contribution plan) is recognized and expensed on accrual basis.
- 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.

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

1.12 Revenue recognition:

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

Service income is recognized as per the terms of the contract with customers when the related services are performed.

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

1.13 Taxation:

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

The Company offsets, the current (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.14 Leases

Assets taken on lease where the company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as secured loans. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense on a straight line basis.

1.15 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated

1. Significant accounting policies (contd...)

as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

1.16 Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

1.17 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

2. Notes on accounts

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

	As at 31 March 2015	As at 31 March 2014
2.1 Share capital		
Authorised		
100,000,000 (previous year: 100,000,000) Equity Shares of Rs. 10/- each	1,000,000	1,000,000
Issued, subscribed and paid-up capital		
34,427,500 (previous year 34,427,500) Equity Shares of Rs. 10 each fully paid	344,275	344,275
	344,275	344,275

Notes:

- 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.
- b) 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.

c) **The reconciliation of the number of equity shares outstanding is set out below;**

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

d) **The details of shareholders holding more than 5% equity shares is set below;**

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

* Pursuant to a merger scheme, Ranbaxy Laboratories Limited merged with Sun Pharmaceutical Industries Limited effective from 24 March 2015 and accordingly, shares held by Ranbaxy Laboratories Limited stand transferred to Sun Pharmaceutical Industries Limited.

Notes on accounts (contd...)

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

	As at 31 March 2015	As at 31 March 2014
2.2 Reserves and surplus		
Securities premium reserve		
Balance at the beginning of the year	1,164,324	1,164,324
Add: Received during the year	-	-
Less: Utilisation during the year	-	-
Closing balance	1,164,324	1,164,324
Deficit from statement of profit and loss		
Opening balance	(1,476,111)	(1,247,557)
Add: Depreciation (refer note 2.47)	(924)	-
Add : Net loss for the year	(304,143)	(228,554)
Closing balance	(1,781,178)	(1,476,111)
	(616,854)	(311,787)
2.3 Share application money		
Under the Zenotech Employee Stock Option Scheme, 2005, the Company had granted 17,000 options (net of options lapsed) of which 4,250 vested options had been exercised during the year ended 31 March 2010, which was subject to approval of the Company Law Board. Of these, the Company allotted 2,500 shares vide Company Law Board order dated 6 August 2010 and balance is pending for allotment subject to approval of the Company Law Board. Accordingly, Rs. 122 received on exercise of options has been shown under Share application money.		
2.4 Long-term borrowings		
Secured		
Vehicle loans (note 1)	158	402
Unsecured		
Biotech Consortium India Limited (note 2)	272	440
	430	842
1	Secured by hypothecation of respective vehicles, repayable in monthly instalments.	
2	Repayable in ten yearly installments of Rs. 168 each. The Company has not paid installment including interest thereon for the year ended 31 March 2012, 31 March 2013, 31 March 2014 and 31 March 2015 fall due in November 2011, November 2012, November 2013 and November 2014 respectively and default continue as of the balance sheet date.	
2.5 Long-term provisions		
<i>Provision for employee benefits</i>		
Provision for gratuity	1,044	2,368
Provision for compensated absences	885	2,487
	1,929	4,855
2.6 Short-term borrowings		
Unsecured		
Term loan from related party (note 1)	512,000	437,491
	512,000	437,491
1	Term loans from related party has been taken at 11.25% interest p.a. along with penal interest of 2% in case default in payment of interest. Loan is repayable on demand and maximum tenure of the loan are upto 31 March 2016. During the year, the Company has not paid interest due on the above loan.	

Notes on accounts (contd...)

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

	As at 31 March 2015	As at 31 March 2014
2.7 Trade payables		
Total outstanding due to micro and small enterprises (Refer note 2.39)	-	-
Others	19,511	33,445
	19,511	33,445
2.8 Other current liabilities		
Current maturities of loan from others (refer note 2.4)	840	672
Current maturities of vehicle loan (refer note 2.4)	244	533
Current maturities of loan from financial institution*	29,648	29,648
Interest accrued and due	107,115	46,922
Advance from customers	-	1,077
Advance from related party	-	8,712
Security deposits	1,672	1,672
Statutory liabilities	2,658	1,990
Payable to employees	9,344	11,772
Payable towards claim	15,124	14,522
Provision for expenses	46,263	15,799
	212,908	133,319
<p>* Secured by way of paripassu first charge on the whole of movable properties of the Company including movable plant and machinery, both present and future and paripassu first charge of land or other immovable property of the Company, present and future, and person guarantee of the erstwhile Director of the Company. The Company has not paid above loan due including interest thereon and the default continues as of balance sheet date. Also refer note 2.27 (a).</p> <p>There are no amount due and outstanding to be credited to Investor Education and Protection Fund.</p>		
2.9 Short-term provisions		
Provision for employee benefits		
Provision for gratuity	24	109
Provision for compensated absences	159	505
Other		
Provision for indirect taxation (refer note 2.32 and 2.46)	162,630	58,723
	162,813	59,337

Notes on accounts (contd...)

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

	As at 31 March 2015	As at 31 March 2014
2.11 Non-current investments		
Long-term, unquoted (at cost)		
Shares in wholly owned subsidiaries		
Zenotech Farmaceutica Do Brasil Ltda 39,600 (previous year: 39,600) quotas of Reais 10 each	11,661	11,661
Less: Provision for diminution in value	(11,661)	(11,661)
Zenotech Laboratories Limited, Nigeria 9,99,000 (previous year: 9,99,000) Ordinary shares of Naira 1 each	317	317
Less: Provision for diminution in value	(317)	(317)
Zenotech Inc., USA 10,00,000 (previous year: 10,00,000) shares of USD 0.10 each	10,560	10,560
Less: Provision for diminution in value	(10,560)	(10,560)
Equity shares in Credence Organics Private Limited 2,400 (previous year: 2,400) shares of Rs.10 each	24	24
Less: Provision for diminution in value	(24)	(24)
	-	-
2.12 Long-term loans and advances		
Unsecured, considered doubtful		
Loans to Credence Organics Private Limited Loan to subsidiary (interest free loan)	2,430	2,430
Zenotech Inc.USA (Maximum amount outstanding during the year Rs. 23,039 (previous year Rs 23,039))	23,039	23,039
Advance to subsidiary (interest free advance) Zenotech Laboratories Limited, Nigeria (Maximum amount outstanding during the year Rs. 814 (previous year Rs. 814))	814	814
Zenotech Inc, USA (Maximum amount outstanding during the year Rs.2,233 (previous year: Rs. 2,233))	2,233	2,233
Application money for investment in:		
Zenotech Farmaceutica Do Brasil Ltd	31,956	31,956
Zenotech Laboratories Limited, Nigeria	2,614	2,614
Zenotech Inc., USA	11,055	11,055
Deposits with Government, public bodies and others	211	211
Loans and advances to employee	519	519
Balance with customs, central excise etc	331	331
	75,202	75,202
Less: Provision for doubtful advances	(75,202)	(75,202)
	-	-
Unsecured, considered good		
Advance income taxes (net of provisions)	11,812	11,688
Deposits with Government, public bodies and others	7,859	5,735
Balance with customs, central excise etc	11,346	13,969
Others	6	10
	31,023	31,402
	31,023	31,402

Notes on accounts (contd...)

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

	As at 31 March 2015	As at 31 March 2014
2.13 Inventories		
(at lower of cost or net realisable value)		
Raw and packing materials	19,911	37,765
Work-in-progress	230	740
Finished goods	254	4
	<u>20,395</u>	<u>38,509</u>
2.14 Trade receivable		
<i>Unsecured</i>		
Trade receivables outstanding for period exceeding six months		
Considered good	295	-
Considered doubtful	490	490
Less: Provision for bad and doubtful trade receivables	(490)	(490)
	295	-
Other trade receivables, considered good	3,658	911
	3,658	911
	<u>3,953</u>	<u>911</u>
2.15 Cash and bank balances		
<i>Cash and cash equivalents</i>		
Cash in hand	24	10
Balances with schedule banks		
- in current accounts	3,806	55,806
- in deposit accounts with original maturity of less than 3 months	45,000	-
<i>Other bank balances</i>		
Margin money deposits	9,073	8,135
	<u>57,903</u>	<u>63,951</u>
2.16 Short-term loans and advances		
<i>Unsecured, considered doubtful</i>		
Advance to supplier for material and services	150	-
Less: provision for doubtful advances	(150)	-
	-	-
<i>Unsecured, considered good</i>		
Advance to supplier for material and services	253	474
Loans and advances to employee	13	-
Rent and other deposits	-	4
Prepaid expenses	319	442
	<u>585</u>	<u>920</u>
2.17 Other current assets		
Interest accrued but not due	2,008	3,448
Other receivables	-	300
	<u>2,008</u>	<u>3,748</u>

Notes on accounts (contd...)

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.18 Other income		
Interest income	2,226	3,669
Provision for professional fees reversed	-	14,890
Liabilities no longer required written back	1,077	5,085
Miscellaneous income	108	224
Profit on sale of assets	41	-
	3,452	23,868
2.19 Cost of materials consumed		
Opening stock	37,765	18,644
Add : Purchases	13,823	55,864
Less : Closing stock	19,911	37,765
	31,677	36,743
Less: Transferred to research & development expenses	-	14,345
	31,677	22,398
2.20 Change in inventories		
Opening stock		
Work in progress	740	3,382
Finished goods	4	-
	744	3,382
Closing stock		
Work in progress	230	740
Finished goods	254	4
	484	744
	260	2,638
2.21 Manufacturing expenses		
Power and fuel	14,193	32,513
Repairs and maintenance		
- Buildings	-	470
- Plant and machinery	2,296	16,744
Contract manpower	3,136	6,022
Other manufacturing expenses	4,657	3,618
	24,282	59,367
2.22 Employee benefits expense		
Salaries, wages and bonus	30,489	57,109
Contribution to provident and other funds	1,489	2,906
Workmen and staff welfare	767	1,529
	32,745	61,544

Notes on accounts (contd...)

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.23 Finance costs		
Interest	66,470	46,812
Other finance cost	55	52
	66,525	46,864
2.24 Other expenses		
Advertisement	107	93
Communication	290	321
Rates and taxes (refer note 2.46)	106,813	7,688
Insurance	1,489	2,751
Repair and maintenance - others	2,151	3,337
Legal and professional (refer note 2.46)	35,275	8,648
Printing & Stationery	186	388
Office and general maintenance	216	2,447
Security charges	2,025	2,898
Selling and distribution	155	137
Bad trade/ advance receivable written off	-	487
Provision for doubtful trade receivable written back	150	(3,368)
Travelling and conveyance	1,289	5,765
Foreign exchange loss, net	1,466	3,333
Loss on sale of fixed assets, net	-	10
Miscellaneous	698	1,211
	152,310	36,146

Notes on accounts (contd...)

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

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

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

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

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

b) Investment in subsidiaries:

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

c) As of 31 March 2015, total net worth of the Company has been completely eroded. The Board of Directors has formed an opinion that the Company has become a Sick Industrial Company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and necessary reference shall be made to the Board for Industrial and Financial Reconstruction (BIFR) in due course of time.

Notes on accounts (contd...)

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

2.26 Managerial Remuneration

- a. The Company had filed an application under the Companies Act, 1956 to the Ministry of Corporate Affairs (MCA), Government of India for approval of managerial remuneration of Rs. 3,000 thousands payable to Late B. K. Raizada, erstwhile co-Managing Director for the period from 19 March 2011 to 18 March 2013. This application pending approval.
- b. The current Management had filed a case in the Court of the Hon'ble Chief Judge City Civil Court at Hyderabad for recovery of managerial remuneration aggregating to Rs. 7,980 thousands (excluding interests) paid to erstwhile Co-Managing Director during the period from October 1, 2007 to March 31, 2011, in contravention of the provisions of the Companies Act, 1956.

2.27 Contingent liabilities and commitments

	As at 31 March 2015	As at 31 March 2014
Contingent liabilities		
i) Claims against the company not acknowledged as debt	12,064	12,064
ii) Bank guarantees	5,312	8,135
iii) Other matters*		

*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 previous year, 600,000 equity shares of the Company held by erstwhile Co-Managing Director was transferred to TDB which were pledged as security.
- b. In addition to the legal claim as mentioned in note 2.26 (b) above, the Company has filed certain legal cases before the appropriate forum against the erstwhile promoter and managing director with regard to loss of vehicles, missing records including intellectual property, unauthorised use of the name of the Company and certain missing mammalian clones.
- c. Subsequent to Daiichi Sankyo Company Limited (DS) acquiring 63.92% stake in Ranbaxy Laboratories Limited (now a division of Sun Pharmaceutical Industries Limited) in October 2008, DS announced an open offer to acquire 20% share of the Company at Rs. 113.62 per share. Aggrieved by the pricing of the share, Promoters and one or two other shareholder filed a petition in the Hon'ble High Court of Madras. The Company has been named as Respondent in the said case. An interim injunction in connection with the offer was given by the Hon'ble High Court of Madras and subsequently it was quashed by the Hon'ble Supreme Court based on a petition filed by DS against the said injunction. Meanwhile some of the shareholders (excluding Ranbaxy) including promoter of the Company filed a petition with Securities Appellate Tribunal (SAT) with respect to the pricing of the share of the Company against the order of the SEBI turning down Erstwhile Promoters' complaint. SAT directed DS to price the open offer at Rs 160 per share. DS has filed an appeal against the SAT order in the Supreme Court. The Supreme Court vide its order dated July 8, 2010 has ruled in favor of DS and allowed the open offer to be made at the price of Rs 113.62 per share.

In June 2012, Erstwhile promoter has filed a writ petition before Honorable Andhra Pradesh High Court against interalia Foreign Investment Promotion Board and Daiichi Sankyo 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.

Notes on accounts (contd...)

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

2.28 Earnings per share (EPS)

	For the year ended 31 March 2015	For the year ended 31 March 2014
<i>Earnings</i>		
Loss for the year	(304,143)	(228,554)
Number of share outstanding		
Weighted average number of equity shares outstanding during the year	34,427,500	34,427,500
Potential equity shares on Employee Stock option granted – Anti dilutive*	-	-
Weighted average number of dilutive potential equity shares in respect of share application money	1,750	1,750
Weighted Average number of Equity Shares in computing diluted earnings per share	34,429,250	34,429,250
Earnings per share of par value Rs. 10 per share		
Basic	(8.83)	(6.64)
Diluted	(8.83)	(6.64)

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

2.29 Legal and professional charges includes auditor's remuneration as follows (excluding service tax)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Statutory audit fee	1,600	1,600
Out of pocket expenses	152	255
	1,752	1,855

2.30 Deferred Taxation:

The Company has significant amount of outstanding business loss and unabsorbed depreciation. In the absence of virtual certainty of realisation, the Company has not recorded the cumulative deferred tax asset as on 31 March 2015 and for the year arising on account of timing differences, as stipulated in Accounting Standard (AS) 22 – Accounting for taxes on income.

2.31 Employee Stock Option Scheme

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

Notes on accounts (contd...)

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

2.32 Other Provisions

Movement in provisions:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening balance	58,723	59,600
Addition	103,907	13,215
Utilisation/reversal	-	(14,092)
Closing balance	162,630	58,723

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

2.33 Employee benefit plans

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

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	As at 31 March 2015	As at 31 March 2014
Opening defined benefit obligation	2,477	2,325
Current service cost	610	846
Interest cost	284	252
Actuarial losses / (gain)	(718)	(900)
Benefits paid	(1,585)	(46)
Closing defined benefit obligation	1,068	2,477

Amount recognised in balance sheet

	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
Present value of unfunded obligations	1,068	2,477	2,325	1,423	4,466
Fair value of plan assets	-	-	-	-	-
Net liability	1,068	2,477	2,325	1,423	4,466
Provision for gratuity- Long term and Short term	1,068	2,477	2,325	1,423	4,466

Actuarial losses / (gain)	(718)	(900)	166	(4,375)	608
Experience adjustment					
On account of change in assumption	145	(382)	159	(58)	-
On account of change in experience	(863)	(518)	7	(4,317)	608

Notes on accounts (contd...)

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

Expense recognized in statement of profit and loss

	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	610	846
Interest on defined benefit obligation	284	252
Net actuarial losses / (gains) recognized in year	(718)	(900)
Amount, included in "Employee benefits expenses"	176	198
Actual return on plan assets	-	-

Summary of actuarial assumptions

Assumptions at the valuation date

	For the year ended 31 March 2015	For the year ended 31 March 2014
Discount rate	7.95% p.a.	9.35% p.a.
Salary escalation rate	10% p.a.	10% p.a.

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

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

2.34 Related party transactions

a) Name of the Related Party	Relationship
Sun Pharmaceutical Industries Limited*	Entity holding more than 20%
Daiichi Sankyo Company Limited	Entity holding 20%
Zenotech Farmaceutica Do Brasil Limiteda, Brazil	Subsidiary
Zenotech Laboratories Nigeria Limited, Nigeria	Subsidiary
Zenotech, Inc., USA	Subsidiary
Late Mr Bimal K Raizada	Ex- Managing Director (ceased to be as Managing Director with effect from 24 February 2014)
Dinesh Kapoor	Key Management Personnel
Poly K.V.	Key Management Personnel
Chinmoy Patnaik	Key Management Personnel

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

Notes on accounts (contd...)

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

b) Particulars of related party transactions**i) Details of related party transactions :**

	For the year ended 31 March 2015	For the year ended 31 March 2014
<i>i. Transaction with Sun Pharmaceutical Industries Limited</i>		
Sales	37,035	27,328
Short-term borrowing taken	74,509	437,491
Interest on short-term borrowing	61,863	36,621
Reimbursement of expenses by Sun Pharmaceutical Industries Limited	-	4,133
<i>ii. Transaction with Key Management Personnel</i>		
Reimbursement of expenses to Late Mr. Bimal K Raizada	-	191
Remuneration of key managerial personnel*	12,446	-

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

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
<i>i. Amount Due from:</i>		
Sun Pharmaceutical Industries Limited (disclosed under trade receivables)	2,157	107
<i>ii. Amount payable to :</i>		
Sun Pharmaceutical Industries Limited (disclosed as advance from related party under "other current liabilities")	-	8,712
Sun Pharmaceutical Industries Limited (disclosed as interest accrued and due "other current liabilities")	88,636	32,959
Sun Pharmaceutical Industries Limited (disclosed under trade payable)	3,364	3,075
Zenotech Inc., USA (disclosed under trade payable)	1,985	1,985
Late Mr. Bimal K Raizada (disclosed under other current liabilities) (refer note 2.26 (a))	3,000	3,000
Key managerial personnel (disclosed under other current liabilities)	2,294	-

Notes on accounts (contd...)

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
iii. Advance towards share capital :		
Zenotech Farmaceutica Do Brasil Limiteda, Brazil	31,956	31,956
Zenotech Laboratories Nigeria Limited, Nigeria	2,614	2,614
Zenotech Inc., USA	11,055	11,055
iv. Advance outstanding :		
Zenotech Laboratories Nigeria Limited, Nigeria	814	814
Zenotech Inc., USA	2,233	2,233
v. Loan due from :		
Zenotech Inc., USA	23,039	23,039
vi. Loan due to :		
Sun Pharmaceutical Industries Limited	512,000	437,491
vii. For detail of investment, refer Note 2.11		

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

2.35 Research and development expenditure incurred comprises of:

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries	-	8,082
Raw and packing material consumed	-	14,345
Clinical trial and studies	-	138
Depreciation	-	2,946
Others	-	1,431
	-	26,942

Research and development expenditure has been shown under appropriate expenditure heads. The Company has charged off above expenses in the current year.

2.36 CIF value of imports

	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw material	2,083	8,226
Spares	-	4,699
Capital goods	-	4,142
	2,083	17,067

2.37 Expenditure in foreign currency (on accrual basis)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Professional fees	158	898
US FDA fees (also refer note 2.46)	31,076	-
Total	31,234	898

Notes on accounts (contd...)

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

2.38 Earning in foreign currency (on accrual basis)

	For the year ended 31 March 2015	For the year ended 31 March 2014
FOB value of export	1,607	-

2.39 Micro and Small Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 31 March 2015	For the year ended 31 March 2014
Principal		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
Interest		
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

2.40 Breakup of revenue from sale of manufactured products

	For the year ended 31 March 2015	For the year ended 31 March 2014
Manufactured		
Formulation		
Oncology	33,843	23,850
G-CSF	6,924	3,530
G-MCSF	-	177
	40,767	27,557

Notes on accounts (contd...)

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

2.41 Breakup of purchase of raw and packing materials

	For the year ended 31 March 2015	For the year ended 31 March 2014
Oncology	10,997	13,283
Biotech R&D chemicals	27	9,084
Other chemicals	860	30,309
Packing materials	1,939	3,188
	13,823	55,864

2.42 Breakup of consumption of raw materials

	For the year ended 31 March 2015	For the year ended 31 March 2014
Oncology	20,846	12,681
Biotech R&D chemicals	281	9,089
Other chemicals	6,466	8,785
Packing materials	4,084	6,188
	31,677	36,743

2.43 Breakup of inventories

	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw and packing material		
Oncology	614	10,462
Biotech	17,582	23,443
Packing materials	1,715	3,860
	19,911	37,765
Finished Goods		
Oncology	254	4
Biotech	-	-
	254	4
Work in progress		
Oncology	230	-
Biotech	-	740
	230	740

2.44 Value of imported and indigenous consumption

	For the year ended 31 March 2015	%	For the year ended 31 March 2014	%
Imported	2,761	9%	10,578	29%
Indigenous	28,916	91%	26,165	71%
	31,677	100%	36,743	100%

2.45 Unhedge foreign currency exposure

- a) There are no outstanding forward exchange contracts as at the year end.
- b) Foreign currency exposures as at 31 March 2015 and 31 March 2014 that have not been hedged by derivative instruments or otherwise:

	As at 31 March 2015		As at 31 March 2014	
	USD	INR	USD	INR
Loans and advances	584,223	26,086	584,223	26,086
Trade payables	46,268	2,091	83,616	4,338
Trade receivables	4,619	206	4,619	206
Other payables	926,088	57,965	307,544	18,483

2.46 During the year, the Company has accrued certain amounts aggregating to Rs. 129,058 towards expenses relating to fees for US FDA for 2013 and 2014 and unfulfilled export obligation under the Export Promotion Capital Goods scheme. The Company has accrued these amounts based on the best estimates of the potential obligation based on the information available with it currently.

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

2.48 Segment information

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

2.49 The Company has reclassified the previous year figures to confirm to current year's classification.

As per our Report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

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

Vijay G. Agarwal
Chairman
DIN:00058548

R.S. Bakshi
Director
DIN:06381483

Dinesh Kapoor
Chief Executive Officer

Sriram Mahalingam
Partner
Membership No.: 049642

Poly K.V.
Chief Financial Officer

Chinmoy Patnaik
Company Secretary

Place : Hyderabad
Date : 26 May 2015

Place : Mumbai
Date : 26 May 2015

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ZENOTECH LABORATORIES LTD.

Survey No. 250-252 , Turkapally Village, Shameerpet Mandal,
Ranga Reddy District, Hyderabad-Telangana-500 078
Telephone Nos. : +91 40 2348 0430 / 0435, +91 90 3204 4583 / 4589
Fax No. : +91 40 2348 0429, E-mail: chinmoy@zenotech.co.in, Website: www.zenotechlab.com

26TH ANNUAL REPORT 2014-15

Attendance Slip

Folio No./DP ID and Client ID:

No. of Shares:

Name and address of
First/Sole Member :

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 26th Annual General Meeting of the Company, at Aalankrita Resorts, Thumkunta Village, Karimnagar Main Road, Shameerpet Mandal, R.R. District, Telangana-500 078, at 11.00 a.m, on Monday, September 28, 2015.

Name of the Member/Proxy
(Block Letters)

Signature of the Member/Proxy

Note:

1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.
2. No gifts will be given.
3. Applicable for Investors holding shares in electronic form.
4. Strike out whichever is not applicable.



ZENOTECH LABORATORIES LTD.

Survey No. 250-252 , Turkapally Village, Shameerpet Mandal,
Ranga Reddy District, Hyderabad-Telangana-500 078
Telephone Nos. : +91 40 2348 0430/0435, +91 9032044583/4589
Fax No. : +91 40 2348 0429, E-mail: chinmoy@zenotech.co.in, Website: www.zenotechlab.com

Proxy Form

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

Name of the Member(s): _____

Registered Address: _____

E-mail ID: _____ Folio No./Client Id: _____ DP ID: _____

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

A Name : _____

Address : _____

E-mail Id: _____ Signature: _____

Or failing him/her

B Name : _____

Address : _____

E-mail Id: _____ Signature: _____

Or failing him/her

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the notice convening the 26th Annual General Meeting of the Company to be held on 28th September, 2015, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below:

Item Nos.	Resolutions		Vote (see note d.) (Please mention no. of shares)		
			For	Against	Abstain
1.	Adoption of Financial Statements of the Company for the year ended 31 st March, 2015	Ordinary Resolution			
2.	Appointment of M/s. PKF Sridhar & Santhanam LLP as Statutory Auditors	Ordinary Resolution			
3.	Appointment of Mr. Jignesh A. Goradia as Director	Ordinary Resolution			
4.	Appointment of Smt. Kavita R Shah as Independent Director	Ordinary Resolution			
5.	Appointment of Mr. Virendra G Bhatt as Independent Director	Ordinary Resolution			
6.	Approval to new set of Articles of Association (AOA) of the Company	Special Resolution			
7.	Approval to material Related Party Transactions undertaken during the year	Special Resolution			
8.	Approval to change of office of RTA	Special Resolution			
9.	Appointment of Mr. Azadar Hussain Khan as Director	Ordinary Resolution			

Place :

Date :

Signature of the Shareholder

Revenue
Stamp

Notes:

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



LABORATORIES LTD.

Manufacturing facilities & Registered office :

Survey No. 250-252, Turkapally Village,
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