



ZENLABS ETHICA LIMITED

***26th ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31.03.2019***

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26th ANNUAL GENERAL MEETING

Date: 30th September, 2019

Day: Monday

Time: 11:30 A.M.

Venue: Plot No.194-195, 3rd Floor, Industrial Area, Phase II
Ram Darbar, Chandigarh-160002.

BOARD OF DIRECTORS

Mr. Sanjeev Kumar (DIN-01154896)	Promoter Executive Director Managing Director, CEO
Mr. Sanjay Dhir (DIN- 02452461)	Promoter Whole time Director, CFO
Mr. Harpreet Singh (DIN-00834180)	Promoter Non-Executive Director
Mr. Satish Kumar (DIN-00763060)	Promoter Non-executive Director
Mrs. Himjyoti (DIN-02398927)	Promoter Non-executive Woman Director
Mr. Ashok Kumar Gupta (DIN – 07330108)	Independent Non-executive Director
Mr. Chander Sheel Baweja (DIN: 07346412)	Independent Non-executive Director
Mr. Anurag Malhotra (DIN: 07552713)	Independent Non-executive Director
Mr. Kuldeep Singh (DIN: 08454422)	Additional Director

AUDITORS

M/s. Vijay Darji and Associates
Chartered Accountants
1062, 10th Floor, Solaris Hubtown
N S Phadke Marg
Andheri East, Mumbai
Tel.: 022-26830424

REGISTRARS AND TRANSFER AGENTS

Bigshare Services Private Limited
Bharat Tin Works Building, 1st Floor
Opp. Vasant Oasis Next to Keys Hotel
Makwana Road, Andheri – East
Mumbai – 400059
Tel.: 022 – 62638200
[E-Mail: investor@bigshareonline.com](mailto:investor@bigshareonline.com)

BANKERS

HDFC Bank Ltd. Chandigarh

REGISTERED OFFICE

LISTING OF EQUITY SHARES

BSE Ltd.
Security Code: 530697
ISIN: INE546F01013

Plot No.194-195, 3rd Floor Industrial Area,
Phase II, Ram Darbar, Chandigarh-160002
CIN: L74900CH1993PLC033112
Tel.:0172-4651105 Fax.: 0172-2656855,
E-Mail: queries@zenlabsethica.com,
secretarial@zenlabsethica.com
Website:www.zenlabsethica.com

COMPANY SECRETARY

Nayan Deep Kaur (w.e.f. 8th Dec. 2018)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 26TH ANNUAL GENERAL MEETING OF THE COMPANY ZENLABS ETHICA LIMITED WILL BE HELD ON MONDAY, THE 30TH DAY OF SEPTEMBER, 2019 AT 11:30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT PLOT NO. 194-195, 3RD FLOOR, INDUSTRIAL AREA, PHASE II, RAM DARBAR, CHANDIGARH-160002 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the company for the financial year ended 31st March, 2019 together with the reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Sh. Satish Kumar (DIN - 00763060), who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Regularization the Appointment of Sh. Kuldeep Singh (DIN: 08454422) as Director of the Company:

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

"RESOLVED THAT subject to the provisions of Section 152, 161 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Sh. Kuldeep Singh (DIN: 08454422), who was appointed by the Board of directors as an Additional Director of the Company w.e.f. June 10, 2019 and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT Board of Directors, be and is hereby severally authorized to file necessary returns/ forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

4. Re-appointment of Sh. Sanjeev Kumar (DIN: 01154896) as Managing Director of the Company w.e.f. 1st September, 2019 upto 31st August, 2024.

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

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions if any, and pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and any subsequent amendment / modification in the Rules, Act and/or applicable laws in this regard, the approval of the Members of the Company be and is hereby accorded for the re-appointment and payment of remuneration to Sh. Sanjeev Kumar (DIN 01154896), as Managing Director of the Company for a period of five years with effect from 1st September, 2019 upto 31st August, 2024 on consolidated monthly remuneration of Rs 4,15,000/- on the terms and conditions as specifically approved with powers to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter, amend, vary and modify the terms and conditions of the said re-appointment and remuneration payable from time to time as they deem fit in such manner.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient and desirable to give effect to this resolution.”

On behalf of the Board
For Zenlabs Ethica Limited

Date: 27th August, 2019
Place: Chandigarh

Sanjeev Kumar
Managing Director
DIN: 01154896

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and such proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The instrument of proxy as enclosed with the notice, in order to be effective, should be deposited at the registered office of the Company not less than Forty-Eight (48) Hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions/ authority, as applicable.

2. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the company provided that not less than three days of notice in writing is given to the company.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
4. The Company has notified closure of Register of Members and Share Transfer Books from Saturday, 21st September, 2019 to Monday 30th September, 2019 (both days inclusive).
5. Please bring your copy of the annual report to the meeting as the Company would not provide, as a measure of austerity, any copy at the venue of the AGM.
6. In case of joint holders attending Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. All documents referred to in the notice along with Register of Directors and Key Managerial Personnel & Shareholding and Register of Contracts and Arrangements in which directors are interested are open for inspection by the members at the registered office of the Company on all working days, during business hours up to the date of the date of Annual General Meeting and at the venue of AGM.
8. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual general meeting.
9. In terms of Section 152 of the Companies Act, 2013, Sh. Satish Kumar (DIN - 0763060), Director, retire by rotation at the Annual General Meeting and being eligible, offer himself for

reappointment. The Board of Directors of the Company recommends his re-appointment. Brief resume of Director is given here under

Sr. No.	Particular	Details
1	Name of Director	Sh. Satish Kumar
2	DIN	00763060
3	Date of Appointment	27/08/2008
4	No of Shares Held of Company as on 31.03.2019	3,59,496 equity share of Rs 10/-
5	Directorships in other Companies	1. Preet Remedies Limited 2. SMD Chemi-Pharma Private Limited 3. Oasis Pharma and Phytomolecules Private Limited 4. Unispeed Pharmaceuticals Private Limited 5. Quadriga Biotech Private Limited 6. Galen Infrastructure Limited
6	Chairman/Member of Committees of Companies	1. Chairman of Stakeholder Relationship Committee 2. Member of Nomination and Remuneration Committee
7	Experience	Mr. Satish Kumar, aged 59 Years is a promoter director having more than 26 years of experience in Pharmaceuticals Industries. Mr. Satish Kumar is dedicated and hard-working entrepreneur.

10. The Ministry of Corporate Affairs, New Delhi (MCA) has taken a "Green Initiative" by permitting paperless compliance by companies vide its Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 after considering certain provisions of the Information Technology Act, 2000 and has clarified that the service of documents by a company can be made through electronic mode instead of sending physical copy of document(s). In case, you desire to receive the aforesaid documents in electronic mode in lieu of physical mode, kindly update your E-Mail ID with RTA.
11. In accordance with the provisions of Section 101 and Section 136 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 as well as Regulation 36 & 44 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, Companies can serve copy of the Annual Report and Notice, inter-alia, indicating the process and manner of remote e-voting along with attendance slip and proxy form through electronic mode to those members who have registered their e-mail id with the Company's Registrars and Share Transfer Agents (RTA) (in respect of shares held in physical form) or with their Depository Participants (DPs) (in respect of shares held in electronic form) and made available to the Company by NSDL and CDSL, unless a member has requested for a hard copy of the same.
12. Members holding shares in electronic form may note that as per the regulations of NSDL and CDSL, the Company is obliged to print the details on the dividend warrants as furnished by these Depositories i.e. bank particulars registered against their respective depository accounts will be used by the Company. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised by the members only to their DPs.
13. Members are advised to register/update their address, e-mail addresses to their DPs in case of shares held in electronic forms and to the Company's RTA in case of shares held in physical form for receiving all communications, including Annual Report, Notices, Circulars, etc. from the Company.
14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013 read with Rule 19 of Companies (Share Capital and Debentures) Rules, 2014, may fill SH-13 and send the same to the office of RTA of the Company. In case of shares held in dematerialized form, the nomination / change in nomination should be lodged with their DPs.

15. Non-resident Indian shareholders are requested to inform about the following to the Company and its Share Transfer Agent or the concerned depository Participant, as the case may be, immediately of:
 - a) The change in the residential status on return to India for permanent settlement.
 - b) The particulars of the NRE Account with a Bank in India, if not furnished earlier.
16. Entry to the venue will be strictly regulated by the attendance slip which is annexed to the proxy form. Members are requested to produce the attendance slip duly signed along with photo identity proof i.e. Pan Card / Aadhar Card/ Driving License / Passport Copy, if any, at the entrance of venue.
17. Members, who hold shares in:
 - a. Multiple De-mat accounts and/ or
 - b. One or more folios in physical form are advised to consolidate their holdings in single De-mat account.
18. Members are requested to correspond with RTA for all matters relating to shareholding in the Company.
19. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 21.
20. In compliance with Section 108 of the Act, read with corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) service facilitated by the Central Depository Services (India) Ltd (CDSL). The facility for voting will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
21. Information and other instructions relating to e-voting are as under:
 - (i) The voting period begins on Friday the 27th day of September, 2019 (9.00 a.m. IST) and ends on Sunday, the 29th day of September, 2019 (5.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday the 20th September, 2019 (Record Date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
 - (iii) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of Friday the 20th September, 2019.
 - (iv) Since the company is required to provide members the facility to cast their vote by electronic means, shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date and not casting their vote electronically, may cast their vote at the AGM venue. Facility will be available at the venue.
 - (v) The company has appointed Mr. Ajit Singh, Practicing Company Secretary, M/s Singh Ajit & Associates (FCS 5328; CP 8543) as the scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on Friday the 20th September, 2019.
 - (vi) The scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, first count the votes at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the

company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the chairman.

- (vii) The chairman shall declare the result of the voting forthwith. The results declared along with the scrutinizer's report shall be placed on the company's website i.e. www.zenlabsethica.com and on the website of CDSL and shall simultaneously forward the results to stock exchange i.e. BSE Limited.
- (viii) Voting will be provided to the members through e-voting and/or at the AGM venue by ballot paper. A member can opt for only one mode of voting i.e. either through e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through e-voting shall prevail and the voting at AGM shall be treated as invalid.
- (ix) The shareholders should log on to the e-voting website www.evotingindia.com.
- (x) Click on Shareholders.
- (xi) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (xii) Next enter the Image Verification as displayed and Click on Login.
- (xiii) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (xiv) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.

- (xv) After entering these details appropriately, click on "SUBMIT" tab.
- (xvi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xvii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xviii) Click on the EVSN (190827061) for the relevant ZENLABS ETHICA LIMITED on which you choose to vote.
- (xix) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xx) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xxi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xxii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xxiii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xxiv) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xxv) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

22. The shareholders can also access the Annual Report 2018-2019 of the Company circulated to the Members of the Company and other information about the Company on Company’s website, i.e. www.zenlabsethica.com.
23. Members are requested to come and occupy their seats at least 15 minutes before commencement of 26th Annual General Meeting. Due to security reasons, note that briefcase/bags/eatables/electronic gadgets such as a mobile, laptop, camera, etc., will NOT be allowed along with members/proxies in the 26th Annual General Meeting venue during meeting hours. In case any member/proxy brings electronic gadgets or other items mentioned above the same has to be deposited with security outside the 26th AGM venue at the owners’ risk.
24. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company requesting the Company to consolidate their holdings in one folio.

25. As per Section 118(10) of the Companies Act, 2013 read with the Secretarial Standards for General Meeting issued by Institute of Company Secretaries of India "NO GIFTS, GIFT COUPONS OR CASH IN LIEU OF GIFTS SHALL BE DISTRIBUTED TO MEMBERS AT OR IN CONNECTION WITH THE 26th ANNUAL GENERAL MEETING".
26. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN to the RTA of the Company.
27. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or of staying abroad or demise of any member as soon as possible. Members are also advised not to leave their Demat accounts dormant for long. Periodical statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.
28. The attendance slip and route map showing prominent landmark is annexed to the notice. The route map has been uploaded on the website of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

Based on the recommendation of the Nomination & Remuneration Committee, Sh. Kuldeep Singh was appointed as an Additional Director on the Board of the Company with effect from June 10, 2019 to hold office upto the date of this Annual General Meeting. Sh. Kuldeep Singh has done Diploma in Civil Engineering. Sh. Kuldeep Singh aged 52 years, is having about 10 years of experience in Pharma and Allied Industries. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Sh. Kuldeep Singh as a Director of the Company. Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of his qualifications, experience and other attributes, that his induction on the Board would be of immense benefit to the Company and it is desirable to avail his services as a director to strengthen the management of the Company. The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.3 of the Notice above by way of ordinary resolution.

Except Sh. Kuldeep Singh, none of the other Directors and Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No 3.

ITEM NO. 4:

Based on the recommendation of Nomination and Remuneration Committee and the approval of the Board of directors, the shareholders at the Annual General Meeting of the Company held on 30th September, 2014 had approved appointment of Sh. Sanjeev Kumar as Managing director of the Company for a period of five years with effect from 1st September, 2014. His present term would be expiring on 31st August, 2019. Sh. Sanjeev Kumar, aged 50 years is hold Diploma in Pharmacy and is a successful entrepreneur for more than 24 years. He has extensive industrial experience in the Pharmaceuticals and healthcare Industries. He is prime movers for various strategic initiatives and growth plans of the company. During his present tenure as Managing director of the Company, he provided dedicated and meritorious services and made significant contribution to the overall growth of the Company. He holds 6,79,074 equity shares of the Company constituting 10.43% of the overall equity share capital of the Company. Both the Nomination and Remuneration Committee and the Board were of the opinion, after

evaluation of his performance and other attributes, that his continued full time association would be of immense benefit to the Company and it is desirable to avail his services as a Managing director for a term of five years with effect from 1st September, 2019.

Therefore, the Board proposes to seek approval of the Shareholders of the Company, approving the payment of consolidate monthly remuneration of Rs. 4,15,000/- to Sh. Sanjeev Kumar:

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.4 of the Notice above by way of special resolution.

Except for Sh. Sanjeev Kumar, none of the other Directors and Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No 4.

On behalf of the Board
For Zenlabs Ethica Limited

Date: 27th August, 2019
Place: Chandigarh

Sanjeev Kumar
Managing Director
DIN: 01154896

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the 26th Annual Report on the business and operations of your Company along with the audited statement of accounts and the Auditors' Report for the financial year ended March 31, 2019. The highlights of the financial results for the year under review are given below:

1. FINANCIAL RESULTS:

The Company's financial and operational performance for the year ended March 31, 2019 is summarized below:

(Amount in Rupees)

Particulars	2018-19	2017-18
Operating Income	672,952,303	718,384,397
Other Income	1,614,414	959,593
Total Income	674,566,717	719,343,990
Less: Total Expenditure	655,666,091	702,806,177
Profit before tax	18,900,626	16,537,813
Less: Provision for Tax	6,266,235	4,900,000
Profit after tax	12,634,391	11,637,813
Add: Brought forward P&L balance from prev. year	0	0
Profit available for Appropriation	12,634,391	11,637,813
Less: Transfer to General Reserve	12,634,391	11,637,813

The audited financial statements for FY 19 are recommended for adoption by the shareholders at the ensuing Annual General Meeting (AGM).

2. TRANSFER TO RESERVES

During the financial year 2018-19 the Company has transferred INR 12,634,391 (profit after tax) to the general reserves.

3. STATE OF AFFAIRS

The Company had earned a profit of INR 12,634,391 from its operation during the year.

4. DIVIDEND

In view to expand the business of the company, the Directors of the Board do not recommend any dividend.

5. CHANGES IN SHARE CAPITAL, IF ANY

During the year under review, there has been no change in the authorized share capital of your Company.

As on 31st March 2019, the authorised capital of Company is INR 70,000,000 (Indian Rupees Seven Crore only) divided into 7,000,000 (Seventy Lakhs only) equity shares of INR 10/- (Indian Rupees Ten only).

Your Company has, during the year under review, issued 310,001 Bonus Equity Shares of INR 10 each in the ratio of 1:20 i.e. 1 (one) new equity bonus share i.e. 1 (One) each for every 20 (Twenty) existing equity shares of Rs 10/- each.

After considering the above bonus shares, Company's paid up share capital as on 31st March, 2019 is INR 65,100,150/- (Indian Rupees Six Crore Fifty One Lakhs One Hundred and Fifty only) divided into 6,510,015 (Sixty Five Lakh Ten thousand Fifteen only) equity shares of INR 10 each.

The detailed break-up of the share capital is furnished in Note-11 to the 'Notes to Accounts' of the Audited Financial Statements of the Company.

6. EXTRACT OF ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure A** and is attached to this Report.

7. MEETINGS OF BOARD

During the FY 2018-19, the Board met 10 (Ten) times as against the minimum requirement of four (4) Board Meetings as per the Companies Act, 2013. The gap between two meetings did not exceed 120 days.

Sr. No.	Name of Directors	Number of meetings during the financial Year 2018-19	
		Entitled to Attend	Attended
1	Mr. Sanjeev Kumar	10	8
2	Mr. Satish Kumar	10	10
3	Mr. Harpreet Singh	10	10
4	Mr. Pawan Sharma	1	1
5	Ms. Him Jyoti	10	2
6	Mr. Ashok Kumar Gupta	10	10
7	Mr. Narang Singh	10	1
8	Mr. Chander Sheel Baweja	10	2
9	Mr. Sanjay Dhir	10	10
10	Mr. Anurag Malhotra	10	10

8. AUDIT COMMITTEE:

The Board has constituted the Audit Committee in terms of the requirements of the Companies Act, 2013. During the year Audit committee met 5 (Five) times.

The Audit Committee met on 25th May, 2018, 13th August, 2018, 25th August, 2018, 09th November, 2018 and 5th February, 2019 with the following members:

S. No.	Name	Number of meetings during the financial year 2018-19	
		Entitled to Attend	Attended
1	Mr. Satish Kumar (cease to be member on 13.08.2018)	1	1
2	Mr. Pawan Sharma (Ceased to be Chairman & Member on 23.05.2018)	1	1
3	Mr. Ashok Kumar Gupta (Chairman & Member)	5	5
4	Mr. Anurag Malhotra (Member)	5	5
5	Mr. Sanjay Dhir (Member)	5	5

9. NOMINATION AND REMUNERATION COMMITTEE

In order to comply with the provisions of Section 178 of the Companies Act, 2013, the Board of Directors of your Company had already constituted "Nomination and Remuneration Committee".

Further, the policy formulated by the Nomination and Remuneration Committee on Directors' Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matter provided

under Sub-section (3) of Section 178 of the Companies Act, 2013, as adopted by the Board.

The committee met on 17th May, 2018 and 13th February, 2019 with following members:

Sr. No.	Name	Number of meetings during the financial year 2018-19	
		Entitled to Attend	Attended
1	Mr. Pawan Sharma (Ceased to be Chairman & Member on 23.05.2018)	1	1
2	Mr. Satish Kumar (Member)	1	1
2	Mr. Ashok Kumar Gupta (Chairman & Member)	2	2
3	Mr. Chander Sheel Baweja (Member)	2	2

10. STAKEHOLDER RELATIONSHIP COMMITTEE

The Board has constituted the stakeholder relationship Committee in terms of the requirements of the Companies Act, 2013. During the year stakeholder relationship committee met 4 times.

Sr. No.	Name	Number of meetings during the financial year 2018-19	
		Entitled to Attend	Attended
1	Mr. Satish Kumar (Chairman)	4	4
2	Mr. Sanjeev Kumar (Member till 23.05.2018)	1	1
3	Ms. HimJyoti (Member)	4	4
4	Mr. Ashok Kumar Gupta (Member)	4	4
5	Mr. Anurag Malhotra (Member)	3	3

11. DECLARATION OF INDEPENDENT DIRECTORS:

Mr. Narang Singh, Mr. Ashok Kumar Gupta, Mr. Chander Sheel Baweja and Mr. Anurag Malhotra are the Independent Directors on the Board of your Company. Based upon the confirmation/ disclosures received from Independent Directors, the Board is of the opinion that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 & the Rules made thereunder.

12. STATUTORY AUDITORS:

The Shareholders of the Company at the 23rd Annual General Meeting (AGM) held on 30th September, 2016 had appointed Vijay Darji and Associates, Chartered Accountants, Mumbai (Firm Registration No. 118614W) as the Statutory Auditors of the Company for one term of five consecutive years i.e. upto the conclusion of 28th AGM to be held in 2021, subject to ratification of their appointment by the members at every AGM of the Company.

However, the requirement to place the matter relating to ratification of appointment of Auditors by the members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, the matter for ratification of appointment of Auditors will not be placed before the members at the forthcoming Annual General Meeting of the Company.

13. AUDITORS REPORT:

M/s. Vijay Darji and Associates, Chartered Accountants (FRN: 118614W) have audited the accounts of your Company for the FY 2018-19 and their report is annexed together with the explanatory notes therein, which are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013. The Auditors' Report does not contain any qualification, reservation or adverse remark.

14. INTERNAL AUDITORS:

M/s Anu & Associates, Chartered Accountants are the Internal Auditors of your Company,

The Internal Auditors have reviewed the design and operating effectiveness of various process covering the surveillance, operational, statutory compliances, business development, administrative, human resource, financial & accounting aspects of your Company.

The Internal Auditors were satisfied with the management response on the observation and recommendations made by them during the course of their audit and have expressed satisfaction with the internal systems, controls and process followed by your Company.

15. SECRETARIAL AUDITOR & REPORT

The Board of Directors of the Company had appointed Jaspreet Singh Dhawan; Whole-time Practicing Company Secretary to conduct the Secretarial Audit for the financial year 2018-19.

The Secretarial audit report for the financial year ended 31st March, 2019 is **Annexure B** to this Report.

The Observations given by Secretarial Auditor in his Secretarial Audit Report are self-explanatory and do not call for further explanations.

16. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134 (3) (c) of Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i. That in the preparation of the annual accounts, the applicable accounting standard had been followed along with proper explanation relating to material departures.

ii. That the Directors have 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 and of the Profit of the Company for that period.

iii. That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. That the Directors have prepared the Annual accounts on a going concern basis.

v. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating

vi. That the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. RESEARCH AND DEVELOPMENT:

As your Company is a trading company and not directly involved in any manufacturing activity, your Company is not directly involved in any Research and Development activities.

18. FOREIGN EXCHANGE EARNINGS & OUTGO:

The information required pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 on the foreign exchange earnings and outgo of the Company during the FY 2018-19 is given below:

Foreign Exchange Earnings and Outgo	
Particulars	Amount (In Rs.)
A-Foreign Exchange Earnings (Exports)	3,918,596.73
Total	3,918,596.73
B- Foreign Exchange Outgo	
1. Expense (Imports)	19,034,400
2. Dividend on Equity Shares	
3. Dividend on Preference Shares (CCPS)	
Total	19,034,400

19. DEPOSITS:

Your Company had not invited any deposits from the public, and as such, no amount on account of principal or interest related thereto was outstanding as on the date of the Balance Sheet i.e. March 31, 2019.

20. PARTICULARS OF EMPLOYEES:

The ratio of remuneration of each Director to the median employee's remuneration and other details in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure C**.

Further, in accordance with Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 a statement containing particulars of employees as stipulated therein also forms part of this Directors' Report as **Annexure C**.

21. BUY BACK OF SHARES:

During the year under review, your Company has not announced any scheme for buy back of shares from its shareholders.

22. CORPORATE GOVERNANCE:

The company falls under the criteria 15(2)(a) of the SEBI (Listing Obligations & Disclosure requirements) Regulations, 2015 as the Paid up capital of the company was below Rs. 10 Crores and net worth was below Rs. 25 Crores as on the last day of the previous financial year.

As on 31st March, 2018, the Company's Paid up Capital is of Rs. 62,000,140/- (Rupees Six Crore Twenty Lakhs One Hundred Forty only) and Net worth is of INR 70,138,811/- (Indian Rupees Seven Crore One Lakh Thirty Eight Thousand Eight Hundred and Eleven only).

Hence, compliance with Corporate Governance provisions as per Listing Obligations & Disclosure requirements (LODR) Regulations, 2015 are not applicable to company.

23. INDEPENDENT DIRECTORS MEETING/ BOARD EVALUATION

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors was held on 13.03.2019, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

24. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors of the company is duly constituted. During the financial year 2018-19, there have been following changes in the position of Directors of the Company:

Mr. Harpreet Singh is changed from Executive to Non- Executive Director with effect from 23rd May, 2018.

Mr. Pawan Sharma Independent Director resigned from directorship w.e.f. 23rd May, 2018.

Ms. Harmilan Kaur, Company Secretary resigned from the office w.e.f. 3rd October, 2018, and Ms. Bharti Sethi was appointed as Company Secretary on 4th October, 2018 in her place and thereafter she resigned from the office w.e.f. 7th December, 2018.

Ms. Nayandeep Kaur then appointed as Company Secretary of the Company w.e.f. 8th December, 2018.

Mr. Sanjeev Kumar Managing Director, Mr. Sanjay Dhir, CFO and Ms Nayandeep Kaur, Company Secretary are Key Managerial personnel's as on 31st March, 2019 as per the Companies Act, 2013.

In accordance with the provisions of Section 152 of the Companies Act 2013, Mr. Satish Kumar (DIN 00763060), Director of the company, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Board has recommended his reappointment.

25. VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Board, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 has framed a “Whistle Blower and Anti-fraud Policy”.

Your Company believes in highest possible standards of ethical practices, moral and legal conduct of business operations and to maintain these standards, the Company encourages its Directors and employees to come forward and freely communicate their concerns about illegal or unethical practices/ behaviour, actual or suspected, fraud or violation of company's code of conduct or ethic policy to the appropriate authority so that timely and

speedy investigations can be undertaken and corrective action could be taken if warranted.

This Policy has been framed with a view to provide a mechanism inter alia enabling stakeholders, including Directors, individual employees of the Company to freely communicate their concerns about illegal or unethical practices and to report genuine concerns or grievance as also to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

The Policy provides for (a) adequate safeguards against victimization of persons who use this Mechanism; and provides (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company.

Details of the Whistle Blower and Anti-fraud Policy are made available on the Company's website www.zenlabsethica.com

26. SUBSIDIARIES/ ASSOCIATES/JOINT VENTURES

The Company has no subsidiary/Joint ventures/Associate Companies as per the provisions of Companies Act, 2013.

27. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS PER SECTION 217(1) COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

Though the operations of your Company are not energy intensive, your Company takes adequate measures to reduce energy consumption by using energy-efficient lightning in office, computer systems and procuring energy-efficient equipment's. As an on-going process, your Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

Since your Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Accounts) Rules, 2014 are not applicable.

28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The transactions entered into with related parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013. The details as required pursuant to clause (h) of sub section (3) of Section 134 of Companies Act, 2013 in Form 'AOC-2' attached herewith as per **Annexure D**.

29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Your Company has, during the year under review, not given any loans, guarantees or provided security and has not made any investments in any body-corporate as specified under Section 186 of the Companies Act, 2013.

The particulars of loans, guarantees and investments have been disclosed in the financial Statements as on 31st March, 2019.

30. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report.

31. RISK MANAGEMENT POLICY

The Company has adopted a Policy on Risk Management to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In addition to above, the Audit Committee of the Board has additional oversight in the area of financial risks and controls. Major risk identified by the business and functions are systematically addressed through mitigating actions on a continuous basis.

32. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There were no significant and material orders passed by the Regulators or Courts or tribunals during the financial year which would impact the going concern status of the Company and its future operations.

33. STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

There are adequate systems of internal financial controls in the Company pursuant to provisions of Section 134(q) r/w Rule 8(5)(viii) of Companies (Accounts) Rules, 2014. The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the companies Policies, the safeguarding of its assets, prevention and detection of frauds, and accuracy of the accounting records and timely preparation of financial disclosures.

The Company has appointed M/s Anu & Associates, Chartered Accountants, as Internal Auditors for the financial year 2019-20.

The Internal Auditor monitors and evaluates the efficiency and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committees of the Board.

34. CORPORATE SOCIAL RESPONSIBILITY

The Provisions of Section 134(3) (o) and Section 135 of the Companies Act, 2013 read with Rule 8 of Companies (CSR Policy) Rules, 2014 regarding corporate social responsibility do not apply to the company for the period under review.

35. DISCLOSURES UNDER SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has put in place an Anti-Sexual Harassment mechanism in line with the Sexual Harassment of Women at 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 under review, the Company has not received any complaint pertaining to sexual harassment.

36. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and analysis report as per Regulation 34 of the SEBI (Listing Obligations & Disclosure requirements) Regulations, 2015 is annexed to this Board Report **Annexure E**.

37. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board
Zenlabs Ethica Limited

Date: 27th August, 2019
Place: Chandigarh

Sanjeev Kumar
Mg. Director
DIN: 01154896

Sanjay Dhir
Wholetime Director
DIN: 02452461

Annexure A

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2019**

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

I. REGISTRATION AND OTHER DETAILS:

i	CIN	L74900CH1993PLC033112
ii	Registration Date	20/07/1993
iii	Name of the Company	Zenlabs Ethica Limited
iv	Category/Sub-Category of the Company	Company limited by Shares / Non-govt company
v	Whether listed Company (Yes/No)	Yes (BSE Limited)
vi	Address of the Registered Office and contact details	Plot No. 194-195, 3 rd Floor, Industrial Area Phase II, Ram Darbar, Chandigarh 160002
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt Ltd Bharat Tin Works Building, 1 st Floor Opp. Vasant Oasis, Next to Keys Hotel Makwana Road, Andheri – East Mumbai – 400059 Tel.: 022 – 62638200 E-Mail: investor@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and description of main product/services	NIC Code of the Product	% to total turnover of the Company
1	Wholesale of pharmaceutical and medical goods	46497	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

S. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
N.A.					

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01-04-2018				No. of Shares held at the end of the year i.e. 31-03-2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	2282514	0	2282514	36.81	2396755	0	2396755	36.81	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt (s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	1908075	0	1908075	30.78	2003478	0	2003478	30.78	0
e) Bank/FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total(A)(1)	4190589	0	4190589	67.59	4400233	0	4400233	67.59	0
(2) Foreign									
a) NRIs-	0	0	0	0	0	0	0	0	0
b) Other-	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total(A)(2)									
Total shareholding of Promoter (A)(A)(1)+(A)(2)	4190589	0	4190589	67.59	4400233	0	4400233	67.59	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Bank/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others(specify)	0	0	0	0	0	0	0	0	0
Sub-Total(B)(1)									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	330427	6500	336927	5.43	224735	6820	231555	3.56	- 1.88
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	417229	315100	732329	11.81	573081	317345	890426	13.68	+1.87

ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	834228	61600	895828	14.45	904069	64680	968749	14.88	+0.43
c) Others (specify)									
i) Clearing Member	42551	0	42551	0.69	17172	0	17172	0.26	-0.42
ii) Overseas Bodies Corporate	0	0	0	0	0	0	0	0	0
iii) Non Resident Indians (NRI)	0	0	0	0	0	0	0	0	0
v) Non Resident Indians (Repat)	1590	0	1590	0.03	1670	0	1670	0.03	0
iv) Non Resident Indians (Non Repat)	200	0	200	0.00	210	0	210	0	0
Total Public shareholding (B)(B)(1)+(B)(2)	1626225	383200	2009425	32.41	1720937	388845	2109782	32.41	0
Grand Total (A+B+C)	5816814	383200	6200014	100.00	6121170	388845	6510015	100	0

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of year 01-04-2018			Shareholding at the end of the year i.e. 31-03-2019			% change in shareholding 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.	Preet Remedies Pvt Ltd	19,08,075	30.78	0	20,03,478	30.78	0	0
2.	Sanjeev Kumar Singal	6,46,626	10.43	0	6,79,074	10.43	0	0
3.	Satish Kumar	3,42,378	5.52	0	3,59,496	5.52	0	0
4.	Harpreet Singh Kalra	6,46,626	10.43	0	6,78,957	10.43	0	0
5.	Sanjay Dhir	6,46,884	10.43	0	6,79,228	10.43	0	0
	Total	41,90,589	67.59	0	44,00,233	67.59	0	0

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

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Changes during the year		Cumulative Shareholding during the year		Shareholding at the end of the year
		No. of shares	% of total shares of the company	Date of change in shareholding	Changes during the year	No. of shares	% of total shares of the company	
1.	Preet Remedies Pvt Ltd	19,08,075	30.78	15.10.2018	+ 95403	20,03,478	30.78	20,03,478
2.	Sanjeev Kumar Singal	6,46,626	10.43	15.10.2018	+ 32448	6,79,074	10.43	6,79,074
3.	Satish Kumar	3,42,378	5.52	15.10.2018	+17118	3,59,496	5.52	3,59,496

4.	Harpreet Singh Kalra	6,46,626	10.43	15.10.2018	+ 32331	6,78,957	10.43	6,78,957
5.	Sanjay Dhir	6,46,884	10.43	15.10.2018	+ 32344	6,79,228	10.43	6,79,228

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2018		Date	Reason	Increase /Decrease		Shareholding at the end of the year as at 31-03-2019	
		No. of Shares	% of total Shares of the company			Shares	% of total Shares	No. of Shares	% of total Shares of the company
1.	ARVIND RAMGOPAL BOHRA	147650	2.27	31-Mar-18	Transfer	0	0	147650	2.27
				03-Aug-18	Transfer	-2000	-0.01	145650	2.24
				10-Aug-18	Transfer	-1000	0.02	144650	2.22
				17-Aug-18	Transfer	-1000	-0.008	143650	2.21
				24-Aug-18	Transfer	-1000	-0.01	142650	2.19
				07-Sep-18	Transfer	-2500	0.01	139150	2.14
				14-Sep-18	Transfer	-1000	0.98	138150	2.12
				13-Oct-18	Transfer	6907	0.04	145057	2.23
				15-Oct-18	Transfer	-6907	-1.53	138150	2.12
				26-Oct-18	Transfer	5907	1.56	144057	2.21
				30-Nov-18	Transfer	-500	0	143557	2.21
2.	GUTTIKONDA VARA LAKSHMI	134253	2.06	31-Mar-18	Transfer	0	0	134253	2.06
				15-Jun-18	Transfer	-100	0.32	134153	2.06
				20-Jul-18	Transfer	-86592	1.62	47561	0.73
				27-Jul-18	Transfer	-44531	0.03	3030	0.05
				10-Aug-18	Transfer	-2	0.19	3028	0.05
				13-Oct-18	Transfer	151	0.16	3179	0.05
				15-Oct-18	Transfer	-151	-0.16	3028	0.05
				26-Oct-18	Transfer	151	-0.006	3179	0.05
3.	SANGEETA A BOHRA	90250	1.39	31-Mar-18	Transfer	00	0	90250	1.39
				11-May-18	Transfer	-500	-0.01	89750	1.38
				03-Aug-18	Transfer	-1000	-0.01	88750	1.36
				10-Aug-18	Transfer	-4050	-0.22	84700	1.30
				17-Aug-18	Transfer	-1000	-0.04	83700	1.29
				24-Aug-18	Transfer	-1350	0.008	82350	1.27
				31-Aug-18	Transfer	-350	0.03	82000	1.26
				07-Sep-18	Transfer	-1000	0.16	81000	1.24

				13-Oct-18	Transfer	4050	-0.03	85050	1.31
				15-Oct-18	Transfer	-4050	0.01	81000	1.24
				19-Oct-18	Transfer	-1000	-0.004	80000	1.23
				26-Oct-18	Transfer	3550	-0.02	83550	1.28
4.	MASTER CAPITAL SERVICES LIMITED	79247	1.22	31-Mar-18	Transfer	0	0	79247	1.22
				06-Apr-18	Transfer	-300	-0.01	78947	1.21
				27-Apr-18	Transfer	-25	-0.04	78922	1.21
				08-Jun-18	Transfer	-2001	-0.008	76921	1.18
				17-Aug-18	Transfer	186	-0.01	77107	1.18
				24-Aug-18	Transfer	-386	-0.003	76721	1.18
				31-Aug-18	Transfer	-100	-0.03	76621	1.18
				07-Sep-18	Transfer	100	0.99	76721	1.18
				14-Sep-18	Transfer	50	-0.03	76771	1.18
				12-Oct-18	Transfer	-200	-0.006	76571	1.18
				13-Oct-18	Transfer	3828	-0.005	80399	1.24
				15-Oct-18	Transfer	-3828	0	76571	1.18
				26-Oct-18	Transfer	1959		78530	1.21
				02-Nov-18	Transfer	-35704		42826	0.66
				09-Nov-18	Transfer	-16033		26793	0.41
				16-Nov-18	Transfer	-7		26786	0.41
				25-Jan-19	Transfer	-70		26716	0.41
5.	MANISH KUMAR GOYAL	1325	0.02	31-Mar-18	Transfer	0	0.00	1325	0.02
				06-Apr-18	Transfer	75	-0.03	1400	0.02
				27-Apr-18	Transfer	40750	0.008	42150	0.65
				04-May-18	Transfer	83	0.008	42233	0.65
				01-Jun-18	Transfer	9267	0.03	51550	0.79
				22-Jun-18	Transfer	1000	-0.01	52500	0.81
				29-Jun-18	Transfer	400	-0.001	52900	0.81
				06-Jul-18	Transfer	-1000	0.003	51900	0.80
				13-Jul-18	Transfer	1000	-0.002	52900	0.81
				27-Jul-18	Transfer	-2500	0.001	50400	0.77
				03-Aug-18	Transfer	7010	0.006	57410	0.88
				17-Aug-18	Transfer	-3030	0.004	54380	0.84
				31-Aug-18	Transfer	3280	-0.003	57660	0.89
				14-Sep-18	Transfer	-100	-0.001	57560	0.88
				28-Sep-18	Transfer	100	0.003	57660	0.89
				12-Oct-18	Transfer	1		57661	0.89
				13-Oct-18	Transfer	2883	-0.003	60544	0.93
				15-Oct-18	Transfer	-2883	-0.001	57661	0.89
				26-Oct-18	Transfer	2883	0.004	60544	0.93
				02-Nov-18	Transfer	9500	0.03	70044	1.08
				09-Nov-18	Transfer	600	-0.03	70644	1.09
				16-Nov-18	Transfer	15171	-0.001	85815	1.32
				30-Nov-18	Transfer	-15	-0.001	85800	1.32

				14-Dec-18	Transfer	-1300	-0.001	84500	1.30
				21-Dec-18	Transfer	-4307	0.001	80193	1.23
				11-Jan-19	Transfer	52	-0.005	80245	1.23
				18-Jan-19	Transfer	9	0.003	80254	1.23
				25-Jan-19	Transfer	-702	-0.003	79552	1.23
				08-Feb-19	Transfer	1	0	79553	1.23
				15-Feb-19	Transfer	234		79787	1.23
				22-Feb-19	Transfer	-550		79237	1.22
				01-Mar-19	Transfer	-62		79175	1.22
				08-Mar-19	Transfer	-5500		73675	1.13
				15-Mar-19	Transfer	425		74100	1.14
				29-Mar-19	Transfer	2950		77050	1.18
6.	ARIHANT CAPITAL MARKETS LTD	70652	1.09	31-Mar-18	Transfer	0	0	70652	1.09
				13-Apr-18	Transfer	50	0	70702	1.09
				20-Apr-18	Transfer	-10	-0.01	70692	1.09
				11-May-19	Transfer	-999	-0.19	69693	1.07
				01-Jun-18	Transfer	-1	-0.06	69692	1.07
				13-Jul-18	Transfer	-600	-0.08	69092	1.07
				03-Aug-18	Transfer	1000	-0.08	70092	1.08
				17-Aug-18	Transfer	-9400	-0.08	60692	0.93
				24-Aug-18	Transfer	-4400	-0.08	56292	0.86
				31-Aug-18	Transfer	-3300	-0.06	52992	0.81
				07-Sep-18	Transfer	1000	-0.08	53992	0.83
				14-Sep-18	Transfer	-4540	-0.06	49452	0.76
				21-Sep-18	Transfer	-3101	0	46351	0.71
				12-Oct-18	Transfer	500		46851	0.72
				13-Oct-18	Transfer	2342		49193	0.76
				15-Oct-18	Transfer	-2342		46851	0.72
				26-Oct-18	Transfer	1996		48847	0.75
				02-Nov-18	Transfer	1600		50447	0.77
				09-Nov-18	Transfer	1000		51447	0.79
				23-Nov-18	Transfer	-300		51147	0.79
				07-Dec-19	Transfer	1000		52147	0.80
				21-Dec-19	Transfer	1000		53147	0.82
				15-Feb-19	Transfer	-3525		49622	0.76
				22-Feb-19	Transfer	-400		49222	0.76
				15-Mar-19	Transfer	-1000		48222	0.74
7.	SHWETA DOSHI	0	0	31-Mar-18	Transfer	0	0	0	0
				20-Jul-18	Transfer	8400	0	8400	0.13
				27-Jul-18	Transfer	21698	0	30098	0.46
				03-Aug-18	Transfer	16258		46356	0.71
				10-Aug-18	Transfer	11566		57922	0.89
				17-Aug-18	Transfer	5194		63116	0.97
				13-Oct-18	Transfer	3155		66271	1.02
				15-Oct-18	Transfer	-3155		63116	0.97

				26-Oct-18	Transfer	3155		66271	1.02
				21-Dec-18	Transfer	-600		65671	1.01
				28-Dec-18	Transfer	-1000		64671	0.99
				31-Dec-18	Transfer	-700		63971	0.98
				04-Jan-19	Transfer	-200		63770	0.98
				22-Feb-19	Transfer	-1000		62771	0.96
8.	PARUL DAS	0	0	31-Mar-18	Transfer	0	0	0	0
				20-Jul-18	Transfer	54925	0	54925	0.84
				13-Oct-18	Transfer	2746	0	57671	0.89
				15-Oct-18	Transfer	-2746	0	54925	0.84
				26-Oct-18	Transfer	2746		57671	0.59
				22-Feb-19	Transfer	-2000		55671	0.86
9.	ASTHA CREDIT AND SECURITIES (P) LTD	0	0	31-Mar-18	Transfer	0	0	0	0
				02-Nov-18	Transfer	70000	-0.03	70000	1.08
				14-Dec-18	Transfer	-20000	-0.03	50000	0.77
10.	MOHAMMED AZMATHULLAH	49700	0.76	31-Mar-18	Transfer	0	0	49700	0.76
				03-Aug-18	Transfer	-49700	0	0	0

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors And KMP	Shareholding at the Beginning of the Year i.e.1-04-2018		Increase / Decrease		Shareholding at the End of the year i.e. 31-03-2019	
		No. of Shares	% of total Shares of company	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mr. Sanjeev Kumar Singal	6,46,626	10.43	32,448	0.50	6,79,074	10.43
2	Mr. Satish Kumar	3,42,378	5.52	17,119	0.26	3,59,497	5.52
3	Mr. Harpreet Singh Kalra	6,46,626	10.43	32,331	0.50	6,78,957	10.43
4	Mr. Sanjay Dhir	6,46,884	10.43	32,344	0.50	6,79,228	10.43
5	Mr. Narang Singh	Nil	Nil	Nil	Nil	Nil	Nil
6	Ms. Himjyoti	Nil	Nil	Nil	Nil	Nil	Nil
7	Mr. Ashok Kumar Gupta	Nil	Nil	Nil	Nil	Nil	Nil
8	Mr. Chander Sheel Baweja	Nil	Nil	Nil	Nil	Nil	Nil
9	Mr. Anurag Malhotra	Nil	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,233,418	Nil	Nil	6,233,418
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	6,233,418	Nil	Nil	6,233,418
Change in Indebtedness during the financial year				
• Addition		Nil	Nil	
• Reduction	(3,438,939)			(3,438,939)
Net Change	(3,438,939)	Nil	Nil	(3,438,939)
Indebtedness at the end of the financial year				
i) Principal Amount	2,794,479	Nil	Nil	2,794,479
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	2,794,479	Nil	Nil	2,794,479

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Sanjeev Kumar, Mg. Director & CEO	Mr. Sanjay Dhir, Wholetime Director & CFO		
1.	Gross Salary	49,80,000	19,20,000	Nil	69,00,000
	Salary as per provisions contained In section 17(1) of the Income Tax Act	49,80,000	19,20,000	Nil	69,00,000
	Value of perquisites u/s 17(2) Income Tax Act,1961	Nil	Nil	Nil	Nil
	Profits in lieu of salary under Section17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission -As % of Profit -Others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total(A)	49,80,000	19,20,000	Nil	69,00,000
	Ceiling as per the Act	Nil	Nil	Nil	Nil

B. Remuneration of other directors:

Sr. No.	Particulars of Remuneration	Fee for attending Board/ committee meetings	Commission	Others, please specify	Total Amount
Independent Directors					
1.	Mr. Pawan Kumar	Nil	Nil	Nil	Nil
2.	Mr. Ashok Kumar Gupta	Nil	Nil	Nil	Nil
3.	Mr. Chander Sheel Baweja	Nil	Nil	Nil	Nil
4.	Mr. Anurag Malhotra	Nil	Nil	Nil	Nil
Total (1)		Nil	Nil	Nil	Nil

Sr. No.	Particulars of Remuneration	Fee for attending board committee meetings	Commission	Others, please specify	Total Amount
Other Non-Executive Directors					
1.	Mr. Satish Kumar	Nil	Nil	Nil	Nil
2.	Ms. Him Jyoti	Nil	Nil	Nil	Nil
3.	Mr. Harpreet Singh	Nil	Nil	Nil	Nil
Total (2)		Nil	Nil	Nil	Nil
Total(B)= (1+2)		Nil	Nil	Nil	Nil
Total Managerial Remuneration		Nil	Nil	Nil	Nil
Overall Ceiling as per the Act		Nil	Nil	Nil	Nil

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	KMP (CS)	KMP (CS)	KMP (CS)	Total Amount
		Ms. Harmilan Kaur From 01.04.2018 to 03.10.2018	Ms. Bharti Sethi From 04.10.2018 to 07.12.2018	Ms. Nayan Deep From 08.12.2018 to 31.03.2019	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax	1,65,032	48,968	1,08,333	3,22,333
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	Nil	Nil	Nil
	Profits in lieu of salary under Section (3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission -As % of Profit & Others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
Total		1,65,032	48,968	1,08,333	3,22,333

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, if any (give details)
A. COMPANY					
Fine	Regulation 95 (1) of SEBI (ICDR) Regulations, 2009	2 days delay fine for not implemented the bonus issue within two months from the date of the meeting of board of directors wherein the decision to announce the bonus issue was taken.	40,000	-	-
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board
Zenlabs Ethica Limited

Date: 27th August, 2019
Place: Chandigarh

Sanjeev Kumar
Mg. Director
DIN: 01154896

Sanjay Dhir
Wholetime Director
DIN: 02452461

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Zenlabs Ethica Limited
CIN: L74900CH1993PLC033112
Plot No. 194-195, 3rd Floor
Industrial Area, Phase II, Ram Darbar
Chandigarh-160002, India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ZENLABS ETHICA LIMITED** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company'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, the explanation and clarification given to us and the representations made by the management, We, hereby report that in our opinion, the Company has, during the audit year covering the financial year ended on March 31, 2019, generally 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:

We have examined the books, papers and minute books, forms and returns filed and other records made available to us and maintained by the company for the financial year ended on March 31, 2019 according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made there under.
- II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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, 2015;
 - 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 (Buy back of Securities) Regulations, 1998;
- VI. Further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test – check basis, the Company has complied with the following laws applicable specifically to the Company
- i. The Environment (Protection) Act, 1986
 - ii. Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by the State Pollution Control Boards;
 - iii. Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by the State Pollution Control Boards; and
 - iv. Factories Act, 1948.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December, 2015);

During the year under review, the Company has complied with all the provisions of the Act, Rules, Regulations, Guidelines, Standards and Listing Agreement/Obligations mentioned above. However, we reserve our right to report following observations during the audit period: -

The Company has paid a fine of Rs. 40,000 (Forty Thousand) levied by the BSE Limited in respect of delay in implementation of Bonus Issue. As per Regulation 95(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the company was required to implement the bonus issue within two months from the date of the meeting of board of directors wherein the decision to announce the bonus issue was taken.

We 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 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.

We 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.

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- The company has capitalized its profits of Rs. 31,00,010 and allotted 310,001 Bonus equity shares to its shareholders in the ratio of 1:20 on 15.10.2018.

**For Jaspreet Dhawan & Associates
Company Secretaries**

**Date: 17.08.2019
Place: Mohali**

**Jaspreet Singh Dhawan
FCS 9372
CP. No: 8545**

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To,

The Members
Zenlabs Ethica Limited
CIN: L74900CH1993PLC033112
Plot No. 194-195, 3rd Floor
Industrial Area, Phase II, Ram Darbar
Chandigarh-160002, India

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

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

**For Jaspreet Dhawan & Associates
Company Secretaries**

**Date: 17.08.2019
Place: Mohali**

**Jaspreet Singh Dhawan
FCS 9372
CP. No: 8545**

ANNEXURE C

**{DISCLOSURE UNDER THE COMPANIES (APPOINTMENT AND REMUNERATION OF
MANAGERIAL PERSONNEL) RULES, 2014}**

- a) The ratio of remuneration of each director to the median remuneration of the employees;
Total remuneration given to employees during the year ended 31/03/2019: Rs 30,130,578

Remuneration given to directors:

S. No.	Name of Director	Remuneration as on 01/04/2018	Remuneration as on 31/03/2019	% Change
1.	Sanjeev Kumar	49,80,000	49,80,000	--
2.	Sanjay Dhir	19,20,000	19,20,000	--

- b) % increase in remuneration of each Director, KMP and of % increase in median remuneration of employees
% increase in remuneration of CMD: Nil
% increase in remuneration of KMP: Nil
% increase in remuneration of median: Nil
- c) Number of permanent employees on the rolls of the company as on 31st March, 2019 is 101 (including CMD).
- d) Justification of increase in managerial remuneration with that of increase in remuneration of other employees: There is no increase in the remuneration of CMD during the year under review. The remuneration of the CMD is revised by the Board generally only on the basis of the performance level of the Company, whereas employee salary is revised every year. The last revision of CMD's remuneration was made in the year NIL. Therefore there is no increase made during the year 2018-19 as decided by the Nomination & Remuneration Committee and the Board.
- e) Affirmation that remuneration is as per remuneration policy of the Company.

I Sanjeev Kumar, Managing Director of the company hereby affirm that all the employees including key managerial personal are paid remuneration as per the remuneration policy formulated by the company and approved by the Board. No employee is treated unfairly or denied any benefits as may be applicable and payable to him as per the company's payment of remuneration policy.

On behalf of the Board
For Zenlabs Ethica Limited

Date: 27th August, 2019
Place: Chandigarh

Sanjeev Kumar
Mg. Director
DIN: 01154896

Sanjay Dhir
Wholetime Director
DIN: 02452461

Annexure - D

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	N.A.
(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:

Name(s) of the related party	Nature of contracts/ arrangement/ transactions	Duration of the contracts/ arrangement s/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any:
Preet Remedies Ltd.	Purchase of Traded Goods	Ongoing	Rs. 227,892,338	30-05-2016	Nil
Quixotic Healthcare	Purchase of Traded Goods	Ongoing	Rs. 176,127,555	30-05-2016	Nil
Alpha Products	Purchase of Traded Goods	Ongoing	Rs. 106,330,271	30-05-2016	Nil
Ultrachiron Healthcare Pvt. Ltd	Purchase of Traded Goods	Ongoing	Rs. 1,846,664	30-05-2016	Nil
Oasis Pharma and Phytomolecules Pvt. Ltd.	Purchase of Traded Goods	Ongoing	Rs. 11,906,298	30-05-2016	Nil

On behalf of the Board
For Zenlabs Ethica Limited

Date: 27th August, 2019
Place: Chandigarh

Sanjeev Kumar
Mg. Director
DIN: 01154896

Sanjay Dhir
Wholetime Director
DIN: 02452461

Annexure – E

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Introduction

Your company is one of the leading marketing companies, which is trading in wide range of branded drugs including GIT disorders, Anti-Diabetics, Anti-Hypertensive Drugs, Anti-Infective, Soaps & Anti-Bacterial Drugs, Nutraceuticals and more. Zenlabs Ethica Ltd corporate sustainability is demonstrated through (a) fair, transparent and ethical governance, (b) engagement with marginalized and vulnerable communities, (c) adherence to and respect for all human rights, (d) reduction of impact of its operations on the environment and (d) promotion of employee well-being and safety.

Management discussion and analysis report reflecting the performance and outlook including the future prospects for the Company is presented herewith.

(a) Industry Structure and development:

The global economy in F.Y. 2018-19 witnessed divergent trends among major economies. Changing economic and business conditions, evolving consumer preferences and globalization are creating an increasingly competitive market environment. Changing economic and business conditions, evolving consumer preferences and globalization are creating an increasingly competitive market environment. Despite unpredictable headwinds, the global economic recovery is gaining momentum.

(b) Opportunities and Threats:

The priorities of the industry are changing, concentrating more on re-organization of operations, development of new markets and marketing techniques, giving the organization's vision a global outlook and retaining and building upon customer relationships. Fragmented markets provide many opportunities for company to expand and increase market share. New markets allow company to expand their business and diversify their portfolio of products and services.

Changes to government rules and regulations can negatively affect the company. Politics can increase company's risk factors, because governments can quickly change business rules that negatively affect company's business. Political Risk has a significant impact; Volatile costs mean company has to plan for scenarios where costs skyrocket. Cautious planning leads to development delays that can negatively affect the company.

(c) Segment wise or product-wise performance:

The currently company is engaged in trading in a wide range of branded drugs including GIT disorders, Anti-Diabetics, Anti-Hypertensive Drugs, Anti-Infective, Soaps & Anti-Bacterial Drugs, Nutraceuticals and more.

(d) Outlook:

The focus for the forthcoming financial year for the Company will be continued delivery in progressing mode and grabbing the opportunities and trying to overcome challenges.

(e) Risks and concerns:

The Board of the Company has formed a risk management policy to frame, implement and monitor the risk management plan for the Company. The Board of Directors are responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. In compliance with the requirement of the

Companies Act, 2013 and Listing Agreement guidelines, the Company has established a Whistle Blower Policy /Vigil mechanism Policy and the same is placed on the website of the Company.

In the opinion of Board the rising costs and changing government policies and regulations are the key risk factors that may threaten the existence of the company.

(f) Internal control systems and their adequacy:

Internal Control and Audit is an important procedure and the Audit Committee of your Company reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Your Company has put in place an adequate internal Control System to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The reports are reviewed by the Audit Committee of the Board. Wherever deemed necessary, internal control system are strengthened and corrective actions initiated.

(g) Discussion on financial performance with respect to operational performance:

Your Company concluded growth in its business. The financial performance of the Company for the year ended 31 March, 2019 is satisfying as it has been achieved in the wake of several challenges confronting your Company's business.

During the year under review your Company has recorded a turnover of Rs. 672,952,303. However the net profit after tax recorded by the Company at Rs. 12,634,391/- as against previous year profit of Rs. 11,637,813/-

(h) Material developments in Human Resources / Industrial Relations front, including number of people employed:

The relationship with the employees continues to be cordial. The Company recognizes the importance and contribution of its employees for its growth and development and constantly endeavors to train nurture and groom its people. The Company puts emphasis on attracting and retaining the right talent. The company places emphasis on training and development of employees at all levels and has introduced methods and practices for Human Resource Development. There are currently 101 employees in the company.

On behalf of the Board
For Zenlabs Ethica Limited

Date: 27th August, 2019
Place: Chandigarh

Sanjeev Kumar
Mg. Director
DIN: 01154896

Sanjay Dhir
Wholetime Director
DIN: 02452461

COMPLIANCE CERTIFICATE

[As per Regulation 17(8) of SEBI (LODR) Regulation, 2015]

To,
The Board of Directors
ZENLABS ETHICA LIMITED
Plot No. 194-195, 3rd Floor, Industrial Area, Phase II
Ram Darbar, Chandigarh - 160002.

We, Sanjeev Kumar (DIN: 01154896) ~ Chief Executive Officer & Managing Director and Sanjay Dhir (DIN : 02452461) ~ Chief Financial Officer & Wholetime Director of the Company hereby certify that in respect of the financial year ended on March 31, 2019:

- A. We have reviewed financial statements and the cash flow statement for the year March 31, 2019 and that to the best of their knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on behalf of
Zenlabs Ethica Limited**

Place: Chandigarh
Date: 29/05/2019

Sanjeev Kumar CEO	Sanjay Dhir CFO
-----------------------------	---------------------------

DECLARATION

I, SANJEEV KUMAR, CEO of the Company hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the code on an annual basis.

On behalf of the Board
For Zenlabs Ethica Limited

Date: May 29, 2019
Place: Chandigarh

Sanjeev Kumar
Managing Director
DIN: 01154896

INDEPENDENT AUDITORS REPORT

**To,
The Members of
Zenlabs Ethica Limited
Report on the Standalone Financial Statements**

We have audited the accompanying Standalone Financial Statements of **ZENLABS ETHICA LIMITED (“the Company”)**, which comprises of the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Managements 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 including other comprehensive income and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting 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 there under and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements 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 standalone financial statements are free from material misstatement.

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

- 1) As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations that would have an impact on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 2) As required by the Companies (Auditor's Report) Order, 2016 ("**the Order**") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Vijay Darji and Associates
Chartered Accountants**

**CA Vijay Darji
Proprietor
Mem No: 105197
FRN: 118614W**

**Place: Mumbai
Date: 29th May, 2019**

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Zenlabs Ethica Limited of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB- SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of ZENLABS ETHICA LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENTS RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Vijay Darji and Associates
Chartered Accountants**

**CA Vijay Darji
Proprietor
Mem No: 105197
FRN: 118614W**

**Place: Mumbai
Date: 29th May, 2019**

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Zenlabs Ethica Limited of even date)

- 1) In respect of Company's Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the details provided to us, we report that all the fixed assets held by the Company are in the name of the Company.
- 2) In respect of Company's Inventory:
 - (a) According to the information given to us, physical verification of Inventory has been conducted by the management on a timely basis at reasonable intervals, having regards to the size of the Company and nature of business.
 - (b) No material discrepancies having an impact on the financial position of the company as on the said date were noticed during the physical verification of inventory.
- 3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, LLP's or any other parties covered in the registers maintained u/s 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- 5) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- 6) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- 7) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- 8) The Company has not defaulted on repayment of loan taken from bank during the period under review.

- 9) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- 10) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- 11) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 12) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- 13) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- 14) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- 16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Vijay Darji and Associates
Chartered Accountants**

**CA Vijay Darji
Proprietor
Mem No: 105197
FRN: 118614W**

**Place: Mumbai
Date: 29th May, 2019**

ZENLABS ETHICA LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Notes	As at year ended March 31, 2019	As at year ended March 31, 2018
		Amount (Rs.)	Amount (Rs.)
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	2	13,581,949	13,337,204
(b) Capital Work-in-Progress		-	-
(c) Other Intangible Assets		-	-
(d) Financial Assets			
(i) Investments	3	7,019,544	7,019,544
(ii) Loans		-	-
(iii) Other Financial Assets		-	-
(e) Deferred Tax Assets (Net)	4	-	775,525
(f) Other Non-Current Assets			
Total Non-Current Assets - (1)		20,601,493	21,132,273
(2) Current Assets			
(a) Inventories	5	44,530,777	17,426,251
(b) Financial Assets			
(i) Investments	-	-	-
(ii) Trade and other Receivables	6	249,599,361	241,900,950
(iii) Cash and Cash Equivalents	7	14,546,917	12,309,427
(iv) Bank Balances other than (iii) above	7A	2,120,566	-
(v) Loans	8	775,886	309,149
(vi) Other Financial Assets	9	2,705,737	3,920,197
(c) Other Current Assets	10	14,062,736	1,234,691
Total Current Assets - (2)		328,341,979	277,100,665
TOTAL ASSETS - (1) + (2)		348,943,473	298,232,939
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	65,100,150	62,000,140
(b) Other Equity	12	17,673,051	8,138,671
Total Equity - (1)		82,773,201	70,138,811
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	2,794,479	3,529,058
(b) Provisions	14	2,459,376	1,768,046
(c) Deferred Tax Liabilities (Net)		169,284	-
(d) Other Non-Current Liabilities		-	-
Total Non-Current Liabilities - (2)		5,423,139	5,297,104
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	-	2,704,360
(ii) Trade Payables	16	229,783,045	197,044,592

(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	17	30,431,807	22,839,906
(c) Provisions	18	532,281	208,165
(d) Current Tax Liabilities (Net)		-	-
Total Current Liabilities - (3)		260,747,133	222,797,024
TOTAL EQUITY AND LIABILITIES - (1) + (2) + (3)		348,943,473	298,232,939

Significant Accounting Policies

The accompanying notes are an integral part of financial statements.

For Vijay Darji And Associates
Chartered Accountants
FRN: 118614W

For and on behalf of the Board

Sd/-
CA Vijay Darji
Proprietor
Mem No: 105197

Sd/-
Sanjeev Kumar
Mg Director & CEO
DIN: 01154896

Sd/-
Sanjay Dhir
Wholetime Director & CFO
DIN: 02452461

PLACE: CHANDIGARH
DATE : 29.05.2019

Sd/-
Nayan Deep
Company Secretary
Mem. No. A51218

ZENLABS ETHICA LIMITED
Statement of Profit and Loss for the year ended 31st March, 2019

(Figures in Rs.)

Particulars	Current F.Y. 2018-19	Previous F.Y-2017-18
I. Revenue From Operations	672,952,303	718,384,397
Less: Excise Duty	-	-
	672,952,303	718,384,397
II. Other Income	1,614,414	959,593
III. Total Revenue (I +II)	674,566,717	719,343,990
<u>IV. Expenses:</u>		
Cost of Materials Consumed	-	-
Purchase of Stock-in-Trade	547,184,797	527,874,091
Manufacturing and Operating Cost	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(27,104,526)	43,270,100
Employee Benefit Expense	32,794,164	28,004,042
Financial Costs	712,048	907,668
Depreciation Expense	2,252,091	2,025,932
Other Expenses	99,827,517	100,724,345
Total Expenses	655,666,091	702,806,177
V. Profit before exceptional and extraordinary items and tax	18,900,626	16,537,812
VI. Exceptional Items	-	-
VII. Profit before extraordinary items and tax (V - VI)	18,900,626	16,537,812
VIII. Extraordinary Items	-	-
IX. Profit before tax (VII - VIII)	18,900,626	16,537,812
X. Tax Expense:		
(1) Current Tax	5,321,426	5,249,261
(2) Deferred Tax	944,809	(349,261)
(3) Tax in respect of earlier year		-
(4) MAT credit entitlement.		-
XI. Profit(Loss) from the period from continuing operations	12,634,391	11,637,813
XII. Profit/(Loss) from discontinuing operations	-	-
XIII. Tax expense of discontinuing operations	-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)	-	-
XV. Profit/(Loss) for the period (XI + XIV)	12,634,391	11,637,813
XVI. Earning per equity share:		
(1) Basic	1.94	1.88
(2) Diluted	1.94	1.88
No of Share outstanding	6,510,015	6,200,014

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements.

**For Vijay Darji And Associates
Chartered Accountants
FRN: 118614W**

For and on behalf of the Board

**Sd/-
CA Vijay Darji
Proprietor
Mem No: 105197**

**Sd/-
Sanjeev Kumar
Mg Director & CEO
DIN: 01154896**

**Sd/-
Sanjay Dhir
Wholetime Director & CFO
DIN: 02452461**

**PLACE : CHANDIGARH
DATE : 29.05.2019**

**Sd/-
Nayan Deep
Company Secretary
Mem. No. A51218**

ZENLABS ETHICA LIMITED
Cash Flow Statement for the Year ended 31-03-2019

(Amount in Rs.)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Cash flow from Operating Activity		
Net Profit/(Loss) before tax and extraordinary items	18,900,626	16,537,812
Adjustment for		
Depreciation	2,252,091	2,025,932
MAT credit entitlement	-	576,843
Interest Income	(866,011)	
Interest Debited to Statement of Profit & Loss	712,048	
Foreign Exchange Gain		
Loss on Sale of Fixed Assets	612,974	
Gratuity Debited to Statement of Profit & Loss		-
Adjustment of deferred tax provision	(944,809)	(5,249,261)
Adjustment of current tax provision	(5,321,426)	
Total adjustment	(3,555,133)	(2,646,486)
Operating profits before working capital changes	15,345,493	13,891,327
Decrease/(Increase) in current / Non-current assets	(46,107,733)	35,081,335
(Decrease)/Increase in current / Non-current liabilities	38,810,723	(45,418,267)
Total Change in working capital	(7,297,011)	(10,336,932)
Net cash flow from operating activity	8,048,482	3,554,395
Interest Income	866,011	
Purchase of fixed assets	(3,909,810)	(331,618)
Sale of Fixed Assets	800,000	
Net cash flow from investing activity	(2,243,799)	(331,618)
Issue of Equity Share Capital		-
Borrowings/(Repayments) from/to financial institutions/banks	(734,579)	(2,292,049)
Interest charged by bank	(712,048)	
Net cash flow from financing activity	(1,446,627)	(2,292,049)
Net increase/(decrease) in cash and cash equivalents	4,358,056	930,728
Cash and cash equivalents at the beginning of the year	12,309,427	11,378,699
Cash and cash equivalents at the end of the year	16,667,483	12,309,427

**For Vijay Darji And Associates
Chartered Accountants
FRN: 118614W**

For and on behalf of the Board

**Sd/-
CA Vijay Darji
Proprietor
Mem No: 105197**

**Sd/-
Sanjeev Kumar
Mg Director & CEO
DIN: 01154896**

**Sd/-
Sanjay Dhir
Wholetime Director & CFO
DIN: 02452461**

**PLACE : CHANDIGARH
DATE : 29.05.2019**

**Sd/-
Nayan Deep
Company Secretary
Mem. No. A51218**

**NOTE 1:
FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH
2019**

Company overview:

Zenlabs Ethica Limited ["the Company"] is a pharmaceutical company. It deals in marketing and distribution of pharmaceutical products. The company is domiciled in India and is listed on the Bombay Stock Exchange (BSE).

1 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements have been prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the Indian Accounting Standards (Ind AS), except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) and they comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies [Indian Accounting Standards] Rules, 2015 and the relevant amendment rules issued thereafter.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria's set out in the schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertain its operating cycle as twelve months for the purpose of classification of assets and liabilities into current and non-current.

As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year-end figures reported in this statement.

B Use of estimates

The preparation of Financial Statements in conformity with the Ind AS requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results may differ from these estimates. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements. Any revision to accounting estimates is recognized in the period in which the estimate is revised and future periods affected.

C. Property, Plant and Equipment

A. Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprise purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Expenditure on account of modification/alteration in plant & machinery, which increases the future benefit from the existing assets beyond its previous standard of performance, is capitalized.

B. Depreciable amount for Property, Plant and Equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

C. Depreciation on Property, Plant & Equipment is provided on Straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Each component of an item of property, plant & equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other component of the item.

D. Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value of the Asset exceeds its recoverable amount. Recoverable amount is higher of an asset's net selling

price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss, if any, is recognized in the period in which the impairment takes place.

E. On transition to Ind AS, our Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at April 01, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets.

D. Valuation of Inventories

A. Inventories are valued at lower of cost and net realizable value. Cost of Raw material, Stores & spares, packing material are determined using FIFO method.

B. Cost of inventories have been computed to include all costs of purchase, cost of conversion and other cost incurred in bringing the inventories to their present condition and location.

E. Cash and Cash Equivalent

Cash & Cash Equivalents in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less from the date acquisition, highly liquid investment which are subject to an insignificant risk of changes in value.

F. Revenue Recognition

a) Revenue from Sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed on to the buyer as per the terms of the contracts, usually on delivery of goods, and no significant uncertainty exists regarding the amount of consideration that will be derived from sale of goods.

b) Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

c) Interest income is recognized in statement of profit & loss account on time basis whereas dividend income is recognized when right to receive the payment is established.

G. Foreign currency transactions:

a) Foreign currency transactions are recorded as exchange rates prevailing on the date of transaction.

b) Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet.

c) Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

H. Investment

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management

I. Employee Benefits

1. Short Term Employment Benefits

a) All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits.

b) Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service.

c) A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2) Post-Employment Employee Benefits

Retirement benefits to employees comprise payments to government provident funds, gratuity fund and Employees State Insurance.

3) Defined Contribution Plans

a) The Company's contribution to defined contributions plans such as Provident Fund,

Employee State Insurance are recognized in the Statement of Profit and Loss in the year when the contributions to the respective funds are due.

b) There are no other obligations other than the contribution payable to the respective Funds.

4) Defined Benefit Plans

a) Gratuity liability is defined benefit obligation. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary, using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

b) The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Balance Sheet date. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Statement of Profit & Loss. The same will be recognized in other comprehensive income from next year. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in Statement of Profit and Loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. Actuarial gains/losses are recognized in the Statement of profit & loss.

J. Borrowing Cost

a) Borrowing Cost includes interest.

b) Such costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such assets, up to the date the assets are ready for their intended use.

c) Other borrowing costs are recognized as an expense in the year in which they are incurred.

K. Leases

The company's significant leasing arrangements are in respect of operating premises, stores & godown. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss over the period of the lease. The leasing agreements with expiry due ranging between 3 months to four years are generally renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

Year	2019-20	2020-21	2021-22	2022-23
Annual Rent	2,021,213	1,796,248	1,886,061	1,131,636

L. Earnings Per Share:

a) Basic Earnings per Share: Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company
- By weighted average number of equity shares outstanding during the financial year.

- b) Diluted Earnings per Share: Diluted earnings per share adjust the figure used in the determination of basic earnings per share to take into account:
- The after income tax effects of the interest and other financing cost associated with dilutive potential equity shares,
 - The weighted average number of additional equity share that would have been outstanding assuming the conversion of all dilutive potential equity shares.

M Financial Instruments

1. Financial Assets: -

a) Recognition and initial measurement: -

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument and are measured initially a fair value adjusted for transaction cost.

b) Subsequent measurement: -

i) Equity instrument and Mutual Fund: - All equity Instrument and mutual funds within scope of Ind-AS 109 are measured at fair value. Equity instrument and Mutual fund which are held for trading are classified as at fair value through profit & loss (FVTPL). For all other equity instruments, the Company decided to classify them as at fair value through other comprehensive income (FVTOCI).

ii) Debt instrument: - A 'debt instrument' is measured at the amortized cost if both the following conditions are met. The assets is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the assets given rise on specified dates to cash flows that are solely payments of Principal and Interest on the principal amount outstanding. After initial measurement, such Financial Assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

c) De- recognition of Financial Assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or Company has transferred its right to receive cash flow from the asset.

2. Financial Liabilities: -

a) Recognition and initial measurement: -

All Financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. Financial liabilities are classified as amortized cost.

b) Subsequent measurement: -

Subsequent to initial recognition, these liabilities are measured at Amortized cost using the effective interest rate method.

c) De-recognition of Financial liabilities

Financial liabilities are derecognized when the obligation under the liabilities are discharged or cancelled or expires. Consequently, write back of unsettled credit balances is done on closure of the concerned project or earlier based on the previous experience of Management and actual facts of each case and recognized in other Operating Revenues.

d) Further when an existing Financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

3. Offsetting of Financial Instrument

Financial Assets and Financial Liabilities are offset and the net amount is reported in the Balance sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on net basis, to realize the assets and settle the liabilities simultaneously.

N. Accounting for Taxes on Income

- a) Tax expenses comprise current and deferred tax.
- b) Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.
- c) Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized and are reviewed at each balance sheet date.
- d) Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the guidance note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period

O. Impairment of Non-Financial Assets

- a) The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an assets or CGUs net selling price or its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
- b) An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit and loss. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

P. Provisions and Contingencies

- a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
- b) Contingent liabilities are not provided for and are disclosed by way of notes. Contingent assets are not recognized. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

Q. Fair Value Measurement

- a) For cash and other liquid assets, the fair value is assumed to approximate to book value, given the short term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.
- b) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
 - Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
 - Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
 - Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
- c) The investment shown in the balance sheet are considered to be investment falling under level 3.

d) For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

R. Expenditure

Expenses are accounted for on accrual basis, net of recoveries, if any.

S. Related Party transactions

Details of transactions entered into with related parties during the year as required by IND AS-24 (Related Party) issued by ICAI, New Delhi are as under:

1) Names of the related parties and related party relationship: -

1. 1 Key Managerial Personnel:

Mr. Sanjeev Kumar – Managing Director & CEO

Mr. Sanjay Dhir – Whole-time Director & CFO

Ms. Harmilan Kaur – Company Secretary (Resigned on 03.10.2018)

Ms Bharti Sethi – Company Secretary (Appointed on 04.10.2018 and resigned on 07.12.2018)

Ms Nayan Deep Kaur – Company Secretary

2. Enterprises in which Key Managerial Personnel and Directors are interested:

Preet Remedies Limited

Quixotic Healthcare

Ultrachiron Pharmaceutical Pvt Ltd

Oasis Pharma and Phytomolecules Pvt Ltd

Alpha Products

3. Directors on the Board of the Company:

Mr. Satish Kumar – Non-Executive Director

Mr. Harpreet Singh – Non-Executive Director

Mr. Sanjay Dhir – Whole-time Director & CFO

Mr. Sanjeev Kumar – Managing Director & CEO

Ms Himjyoti – Women Director

Mr. Narang Singh – Independent Director

Mr. Ashok Kumar Gupta – Independent Director

Mr. Chander Sheel Baweja – Independent Director

Mr. Anurag Malhotra – Independent Director

4. Relatives of Key Managerial personnel and Directors:

Ms Saroj Singhal W/o Mr. Satish Kumar

Ms Himjyoti Dhir W/o Mr. Sanjay Dhir

PARTICULARS OF RELATED PARTY TRANSACTIONS:

Nature of transaction	For the year ended 31.03.2019	For the year ended 31.03.2018
Purchase of traded goods:		
Preet Remedies Ltd (Unit II)	21,96,98,080	11,61,56,680
Preet Remedies Ltd (Loan License)	81,94,258	8,51,83,583
Quixotic Healthcare (Unit I)	14,21,74,677	11,29,92,090
Quixotic Healthcare (Unit II)	3,41,86,858	4,83,79,167
Quixotic Healthcare LL	(2,33,980)	4,64,69,785
Alpha Products	10,63,30,271	6,00,30,134
Ultrachiron Pharmaceutical Pvt Ltd	18,46,664	2,01,92,083
Oasis Pharma and Phytomolecules Pvt Ltd	1,19,06,298	66,91,235
Rent Paid:		
Mr. Sanjeev Kumar	16,29,250	6,65,000
Ms Himjyoti	16,29,250	-
Ms Saroj Singhal	16,29,250	-
Rent Inclusive of GST	57,67,545	
Remuneration Paid:		
Mr. Sanjeev Kumar	49,80,000	49,80,000
Mr. Sanjay Dhir	19,20,000	19,20,000
Ms Harmilan Kaur	1,60,516	2,00,000
Ms Bharti Sethi	48,968	-
Ms Nayan Deep Kaur	1,08,333	-

BALANCE WITH RELATED PARTIES ARE AS UNDER:

Name of the Related parties	31.03.2019	31.03.2018
Preet Remedies Ltd (Loan License)	13,65,128	1,03,36,130
Preet Remedies Ltd (Unit II)	4,02,13,660	4,42,20,787
Quixotic Healthcare (Unit I)	8,70,41,532	7,39,18,595
Quixotic Healthcare (Unit II)	1,88,56,612	1,30,69,754
Alpha Products	3,90,57,529	2,81,94,864
Ultrachiron Pharmaceutical Pvt Ltd	42,04,221	34,81,962
Oasis Pharma and Phytomolecules Pvt Ltd	1,00,430	9,49,992
Quixotic Healthcare LL	-	71,82,190

T. Managing Directors Remuneration

Particulars	Current Year (Rs)	Previous Year (Rs)
Salary & Allowances	69,00,000	69,00,000

U. Other Information

In the Opinion of the Board of Directors, the current assets, loans & advances are approximately of the value stated if realized in the ordinary course of business.

Company as a policy obtains balance confirmation from sundry debtors and creditors on monthly/quarterly/half yearly basis depending upon quantum of transaction made with the parties. Considering the same company does not have all balance confirmations as at 31st March 2019, the effect of the same, if any which is not likely to be material will be adjusted at the time of confirmation

V. Details of Payment to Auditors:

Particulars	Current Year (Rs)	Previous Year (Rs)
Statutory Audit Fee	4,16,000.00	4,16,000.00
Total	4,16,000.00	4,16,000.00

W. Segment Reporting

The company is considered to be a single segment company engaged in the trading of pharmaceutical formulations. Consequently, the company has, in its primary segment, only one reportable business segment.

X. Figures have been regrouped/ rearranged wherever necessary to make them comparable with the figure of previous year.

For Vijay Darji And Associates
Chartered Accountants
FRN: 118614W

For and on behalf of the Board

Sd/-
CA Vijay Darji
Proprietor
Mem No: 105197

Sd/-
Sanjeev Kumar
Mg. Director & CEO
DIN: 01154896

Sd/-
Sanjay Dhir
Wholetime Director & CFO
DIN: 02452461

PLACE: CHANDIGARH
DATE : 29.05.2019

Sd/-
Nayan Deep
Company Secretary
Mem. No A51218

Note 3 - Investments

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in Equity Shares	7,019,544	7,019,544
TOTAL	7,019,544	9,519,544

Note 4 - Deferred Tax Liabilities/ Deferred Tax Asset (Net)

Particulars	As at March 31, 2019	As at March 31, 2018
Liabilities		
Timing differences	775,525	(426,264)
Current Year adjustment of deferred tax	(944,809)	(349,261)
TOTAL	(169,284)	(775,525)
Deferred Tax Asset (Net)	(169,284)	(775,525)

Note 5 - Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
Stock In Trade	44,530,777	17,426,251
GRAND TOTAL	44,530,777	17,426,251

Note 6 - Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivable	249,599,361	241,900,950
Less : Allowable for Doubtful debts	-	-
	249,599,361	241,900,950
GRAND TOTAL	249,599,361	241,900,950

Note 7- Cash & Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Balance with banks (excluding bank deposits with more than 12 months of maturity)	14,005,849	11,974,588
(b) Cash in Hand	541,068	334,839
TOTAL	14,546,917	12,309,427

Note 7A: Bank Balances other than shown in Note 7

Particulars	As at March 31, 2019	As at March 31, 2018
Bank Overdraft	2,120,566	-
TOTAL	2,120,566	-

Note 8: Loan (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to Staff	775,886	309,149
TOTAL	775,886	309,149

Note 9: Other Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Income Tax Refund AY 2017-18	145,420	145,420
Income Tax Refund AY 2018-19	1,787,875	1,787,875
Interest Accrued on FDR	125,560	1,426,643
Prepaid Insurance A/c	345,017	258,394
Rent A/c Security (Off.)	280,000	280,000
Telephone Security A/c	10,300	10,300
Security Sales Tax	11,565	11,565
TOTAL	2,705,737	3,920,197

Note 10 - Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Income Tax Refund (2010-11)	251,360	251,360
Income Tax Refund (2012-13)	-	2,680
Income Tax Refund (2013-14)	1,040	1,040
MAT credit entitlement FY 2015-16	-	788,239
IGST	-	142,451
VAT Receivable	48,921	48,921
Other Advances	13,761,415	-
TOTAL	14,062,736	1,234,691

(a) Note 11 - Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised 7000000 Equity Shares of Rs. 10/- each	70,000,000	70,000,000
Issued, Subscribed and Paid up 6510015 (PY 6200014) Equity Shares of Rs.10/- each fully paid up	65,100,150	62,000,140
TOTAL	65,100,150	62,000,140

(b) **Details of Shareholders holding more than 5% of the aggregate shares in the company**

Name of the shareholder	As at March 31, 2019	As at March 31, 2018
	Equity	Equity
Preet Remedies Private Limited	2,004,003	1,908,075
% age of Holding	30.78%	30.78%
Sanjeev Kumar Singal	679,074	646,626
% age of Holding	10.43%	10.43%
Satish Kumar	359,496	342,378
% age of Holding	5.52%	5.52%
Harpreet Singh Kalra	678,987	646,626
% age of Holding	10.43%	10.43%
Sanjay Dhir	679,228	646,884
% age of Holding	10.43%	10.43%

(c) **Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at March 31, 2018	As at March 31, 2017
Equity Shares		
Shares outstanding at the beginning of the year	6,200,014	6,200,014
Shares issued during the year	310,001	-
Shares outstanding at the end of the year	6,510,015	6,200,014

Note 12 - Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
Reserves & Surplus		
Profit & Loss Account		
As per last Balance Sheet	8,138,671	(4,075,985)
Add/(Less): profit/(loss) for the period	12,634,391	11,637,813
Less: Dividend declared and paid F.Y 2018-19	-	(1,859,094)
MAT Credit recognized	-	2,327,190
Less: Provision of I. Tax F.Y. 2015-16	-	108,746
Less : Bonus Share Issue	3,100,010	-
	17,673,051	8,138,671
TOTAL	17,673,051	8,138,671

Note 13 - Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Loans		
Vehicle Loan- HDFC Bank	1,481,854	-
Vehicle Loan- Kotak Mahindra Bank	1,312,625	3,529,058
TOTAL	2,794,479	3,529,058

Note 14 - Long-Term Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for gratuity	2,459,376	1,768,046
TOTAL	2,459,376	1,768,046

Note 15 - Short Term Borrowing

Particulars	As at March 31, 2019	As at March 31, 2018
Bank Overdraft	-	2,704,360
TOTAL		2,704,360

Note 16 - Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
Sundry Creditors	229,783,045	197,044,592
TOTAL	229,783,045	197,044,592

Note 17- Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long-Term Debt	3,189,636	2,306,372
Expenses Payable		
Audit fee payable	112,320	122,720
Duties, taxes and other statutory dues payable	3,878,594	2,226,199
Expenses payable	13,125,257	7,807,616
Advance from Customers	10,126,000	10,377,000
Total	30,431,807	22,839,906

Note 18 - Short-Term Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity	285,694	208,165
TOTAL	285,694	208,165

Note 19 - Revenue from Operations

Particulars	Current Reporting Period	Previous Reporting Period
(a) Sale of Products (A)	6,72,952,303	7,18,384,397
(b) Other Income		
Foreign Exchange Gain	706,736	-
Duty Drawback	41,667	-
Interest on FDR	866,011	832,400
Insurance Claim A/c	-	81,066
Interest on IT Refund	-	17,690
(B)	1,614,414	959,593
GRAND TOTAL	674,566,717	719,343,990

Note 20 - Purchases of Stock-in-Trade

Particulars	Current Reporting Period	Previous Reporting Period
Purchase of Pharmaceutical products	547,184,797	527,874,091
TOTAL	547,184,797	527,874,091

Note 21 - Changes in Inventories

Particulars	Current Reporting Period	Previous Reporting Period
(a) At the end of the period		
Stock-in-Trade	44,530,777	18,416,288
	44,530,777	18,416,288
(a) At the beginning of the period		
Stock-in-Trade	17,426,251	61,686,388
	17,426,251	61,686,388
TOTAL	27,104,526	43,270,100

Note 22 - Employees Benefits Expenses

Particulars	Current Reporting Period	Previous Reporting Period
(i) Salaries and wages	30,130,578	26,794,472
(ii) Employer contribution to ESI	158,716	182,609
(iii) Employer contribution to PF	371,124	368,842
(iv) Staff welfare expenses	907,714	461,117
(v) Gratuity expenses	826,032	197,002
(vi) Incentive to staff	400,000	-
TOTAL	32,794,164	28,004,042

Note 23 - Finance Cost

Particulars	Current Reporting Period	Previous Reporting Period
Bank Interest	677,237	877,836
Bank Charges	34,812	29,832
TOTAL	712,048	907,668

Note 24 - Other Expenses

Particulars	Current Reporting Period	Previous Reporting Period
Advertisement Expenses	9,471,047	8,648,875
Auditor Remuneration	416,000	416,000
Bad debt	-	2,059,893
Boarding and Lodging Expenses	1,104,538	1,000,269
Bonus	-	-
Business Promotion Expenses	5,061,700	4,711,532
C & F Charges	-	932,205
Carriage Inward and Outward	20,402,617	20,017,329
Discount	12,440,116	3,187,300
Commission Expenses	-	684,494
Courier and postage	141,442	166,006
Director Remuneration	6,900,000	6,900,000
Donation & Charity	80,900	-
Electricity and water expenses	239,763	239,884
Fees and Taxes	2,357,017	915,025
Festival expenses	173,659	414,335
Fuel Charges	30,000	-
Insurance expenses	841,392	1,469,077
Interest & Penalty	14,674	-
Loading and unloading expenses	1,005,297	659,318
Loss on Sale of Fixed asset	612,974	-
Meeting/conference expenses	-	416,751
Miscellaneous expenses	21,806	207,864
Office expenses	1,130,526	376,754
Printing and stationary	215,932	194,898
Professional charges	803,338	835,361
Rebate and Discount	6,852,004	16,495,780
Rent expenses	7,743,216	6,142,106
Repair and maintenance expenses	1,070,832	951,649
Security expenses	1,407,072	1,349,240
Service Tax	-	249,508
Software Renewal Expenses	15,400	21,200
Telephone Expenses	315,013	301,969
Tour and Travel Expenses	18,287,427	20,657,412
Travelling and Conveyance Expenses	463,715	102,310
Vehicle Running Expenses	208,099	-
TOTAL	99,827,517	79,391,946

Note 25 – Earning Per Share

	Particulars	Current Reporting Period
(a)	Net profit after tax but before Deferred Tax attributable to equity shareholders for Basic EPS	12,634,391
	Add/Less: Adjustment relating to potential equity shares	-
	Net profit after tax but before Deferred Tax attributable to equity shareholders for Diluted EPS	12,634,391
(b)	Weighted average no. of equity shares outstanding during the year	
	For Basic EPS	6,510,015
	For Diluted EPS	6,510,015
(c)	Basic EPS	1.94
	Diluted EPS	1.94
	Face Value per Equity Share (Rs.)	10
(d)	Reconciliation between no. of shares used for calculating basic and diluted EPS	
	No. of shares used for calculating Basic EPS	
	Add: Potential equity shares	6,510,015
	No. of shares used for calculating Diluted EPS	6,510,015

ZENLABS ETHICA LIMITED

Note 2 -

Changes in Carrying Value of Property, Plant and Equipment for the year ended March 31, 2019

PARTICULARS	Computer s	Furniture & Fixtures	Office Equipment	Electrical equipment	Vehicles	Mobile	Plant and Machinery	Total
<i>Cost or Deemed Cost Refer Note. 1</i>								
Gross carrying value at April 1, 2018	1,330,420	2,174,648	776,720	197,923	15,116,548	182,143	106,590	19,884,993
Additions	152,911	-	-	-	3,305,597	451,302	-	3,909,810
Deletion	-	-	-	-	1,412,974	-	-	1,412,974
Gross carrying value at March 31, 2019	1,483,331	2,174,648	776,720	197,923	17,009,171	633,445	106,590	22,381,829
Accumulated depreciation as at April 1, 2018	1,055,854	1,321,672	505,113	183,232	3,450,887	11,378	19,653	6,547,788
Depreciation	107,157	297,071	109,100	1,685	1,453,708	70,302	9,483	2,048,506
Accumulated depreciation on deletions	-	-	-	-	203,585	-	-	203,585
Accumulated depreciation as at March 31, 2019	1,163,011	1,618,743	614,213	184,917	5,108,180	81,680	29,136	8,799,879
Carrying value as at April 1, 2018	274,567	852,975	271,607	14,691	11,665,661	170,765	86,938	13,337,204
Carrying value as at March 31, 2019	320,321	555,904	162,507	13,006	11,900,991	551,765	77,455	13,581,949

Changes in Carrying Value of Property, Plant and Equipment for the year ended March 31, 2019

PARTICULARS	Computers	Furniture & Fixtures	Office Equipment	Electrical equipment	Vehicles	Mobile	Plant and Machinery	Total
<i>Cost or Deemed Cost</i>								
<i>Refer Note. 1</i>								
Gross carrying value at April 1, 2018	1,180,945	2,174,648	776,720	197,923	15,116,548	-	106,590	19,553,375
Additions	149,475					182,143	-	331,618
Deletion	-	-	-	-	-	-	-	-
Gross carrying value at March 31, 2019	1,330,420	2,174,648	776,720	197,923	15,116,548	182,143	106,590	19,884,993
Accumulated depreciation as at April 1, 2018								
Depreciation	981,636	1,040,183	394,586	179,651	1,914,895	-	10,905	4,521,856
Accumulated depreciation on deletions	74,217	281,490	110,527	3,581	1,535,991	11,378	8,748	2,025,932
Accumulated depreciation as at March 31, 2019	-	-	-	-	-	-	-	-
Carrying value as at April 1, 2018	1,055,854	1,321,672	505,113	183,232	3,450,887	11,378	19,653	6,547,788
Carrying value as at March 31, 2019								

ZENLABS ETHICA LIMITED

Regd. Office: Plot No. 194-195, 3rd Floor, Industrial Area, Phase II
Ram Darbar, Chandigarh-160002
CIN: L74900CH1993PLC033112
Tel No.0172-4651105
Website: www.zenlabsethica.com
Email ID: queries@zenlabsethica.com

ATTENDANCE SLIP

(To be presented at the entrance)

Registered Folio No / DP ID No / Client ID No.:	
Name and Address of the Member (s)	
Joint Name(s)	
No. of Shares Held	
Name of the Proxy holder	
Signature of Member (s) / Proxy	

I/We hereby record my/our presence at the **26th ANNUAL GENERAL MEETING** of the Company held on Monday, the 30th September, 2019 at 11:30 A.M. at the registered office of the Company situated at Plot No. 194-195, 3rd Floor, Industrial Area, Phase II, Ram Darbar, Chandigarh-160002.

Note: Members / Proxies are requested to bring the attendance slip with them.

Electronic Voting Particulars: -

EVSN (Electronic Voting Sequence Number)	*Default PAN
190827061	USE YOUR PAN

* Only Shareholder who have not update their PAN with Company / Depository Participant shall use default PAN in the pan field.

Note: Please read the instructions printed at note 21 of the Notice of Twenty Sixth Annual General Meeting. The E-Voting period starts on Friday the 27th day of September, 2019 (9.00 a.m. IST) and ends on Sunday, the 29th day of September, 2019 (5.00 p.m. Indian Standard Time). The e-voting module shall be disabled by CDSL for voting thereafter.

**Form No. MGT-11
PROXY FORM**

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

ZENLABS ETHICA LIMITED

Regd. Office: Plot No.194-195, 3rd Floor, Industrial Area, Phase II, Ram Darbar, Chandigarh-160002
CIN: L74900CH1993PLC033112
Tel No.0172-4651105
Website: www.zenlabsethica.com
Email ID: queries@zenlabsethica.com

Name of the member (s):.....
Registered Address:
E. Mail Id: Folio No. /Client Id.....
DP ID.....

I/We, being the member(s) holding of.....shares of the above-named Company,
hereby appoint

1. Name:
Address:
E. mail ID. Signature: or failing him.....
2. Name:
Address:
E. mail ID: Signature:or failing him
3. Name: Address:
E. mail ID: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual general meeting of the company, to be held on the Monday, 30th September, 2019 at 11:30 A.M at Plot No. 194-195, 3rd Floor, Industrial Area, Phase II, Ram Darbar, Chandigarh-160002 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolutions
Ordinary Business	
1	To receive, consider and adopt the audited financial statements for the year ended 31 st March, 2019 together with the reports of the Board of Directors and Auditors thereon.
2	To appoint a Director in place of Sh. Satish Kumar (DIN: 00763060) Director of the company who retires by rotation and being eligible offers himself for re-appointment.
Special Business	
3	Regularization the Appointment of Sh. Kuldeep Singh (DIN: 08454422) as Director of the Company.
4	Re-appointment of Sh. Sanjeev Kumar (DIN: 01154896) as Managing Director of the Company w.e.f. 1st September, 2019 upto 31 st August, 2024.

Signed this 30th day of September, 2019



Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Route Map to reach to the Venue of AGM

Venue of AGM:

Zenlabs Ethica Limited

Plot No. 194-195

3rd Floor, Industrial Area

Phase II, Ram Darbar, Chandigarh-160002

