



ZENLABS ETHICA
LIMITED

28th ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31.03.2021

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28th ANNUAL GENERAL MEETING

Date: 30th September, 2021

Day: Thursday

Time: 11:30 A.M.

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

BOARD OF DIRECTORS

1	Mr. Sanjeev Kumar (DIN-01154896)	Promoter Managing Director, CEO
2	Mr. Sanjay Dhir (DIN- 02452461)	Promoter Whole time Director, CFO
3	Mrs. Himjyoti (DIN-02398927)	Promoter Non-executive Woman Director
4	Mr. Ashok Kumar Gupta (DIN – 07330108)	Independent Non-executive Director
5	Mr. Anurag Malhotra (DIN: 07552713)	Independent Non-executive Director
6	Mr. Kuldeep Singh (DIN: 08454422)	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

LISTING OF EQUITY SHARES

BSE Ltd.
Security Code: 530697
ISIN: INE546F01013

COMPANY SECRETARY

Ms. Divya Gupta

REGISTERED OFFICE

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

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE COMPANY ZENLABS ETHICA LIMITED WILL BE HELD ON THURSDAY, THE 30TH DAY OF SEPTEMBER 2021 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, 2021 together with the reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Sh. Kuldeep Singh (DIN: 08454422), who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the 33rd Annual General Meeting and to fix their remuneration:

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

“RESOLVED THAT pursuant to Sections 139, 142 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the said Act and Companies (Audit and Auditors) Rules, 2014 made thereunder and other applicable rules, if any, under the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force) N Kumar Chhabra & Co., Chartered Accountants, Chandigarh (Registration No.000837N), be and is hereby appointed as the Statutory Auditors of the Company commencing from the conclusion of this Annual General Meeting till the conclusion of 33rd Annual General Meeting at a remuneration to be fixed by the Audit Committee and/or Board of Directors of the Company, in addition to the reimbursement of applicable taxes and actual out of pocket and travelling expenses incurred in connection with the audit and billed progressively.”

SPECIAL BUSINESS:

4. Re-appointment of Sh. Anurag Malhotra (DIN: 07552713) as an Independent Director for 2nd term from 11th August, 2021 up to 10th August, 2026.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Sh. Anurag Malhotra (DIN: 07552713), who holds office of Independent Director up to 10th August, 2021 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 11th August, 2021 up to 10th August, 2026.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

On behalf of the Board
For Zenlabs Ethica Limited

Sd/-
Sanjeev Kumar
Managing Director
DIN: 01154896

Date: 03rd September, 2021
Place: Chandigarh

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 Friday, 24th September, 2021 to Thursday 30th September, 2021 (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 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. Kuldeep Singh (DIN: 08454422), 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. Kuldeep Singh
2	DIN	08454422
3	Date of Appointment	10/06/2019
4	No. of Shares Held of Company as on 31.03.2021	NIL
5	Directorships in other Companies	NIL
6	Chairman/Member of Committees of Companies	NIL
7	Experience	Mr. Kuldeep Singh, aged 54 Years is having about 12 years of experience in Pharma and Allied Industries.

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 the Monday 27th day of September, 2021 (9.00 a.m. IST) and ends on Wednesday, the 29th day of September, 2021 (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 Thursday the 23rd September, 2021 (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 Thursday the 23rd September, 2021.
- (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) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholder's /retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.
In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all **the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- (vi) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest is https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>1.If you are already registered for NSDL IDeAS facility, please visit the E-Services website of NSDL. Open web browser by typing the following: URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period.</p> <p>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website. **Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542- 43
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- (vii) The company has appointed Mr. Jaspreet Singh Dhawan, Practicing Company Secretary, M/s Jaspreet Dhawan & Associates (FCS 9372; CP 8545) 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 Thursday the 23rd September, 2021.
- (viii) The Scrutinizer shall within a period not exceeding two (2) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (ix) The Results shall be declared on or after the AGM of the Company. 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 within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Bombay Stock Exchange.
- (x) 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.
- (xi) The shareholders should log on to the e-voting website www.evotingindia.com.
- (xii) Click on "Shareholders" module.
- (xiii) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (xiv) Next enter the Image Verification as displayed and Click on Login.
- (xv) 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.
- (xvi) If you are a first time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login.
OR	
Date of Birth(DOB)	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details field.

- (xvii) After entering these details appropriately, click on “SUBMIT” tab.
- (xviii) 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.
- (xix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xx) Click on the EVSN (210903100) for the relevant **ZENLABS ETHICA LIMITED** on which you choose to vote.
- (xxi) 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.
- (xxii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xxiii) 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.
- (xxiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xxv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xxvi) 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.
- (xxvii) 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.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretarial@zenlabsethica.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the **cut-off date i.e. 23rd September, 2021** may follow the same instructions as mentioned above for e-Voting.

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 2020-2021 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 28th 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 28th 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 28th 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 28th 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

M/s Vijay Darji and Associates, Chartered Accountants, Mumbai (FRN: 118614W) were appointed as the Auditors of the Company at the twenty third Annual General Meeting (AGM) of the Company held on 30th September, 2016 for a one term of five consecutive years i.e. up to the conclusion of this 28th AGM .As per the provisions of Section 139 of the Act, no listed Company can appoint or re-appoint an individual as an auditor for more than one term of five consecutive years. In view of the above, M/s Vijay Darji and Associates, Chartered Accountants can continue as the Auditors of the Company only up to the conclusion

of this Annual General Meeting ('AGM'), having completed their term as per the provisions of Section 139 of the Act.

The Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on September 03, 2021, proposed the appointment of N Kumar Chhabra & Co., Chartered Accountants, Chandigarh (Registration No.000837N), as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of this AGM till the conclusion of the thirty third AGM. N Kumar Chhabra & Co., Chartered Accountants have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The Board recommends the ordinary resolution mentioned at Item No. 3 of the accompanying Notice for approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 4

Sh. Anurag Malhotra (DIN: 07552713), was appointed as an Independent Director of the Company on 11th August, 2016 in compliance with Section 149 of the Companies Act, 2013 and his current tenure as an Independent Director will end on 10th August 2021.

In terms of provisions of section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Shareholders of the Company and disclosure of such appointment in the Board's report.

Based on the nomination received from Nomination and Remuneration Committee of the Company, constituted by the Board, in accordance with Applicable Law and the Independent Director(s) to be so appointed shall be persons of high standing, good repute and widely acknowledged as experts in their respective field, which the Board deems beneficial to the Company.

After taking into account the performance evaluation, during his first term of five years and considering the knowledge, acumen, expertise and experience in respective fields and the substantial contribution made by Sh. Anurag Malhotra during his tenure as an Independent Director since his appointment, the Nomination and Remuneration Committee at its meeting held on July 10, 2021 has considered, approved and recommended the re-appointment of Sh. Anurag Malhotra as an Independent Directors for a second term of five years with effect from 11th August 2021 to 10th August , 2026 the Board of Directors for their approval.

The Board of Directors at their meeting held on July 10, 2021 considered the recommendation of NRC and approved the re-appointment of Sh. Anurag Malhotra as an Independent Director for a further period of 5 years, subject to approval of the Members.

The Company has received the consent from Sh. Anurag Malhotra to act as the Director in the prescribed Form DIR-2 under Section 152(5) of the Act and Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 along with the declaration on criteria of Independence as per Section 149(6) of the Act.

In the opinion of the Board, Sh. Anurag Malhotra proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management.

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

The Board recommends the special resolution set forth in Item no. 4 for the approval of members.

Details of Director Seeking Re-Appointment (In pursuance of provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Sr. No.	Particular	Details
1	Name of Director	Sh. Anurag Malhotra
2	DIN	07552713
3	Date of Birth	06.07.1969
4	Age	52 Years
5	Date of Appointment	11.08.2016
6	No of Shares Held of Company as on 31.03.2021	Nil
7	Directorships in other Companies	Nil
8	Remuneration	NIL
9	Chairman/Member of Committees of Companies	1. Member of Audit Committee 2. Member of Stakeholder Relationship Committee
10	Experience	Mr. Anurag Malhotra aged 52 years, is an Independent Director of the company. He completed his Graduate in Arts and is currently working as Professional in the field of Advertising and Event Management since last 15 years. He also has a work background of computers, insurance and telecom sector .He is very senior and experienced and his presence on the Board is of great benefit to the company.

On behalf of the Board
For Zenlabs Ethica Limited

Sd/-
Sanjeev Kumar
Managing Director
DIN: 01154896

Date: 03rd September,2021
Place: Chandigarh

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the 28th 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, 2021. 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, 2021 is summarized below:

(Amount in 000)

Particulars	2020-21	2019-20
Operating Income	566,401.65	599,494.50
Other Income	1,240.70	520.71
Total Income	567,642.35	600,015.21
Less: Total Expenditure	558,397.90	611,695.99
Profit before tax	9,244.45	(11,680.79)
Less: Provision for Tax	925.69	(3,621.79)
Profit after tax	8,318.76	(7,326.84)
Other Comprehensive Income	884.12	(1,337.86)
Add: Brought forward P&L balance from prev. year	9,008.34	17,673.04
Profit available for Appropriation	19,090.13	9,008.34

The audited financial statements for FY 2020-21 are recommended for adoption by the shareholders at the ensuing Annual General Meeting (AGM).

2. TRANSFER TO RESERVES

During the financial year 2020-21 the Company has transferred INR 1,90,90,134 (Profit after tax) to the general reserves.

3. STATE OF AFFAIRS

The Company had earned a profit of INR 92,02,890 during the year.

4. DIVIDEND

With a view to conserve funds for the operations of the Company, your Directors have not recommended any Dividend on the Equity Shares for the Financial Year under review.

5. CHANGES IN SHARE CAPITAL, IF ANY

During the year under review, there has been no change in the authorized, issued, subscribed and paid up share capital share capital of the Company.

As on 31st March 2021, the authorized 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) and paid-up share capital is INR 6,51,00,150 (Indian Rupees Six Crore Fifty One Lakhs One Hundred Fifty only) divided into 65,10,015 (Sixty Five Lakhs Ten Thousand Fifteen only) equity shares of INR 10/- (Indian Rupees Ten only).

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. ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at March 31, 2021 on its website at www.zenlabsethica.com. By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (Form MGT-9) as part of the Board's report.

7. MEETINGS OF BOARD

During the year, six meetings of the Board were held and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder.

The Board of Directors met on 29th June, 2020, 8th September, 2020, 10th November, 2020 and 7th December, 2020 and 8th February, 2021 and 10th March, 2021 with the following members.

Sr. No.	Name of Directors	Number of meetings during the financial Year 2020-21	
		Entitled to Attend	Attended
1	Mr. Sanjeev Kumar	6	4
2	Mr. Satish Kumar	6	3
3	Mr. Harpreet Singh	6	2
4	Ms. Him Jyoti	6	6
5	Mr. Ashok Kumar Gupta	6	6
6	Mr. Chander Sheel Baweja	6	4
7	Mr. Sanjay Dhir	6	6
8	Mr. Anurag Malhotra	6	5
9	Mr. Kuldeep Singh	6	6

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 27th June, 2020, 18th August, 2020, 7th September, 2020 and 9th November, 2020 and 6th February, 2021 with the following members:

S. No.	Name	Number of meetings during the financial year 2020-21	
		Entitled to Attend	Attended
1	Mr. Ashok Kumar Gupta (Chairman & Member)	5	5
2	Mr. Anurag Malhotra (Member)	5	5
3	Mr. Sanjay Dhir (Member)	5	4

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 30th August, 2020, 31st October, 2020 and 10th March, 2021 with following members:

Sr. No.	Name	Number of meetings during the financial year 2020-21	
		Entitled to Attend	Attended
1	Mr. Satish Kumar- (Member)	3	1
2	Mr. Ashok Kumar Gupta (Chairman & Member)	3	3
3	Mr. Chander Sheel Baweja (Member)	3	3

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 8 times.

Sr. No.	Name	Number of meetings during the financial year 2020-21	
		Entitled to Attend	Attended
1	Mr. Satish Kumar (Chairman)	8	3
2	Ms. HimJyoti (Member)	8	7
3	Mr. Ashok Kumar Gupta (Member)	8	8
4	Mr. Anurag Malhotra (Member)	8	7

11. DECLARATION OF INDEPENDENT DIRECTORS:

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 M/s 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. up to the conclusion of 28th AGM to be held in 2021.

Pursuant to provisions of Section-139 of the Companies Act, 2013 M/s Vijay Darji and Associates, Chartered Accountants, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting of the Company.

The Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on September 03, 2021, proposed the appointment of N Kumar Chhabra & Co., Chartered Accountants, Chandigarh (Registration No.000837N), as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of this AGM till the conclusion of the 33rd AGM. N Kumar Chhabra & Co., Chartered Accountants have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

13. AUDITORS REPORT:

M/s. Vijay Darji and Associates, Chartered Accountants (FRN: 118614W) have audited the accounts of your Company for the FY 2020-21 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 Mr. Jaspreet Singh Dhawan; Whole-time Practicing Company Secretary to conduct the Secretarial Audit for the financial year 2020-21.

The Secretarial audit report for the financial year ended 31st March, 2021 is **Annexure A** 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 2020-21 is given below:

Foreign Exchange Earnings and Outgo	
Particulars	Amount (In Rs.)
A-Foreign Exchange Earnings (Exports)	87,30,525.03
Total	87,30,525.03
B- Foreign Exchange Outgo	
1. Expense (Imports)	1,18,13,987.63
2. Dividend on Equity Shares	-
3. Dividend on Preference Shares (CCPS)	-
Total	1,18,13,987.63

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, 2021.

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 B**.

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 B**.

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 exemption criteria as provided under Regulation 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, 2021, the Company's Paid up Capital is of Rs. 65,100,150/- (Rupees Six Crore Fifty One Lakhs One Hundred Fifty only) and Net worth is Worth is INR 8, 41, 90,280/- (Indian Rupees Eight Crore Forty One Lakhs Ninety Thousand Two Hundred and Eighty 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 05.03.2021, 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 / KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE FINANCIAL YEAR UNDER REVIEW AND UP TO THE DATE OF THIS REPORT:

(i)**Re-appointment of directors retiring by rotation:** Mr. Kuldeep Singh (DIN- 08454422), Executive Director of the company, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

(ii)**Appointment/Resignation of non-executive non-independent director:** Mr. Satish Kumar, (DIN: 00763060) and Mr. Harpreet Singh (DIN: 00763060) have tendered their resignation as the Directors of the Company with effect from 03rd September, 2021.

(iii)**Appointment /Resignation of independent director:** Mr. Chander Sheel Baweja (DIN: 00763060) tendered his resignation as the Directors of the Company with effect from 03rd September, 2021.

(iv)**Appointment / resignation of key managerial personnel:** Ms. Nayandeep Kaur (Company Secretary) resigned from her post on 17th October, 2020 and Ms. Ginny Uppal was appointed as the Company Secretary & Compliance officer of the company with effect from 10th November, 2020.

Further Ms. Ginny Uppal resigned from her position as the Company Secretary & Compliance officer with effect from 30th June, 2021 and Ms. Divya Gupta was appointed as Company Secretary & Compliance officer with effect from 10th July, 2021.

(v)**Profile of directors seeking appointment / re-appointment** – Profile of the directors seeking appointment / re-appointment as required to be given in terms of Regulation 36 of the Listing Regulations forms part of the Notice convening the ensuing annual general meeting of the Company.

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/ behavior, 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 behavior, 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 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 C**.

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, 2021.

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 2021-22.

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 D**.

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: 03rd September, 2021
Place: Chandigarh

Sd/-
Sanjeev Kumar
Managing Director
DIN: 01154896

Sd/-
Sanjay Dhir
WholeTime Director
DIN: 02452461

ANNEXURE A

SECRETARIAL AUDIT REPORT
Form No. MR-3
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021
[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, 2021, 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, 2021 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;

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.

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 no events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**For Jaspreet Dhawan & Associates
Company Secretaries**

Jaspreet Singh Dhawan
FCS 9372
CP. No: 8545
UDIN-F009372C000744832

Date: 06.08.2021
Place: Mohali

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**

**Jaspreet Singh Dhawan
FCS 9372
CP. No: 8545
UDIN-F009372C000744832**

**Date: 06.08.2021
Place: Mohali**

ANNEXURE B**{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 31/03/2021: Rs. 2,39,85,654.

Remuneration given to directors:

S. No.	Name of Director	Remuneration as on 01/04/2020	Remuneration as on 31/03/2021	% Change
1	Sanjeev Kumar	49,80,000	49,80,000	-
2	Sanjay Dhir	23,70,000	37,20,000	+56.96

- 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: +56.96
% increase in remuneration of median: Nil
- c) Number of permanent employees on the rolls of the company as on 31st March, 2021 is 63 (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 2020-21 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

Sd/-
Sanjeev Kumar
Managing Director
DIN: 01154896

Date: 03rd September, 2021
Place: Chandigarh

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/ arrangements / 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. 22,95,90,176	30-05-2016	Nil
Quixotic Healthcare	Purchase of Traded Goods	Ongoing	Rs. 15,01,61,392	30-05-2016	Nil
Alpha Products	Purchase of Traded Goods	Ongoing	Rs. 4,91,77,394	30-05-2016	Nil
Ultrachiron Healthcare Pvt. Ltd	Purchase of Traded Goods	Ongoing	Rs. 1,97,61,962	30-05-2016	Nil
Quixotic Pharma Pvt Ltd.	Purchase of Traded Goods	Ongoing	Rs. 7,74,61,624	30-05-2016	Nil

On behalf of the Board
For Zenlabs Ethica Limited

Date: 03rd September, 2021
Place: Chandigarh

Sd/-
Sanjeev Kumar
Managing Director
DIN: 01154896

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. 2020-21 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:

During the year under review your Company has recorded a turnover of Rs. 56,64,01,654. However the company reported profit of Rs. 92,02,890/- net profit after tax as against previous year loss of Rs. 86,64,710 /-

(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 86 employees in the company.

On behalf of the Board
For Zenlabs Ethica Limited

Sd/-
Sanjeev Kumar
Managing Director
DIN: 01154896

Date: 03rd September, 2021
Place: Chandigarh

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 & Whole time Director of the Company hereby certify that in respect of the financial year ended on March 31, 2021:

- A. We have reviewed financial statements and the cash flow statement for the year March 31, 2021 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 the Board
Zenlabs Ethica Limited**

Date: May 26,2021
Place: Chandigarh

Sd/-
Sanjeev Kumar
CEO

Sd/-
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 26,2021
Place: Chandigarh

Sd/-
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, 2021, 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.

Basis of 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, 2021, and its profit, total comprehensive income and its cash flows for the year ended on that date.

Emphasis of Matters:

We draw attention to point no B(b) in Notes to the Financial Statements in which the Company describes the uncertainties arising from the Covid-19 Pandemic. Our report is not modified in respect of this matter.

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, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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
M No: 105197 FRN: 118614W
Place: Mumbai
Date: 26th May, 2021
UDIN: 21105197AAAAAJ2858

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, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2021 based on the internal financial controls with reference to standalone financial statements 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 (the “Guidance Note”).

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.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, 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, 2021, 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
M. No: 105197
FRN: 118614W
Place: Mumbai
Date: 26th May, 2021
UDIN: 21105197AAAAAJ2858

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 regular 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.
 - (d) In respect of Immovable property taken on lease and disclosed as right-of-use-assets in the standalone financial statements, the lease agreements 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- 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, 2021 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, 2021 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 any Bank or Financial Institution during the period under review and there are no dues outstanding to any debenture holders.

- 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
M No: 105197
FRN: 118614W
Place: Mumbai
Date: 26th May, 2021
UDIN NUMBER: 20105197AAAAJ2858

ZENLABS ETHICA LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in '000)

Particulars	Notes	As at year ended March 31, 2021	As at year ended March 31, 2020
		Amount (Rs.)	Amount (Rs.)
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	2	13,879.39	11,192.83
(b) Capital Work-in-Progress		-	-
(c) Other Intangible Assets		-	-
(d) Financial Assets			
(i) Investments	3	7,019.54	7,019.54
(ii) Loans		-	-
(iii) Other Financial Assets		-	-
(e) Deferred Tax Assets (Net)	4	3,452.50	3,452.50
(f) Other Non-Current Assets		-	-
Total Non-Current Assets - (1)		24,351.43	21,664.87
(2) Current Assets			
(a) Inventories	5	51,848.67	46,049.31
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade and other Receivables	6	1,88,795.53	2,22,425.19
(iii) Cash and Cash Equivalents	7	15,338.81	15,280.12
(iv) Bank Balances other than (iii) above	8	1,264.08	5,649.85
(v) Loans		-	-
(vi) Other Financial Assets	9	560.09	415.86
(c) Other Current Assets	10	38,947.89	28,452.75
		2,96,755.07	3,18,273.09
TOTAL ASSETS - (1) + (2)		3,21,106.50	3,39,937.97
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	65,100.15	65,100.15
(b) Other Equity	12	19,090.13	9,008.34
Total Equity - (1)		84,190.28	74,108.49
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	2,340.80	3,248.32
(b) Provisions	14	2,881.89	3,684.97
(c) Deferred Tax Liability	4	-	-
(d) Other Non-Current Liabilities		-	-
Total Non-Current Liabilities - (2)		5,222.69	6,933.29

(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	-	-
(ii) Trade Payables	16	1,92,368.58	2,23,981.73
(iii) Other Financial Liabilities	17	4,329.10	11,258.88
(b) Other Current Liabilities	18	34,678.93	23,257.61
(c) Provisions	19	316.92	397.96
(d) Current Tax Liabilities (Net)		-	-
Total Current Liabilities - (3)		2,31,693.53	2,58,896.18
TOTAL EQUITY AND LIABILITIES - (1) + (2) + (3)		3,21,106.50	3,39,937.97

For Vijay Darji And Associates
Chartered Accountants
FRN: 118614W
UDIN NUMBER:21105197AAAAAJ2858

For and on behalf of the Board

Sd/-
CA Vijay Darji
Proprietor
Mem No : 105197

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

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

Place: Chandigarh
Date: 26,May ,2021

Sd/-
Ginny Uppal
Company Secretary
Mem. No. A53483

ZENLABS ETHICA LIMITED Statement of Profit and Loss for the year ended 31st March, 2021 (Amount in '000)			
Particulars	Note No	Current F.Y. 2020-21	Previous F.Y. 2019-20
I. Revenue From Operations	20	5,66,401.65	5,99,494.50
II. Other Income	21	1,240.70	520.71
III. Total Revenue (I +II)		5,67,642.35	6,00,015.21
<u>IV. Expenses:</u>			
Cost of Materials Consumed		-	-
Purchase of Stock-in-Trade	22	4,73,076.75	4,96,110.52
Manufacturing and Operating Cost			-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(5,799.36)	(1,518.53)
Employee Benefit Expense	24	33,540.99	39,704.00
Financial Costs	25	372.67	777.29
Depreciation Expense	2	2736.34	2,923.55
Other Expenses	26	54,470.49	73,699.17
Total Expenses		5,58,397.90	6,11,695.99
V. Profit before tax (III - IV)		9,244.45	(11,680.79)
VI. Tax Expense:			
(1) Current Tax		925.69	-
(2) Deferred Tax		-	(3,621.79)
(3)Tax in respect of earlier year			
(4) MAT credit entitlement.		-	732.16
VII. Profit(Loss) from the period from continuing operations (V-VI)		8,318.76	(7,326.84)
VIII. Profit/(Loss) from discontinuing operations			-
IX. Tax expense of discontinuing operations			-
X. Profit/(Loss) from Discontinuing operations (VIII-IX)			-
XI. Profit/(Loss) for the period (VII+X)		8,318.76	(7,326.84)
XII. Other Comprehensive Income/Expenses			
(i) Items that will not be subsequently reclassified to Profit & Loss A/c (Net of Tax)			
Remeasurement gains/(loss) on defined benefit plans		884.12	(1,337.86)
Income tax effect			-
(i) Items that will be subsequently reclassified to Profit & Loss A/c (Net of Tax)			

Total Comprehensive Income for the period comprising profit/(loss) and Other Comprehensive Income for the period (Net of Tax)		9,202.89	(8,664.71)
XIII. Earning per equity share:	27		
(1) Basic		1.41	(1.33)
(2) Diluted		1.41	(1.33)
No of Share outstanding		65,10,015	65,10,015
Significant Accounting Policies	1		

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

For Vijay Darji And Associates
Chartered Accountants
FRN: 118614W
UDIN NUMBER:21105197AAAAAJ2858

For and on behalf of the Board

Sd/-
CA Vijay Darji
Proprietor
Mem No : 105197

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

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

Place: Chandigarh

Date: 26,May ,2021

Sd/-
Ginny Uppal
Company Secretary
Mem. No. A53483

ZENLABS ETHICA LIMITED
Cash Flow Statement for the Year ended 31-03-2021

(Amount in '000)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Cash flow from Operating Activity		
Net Profit/(Loss) before tax and extraordinary items	9,244.45	(11,680.79)
Adjustment for		
Depreciation	2,736.34	2,923.55
MAT credit entitlement	925.69	732.16
Interest Income	(943.41)	(586.00)
Interest Debited to Statement of Profit & Loss	372.67	777.29
Loss on Sale of Fixed Assets	125.67	-
Adjustment in Reserve & Surplus (MAT)	(46.79)	-
Adjustment of deferred tax provision	-	3,621.79
Adjustment of current tax provision		-
Total adjustment	2,244.49	7,468.77
Operating profits before working capital changes	11,488.95	(4,212.01)
Decrease/(Increase) in current / Non- current assets	17,190.94	10,878.88
(Decrease)/Increase in current / Non- current liabilities	(27,121.61)	(2,132.50)
Total Change in working capital	(9,930.66)	8,746.37
Net cash flow from operating activity	1,558.28	4,534.36
Interest Income	943.41	586.00
Purchase of fixed assets	(6,148.57)	(534.43)
Sale of Fixed Assets	600	-
Net cash flow from investing activity	(4,605.16)	51.58
Issue of Equity Share Capital		
Borrowings/(Repayments) from/to financial institutions/banks	(907.52)	453.84
Interest charged by bank	(372.67)	(777.29)
Net cash flow from financing activity	(1,280.20)	(323.44)
Net increase/(decrease) in cash and cash equivalents	(4,327.08)	4,262.49
Cash and cash equivalents at the beginning of the year	20,929.98	16,667.48
Cash and cash equivalents at the end of the year	16,602.90	20,929.98

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
Managing Director & CEO
DIN: 01154896

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

Place: Chandigarh

Date: 26, May, 2021

Sd/-
Ginny Uppal
Company Secretary
Mem. No. A53483

Statement of changes in Equity				
A. EQUITY SHARE CAPITAL				
Particulars		Number of Shares		Amount
Balance as at March 31, 2019		65,10,015		651,00,150
Changes in Equity share capital during the year				
- Issue of Bonus share		-		-
Balance as at March 31, 2020		65,10,015		651,00,150
Changes in Equity share capital during the year		-		-
Balance as at March 31, 2021		65,10,015		651,00,150
B. OTHER EQUITY				
(Amount in '000)				
Particulars	Capital Reserve	Security premium Reserve	Retained Earnings	Total
Balance as at March 31, 2019	-	-	17,673	17,673
Profit during the Year	-	-	(7,326.84)	(7,326.84)
Other Comprehensive Income during the year	-	-	(1337.86)	(1337.86)
Sub total	-	-	9,008	9,008
Amount Utilized:	-	-	-	-
- Issue of Bonus Share	-	-	-	-
Balance as at March 31, 2020	-	-	9,008	9,008
Profit during the Year	-	-	9,244.45	9,244.45
Other Comprehensive Income during the year	-	-	884.12	884.12
Sub total	-	-	19,136.92	19,136.92
Amount Utilized:	-	-	-	-
- Issue of Bonus Share	-	-	-	-
Adjustments made during the Year:	-	-	(46.79)	(46.79)
- Recognition of Mat Credit of earlier years	-	-	-	-
Balance as at March 31, 2021	-	-	19,090.13	19,090.13

NOTE 1:

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH 2021

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 of our company 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 (IND AS) 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. These items are: (i) Employee defined benefit assets/ (liability) are recognized as the net total of fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation; and (ii) Long-term borrowings are measured at amortized cost using the effective interest rate method.

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2021, the Statement of Profit and Loss for the year ended 31 March 2021, the Statement of Cash Flows for the year ended 31 March 2021 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as ‘Standalone Financial Statements’ or ‘financial statements’).

These financial statements are approved for issue by the Board of Directors on 26 May, 2021.

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. Deferred tax assets and liabilities are classified as non-current only. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Standalone Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of Crore, unless otherwise stated.

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

(a) The preparation of Financial Statements is 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 management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results may differ due to these estimates and the difference between the actual results and the estimates are recognized in the periods in which the results are known and materialized. Any revision to accounting estimates is recognized in the period in which the estimate is revised and future periods affected.

(b) The Company is in the business of trading of pharmaceutical products and it was unable to continue its operations during lockdown imposed by the Government of India.

The outbreak of Corona virus disease (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company is monitoring the impact of global health pandemic on its financial position and liquidity. The Company used the principles of prudence in applying judgments, estimates and assumptions based on the current estimates. The Company has considered wherever applicable the possible effects on the carrying amounts of receivables, inventories, loans, investments and other financial assets and as on March 31, 2021. Based on the current indicators of future economic conditions, the management may expect to recover the carrying amount of these assets with certain loss which cannot be quantify as on date. However, the impact of COVID 19 on the Company's Financial Statements may differ from that estimated as of the date of approval of these financial statement and management will continue to closely monitor any material changes to future economic condition.

C. Property, Plant and Equipment

a) Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises 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. "The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is required to be included in the cost of the respective item of property plant and equipment" and "Cost of major inspections is recognized in the carrying amount of property, plant and equipment as a replacement, if recognition criteria are satisfied and any remaining carrying amount of the cost of previous inspection is derecognized. 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. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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. Freehold land is not depreciated.

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. Government Grants

Government grants are not recognized until there is reasonable assurance that company will comply with the conditions attaching to them an grant will be received.

Government grants are recognized in Statement of Profit & Loss on a systematic basis over the periods in which the company recognizes as expenses the related costs, if any, for which grants intends to compensate.

G. Revenue Recognition

a) The Company has adopted Ind AS 18 for Revenue Recognition. Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes/GST and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when title and risk and rewards of ownership pass to the customer. Export incentives are recognized as income as per the terms of the scheme in respect of the exports made and included as part of export turnover.

Revenue from sales is recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell / consume the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed.

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.

H. 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. Indian Rupee has been adopted as the functional currency of the company.
- c) Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the Statement of profit & loss.

I. 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.

J. 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 balance sheet with a charge or credit recognizes in other comprehensive income in the period in which they occur.

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.

K. 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.

L. Leases

Ind AS 116 (corresponding to IFRS 16) is under consideration of the National Advisory Committee on Accounting Standards (NACAS). Ind AS 116 is effective for accounting periods beginning on or after from 1 April 2019. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Prior to Ind AS 116, Ind AS 17 required classifying leases as finance lease and operating lease.

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. Rental expenses made under operating leases (net of any incentives received from the lessor) are charged to profit or loss over the period of the lease on straight

line basis. Where the rentals are structured solely to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increase, such increases are recognized in the year in which such cost/benefits accrue. 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.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The relevant disclosures as per Ind AS 116 are:

<i>Year ended</i>	<i>31st March, 2021</i>	<i>31st March, 2022</i>	<i>31st March, 2023</i>	<i>31st March, 2024</i>
<i>Lease Liabilities</i>	<i>2,22,18,287</i>	<i>1,83,80,116</i>	<i>1,40,58,127</i>	<i>91,00,940</i>
Right to Use Assets				
Years	Opening Balance	Additions	Amortisation	Closing Balance
2020-21	1,17,66,699.00	1,28,34,583.25	44,06,199.82	2,01,95,082.43
2021-22	2,01,95,082.43	-	44,06,199.81	1,57,88,882.62
2022-23	1,57,88,882.62	-	44,06,199.81	1,13,82,682.82
2023-24	1,13,82,682.82	-	44,06,199.81	69,76,483.01

M. 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.

N Financial Instruments

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

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.

O. 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

P. 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.

Q. 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.

R. 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.

S. Expenditure

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

Disclosure of Related Party Transactions in compliances to Regulation 23(9) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 FOR THE YEAR ENDING 31ST MARCH 2021

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

1. Key Managerial Personnel:

- a) Mr. Sanjeev Kumar – Managing Director & CEO
- b) Mr. Sanjay Dhir – Whole-time Director & CFO
- c) Ms. Ginny Uppal – Company Secretary (Appointed on 10.11.2020)
- d) Ms. Nayandeep Kaur- Company Secretary (resigned on 17.10.2020)

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

- a) Preet Remedies Limited
- b) Quixotic Healthcare
- c) Ultrachiron Pharmaceutical Pvt Ltd
- d) Oasis Pharma and Phytomolecules Pvt Ltd
- e) Alpha Products

3. Directors on the Board of the Company:

- a) Mr. Satish Kumar – Non-Executive Director
- b) Mr. Sanjay Dhir – Whole-time Director & CFO
- c) Mr. Sanjeev Kumar – Managing Director & CEO
- d) Ms Himjyoti – Women Director
- e) Mr. Harpreet Singh – Non-Executive Director
- f) Mr. Kuldeep Singh – Director
- g) Mr. Ashok Kumar Gupta – Independent Director
- h) Mr. Chander Sheel Baweja – Independent Director
- i) Mr. Anurag Malhotra – Independent Director

4. Relatives of Key Managerial personnel and Directors:

Ms Saroj Singhal W/o Mr. Satish Kumar

2. Transactions during the year with related parties are as under:-:

Nature of transaction	For the year ended 31.03.2021	For the year ended 31.03.2020
Purchase of traded goods:		
Preet Remedies Ltd (Loan License)	-	-
Preet Remedies Ltd (Unit II)	21,04,36,363	22,95,90,176.36
Quixotic Healthcare (Unit I)	12,97,276	12,21,63,005.04
Quixotic Healthcare LL	-	-
Quixotic Healthcare (Unit II)	-	2,79,98,387
Alpha Products	-	4,91,77,393.96
Ultrachiron Pharmaceutical Pvt Ltd	1,93,64,673	1,97,61,962.24
Oasis Pharma and Phytomolecules Pvt Ltd	49,58,068	-

Quixotic Pharma Pvt. Ltd	15,98,44,636	7,74,61,624.24
Rent Paid:		
Mr. Sanjeev Kumar	19,77,550	16,75,800
Ms Himjyoti	19,77,550	16,75,800
Ms Saroj Singhal	13,37,900	16,75,800
Rent Inclusive of GST	60,04,198	56,30,688
Remuneration Paid:		
Mr. Sanjeev Kumar	49,80,000	49,80,000
Mr. Sanjay Dhir	37,20,000	23,70,000
Ms Nayan Deep Kaur	1,14,000	3,00,000
Ms Ginny Uppal	1,60,000	-

BALANCE WITH RELATED PARTIES ARE AS UNDER:

Name of Related Party	For the year ended 31.03.2021	For the year ended 31.03.2020
Preet Remedies Pvt. Limited –Loan License	-	-
Preet Remedies Ltd Unit II	6,99,48,310	381,26,270
Quixotic Healthcare Unit I	3,29,01,813	1071,04,537
Quixotic Healthcare LL	-	-
Quixotic Healthcare Unit II	-	166,05,000
Quixotic Pharma Pvt. Ltd.	4,31,99,995	2,76,28,711
Alpha Products	9,26,724	159,59,162
Ultrachiron Pharmaceuticals Pvt. Ltd.	62,96,730	29,20,176
Oasis Pharma and Phytomolecules Pvt. Ltd.	896502.12(Dr)	4554570.12(Dr)

U. Directors Remuneration

Particulars	Current Year (Rs)	Previous Year (Rs)
Salary & Allowances	87,00,000	73,50,000

V. 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 2021, 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.

Y. DTA/DTL

In assessing the ability to realize deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax-planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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

ZA. COVID-19 pandemic has caused serious disruptions on the global economic and business environment and there is a huge uncertainty with respect to its severity, which cannot be reasonably ascertained. However, the Company has evaluated and factored the possible effects in its working to the extent possible, including likely impact that may result from the COVID-19 pandemic as well as all events and circumstances up to the date of approval of these financial results on the carrying value of its assets and liabilities as at 31st March 2021.

The operations of the Company are running at below optimal levels. The operations are expected to remain impacted until customer orders return to normal levels and supply chain stabilizes. The impact of any event and developments occurring after the balance sheet date on the financial results for the quarter and year ended March 31, 2021 may differ from that estimated as at the date of approval of these financial results and will be recognized prospectively.

Note 2 -

Changes in Carrying Value of Property, Plant and Equipment for the year ended March 31, 2021

PARTICULARS	Computers	Furniture & Fixtures	Office Equipment's	Electrical Equipment's	Vehicles	Mobile	Plant and Machinery	Total
<i>Cost or Deemed Cost</i>								
<i>Refer Note. 1</i>								
Gross carrying value at April 1, 2020	15,86,766	21,74,648	7,76,720	1,97,923	1,71,90,251	8,83,355	1,06,590	2,29,16,2531
Additions				19,15,615	42,32,959			61,48,574
Deletion				-	17,71,123			17,71,123
Gross carrying value at March 31, 2021	15,86,766	21,74,648	7,76,720	21,13,538	1,96,52,087	8,83,355	1,06,590	2,72,93,705
Accumulated depreciation as at April 1, 2020	13,33,872	19,05,926	6,87,534	1,84,918	72,32,071	3,40,488	38,619	1,17,23,428
Depreciation	82,435	1,55,253	34,330	1,31,071	21,90,970	1,32,794	9,487	27,36,341
Accumulated depreciation on deletions					10,45,449			10,45,449
Accumulated depreciation as at March 31, 2021	14,16,307	21,61,179	7,21,864	3,15,989	83,77,592	4,73,282	48,107	1,34,14,320
Carrying value as at April 1, 2020	2,52,894	2,68,721	89,187	13,006	99,58,180	5,42,867	67,971	111,92,826
Carrying value as at March 31, 2021	1,70,459	1,13,469	54,857	17,97,549	1,12,74,495	4,10,073	58,484	1,38,79,385

Note 3 - Investments

Particulars	As at March 31, 2021	As at March 31,2020
Investment in Equity Instruments	70,19,544.00	70,19,544
TOTAL	70,19,544	70,19,544

Note 4 - Deferred Tax Liabilities

Particulars	As at March 31, 2021	As at March 31,2020
Opening DTL Liabilities	34,52,505	1,69,284
Timing differences	-	(36,21,789)
Current Year adjustment of deferred tax	-	-
TOTAL	(34,52,505)	(34,52,505)
Deferred Tax Liability/(Asset)	(34,52,505)	(34,52,505)

Movement of Deferred Tax Liability

Particulars	Accounting Base	Tax base	Difference
Depreciation	29,23,548	20,69,846	(8,53,702)
Carried Forward Business Loss & Unabsorbed Depreciation	(108,27,087)	-	(108,27,087)
Gratuity Payable	8,84,123	-	8,84,123
Difference			(1,07,96,666)
Tax Rate			27.82%
DTA as on 31.03.2021			(3003632.48)

Note 5 - Inventories

Particulars	As at March 31, 2021	As at March 31,2020
Stock In Trade- Finished goods	5,18,48,669	460,49,310
GRAND TOTAL	5,18,48,669	460,49,310

Note 6 - Trade Receivables

Particulars	As at March 31, 2021	As at March 31,2020
Trade Receivable - Considered Good -Secured		-
Trade Receivable - Considered Good -Unsecured	18,87,95,529	22,24,25,193
Trade Receivable which have significant increase in credit risk	-	-
Trade Receivable - Credit impaired	-	-
Less : Allowable for Doubtful debts		
GRAND TOTAL	18,87,95,529	22,24,25,193

Note 7- Cash & Cash Equivalents

Particulars	As at March 31, 2021	As at March 31,2020
(a) Balance with banks (excluding bank deposits with more than 12 months of maturity)	8,36,925	9,88,701
(b) Fixed Deposits with Bank	1,44,56,750	136,07,897
(c) Cash in Hand	45,140	6,83,528
TOTAL	1,53,38,814	152,80,125

Note 8: Bank Balances other than shown in Note 7

Particulars	As at March 31, 2021	As at March 31,2020
Bank Overdraft	12,64,083	56,49,851
	12,64,083	56,49,851

Note 9 - Other Financial Assests

Particulars	As at March 31, 2021	As at March 31,2020
Interest Accrued on FDR	1,15,785	1,25,560
Rent A/c Security (Off.)	4,34,000	2,80,000
Telephone Security A/c	10,300	10,300
TOTAL	5,60,085	4,15,860

Note 10 - Other Current Assets

Particulars	As at March 31, 2021	As at March 31,2020
- Advance Income Tax	5,50,000.00	6,00,000
- Advance to Staff	1,73,468.00	9,49,883
- GST Recoverable	14,31,371.75	12
- Income Tax Refund (2010-11)	2,51,360.00	2,51,360
- Income Tax Refund (2013-14)	-	-
- Income Tax Refund AY 2017-18	-	1,45,420
- Income Tax Refund AY 2018-19	-	-
- Income Tax Refund AY 2019-20	-	4,27,067
- Income Tax Refund AY 2020-21	7,66,993.00	-
- MAT credit entitlement	10,15,689.71	90,001
- Other Advances	1,37,77,796	137,61,415
- Prepaid Expenses	54,621.00	2,34,608
- Security Deposit -Sale Tax	11,564.74	11,565
- Tds Receivable	6,71,020.78	1,65,802
- VAT Receivable	48,921	48,921
- Right to Use Asset (Saroj Satish Singal)	43,22,505.05	39,22,233
- Right to Use Asset (Himjyoti Dhir)	79,36,288.69	39,22,233
- Right to Use Asset (Sanjeev Singal)	79,36,288.69	39,22,233
TOTAL	3,89,47,888	284,52,753

Note 11 - Equity Share Capital

(a)

Particulars	As at March 31, 2021	As at March 31,2020
Authorised		
7000000 (P.Y 7000000) Equity Shares of Rs. 10/- each	700,00,000	700,00,000
Issued, Subscribed and Paid up		
6510015 (PY 6510015) Equity Shares of Rs.10/- each fully paid up	651,00,150	651,00,150
TOTAL	651,00,150	651,00,150

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

Name of the shareholder	As at March 31, 2021	As at March 31,2020
Preet remedies Private Limited	20,04,003	20,04,003
% age of Holding	30.78%	30.78%
Sanjeev Kumar	6,78,074	6,78,074
% age of Holding	10.42%	10.42%
Satish Kumar	3,59,000	3,58,496
% age of Holding	5.51%	5.51%
Harpreet Singh	6,77,957	6,77,957
% age of Holding	10.41%	10.41%
Sanjay Dhir	6,78,228	6,78,228
% age of Holding	10.42%	10.42%

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

Particulars	As at March 31, 2021	As at March 31,2020
Equity Shares		
Shares outstanding at the beginning of the year	65,10,015	62,00,014
Shares issued during the year	-	3,10,001
Shares outstanding at the end of the year	65,10,015	65,10,015

Note 12 - Other Equity

	Particulars	As at March 31, 2021	As at March 31,2020
(i)	Retained Earnings		
	Profit & Loss Account		
	As per last Balance Sheet	90,08,344	176,73,051
	Add/(Less): profit/(loss) for the period	92,02,887	(86,64,708)
	Less: Dividend declared and paid F.Y 2019-20	(46,786)	
	MAT Credit recognized	9,25,689	-
	Less: Provision of I. Tax		
	Less: Bonus share Issue		
		1,90,90,134	90,08,344
(ii)	Capital Reserve		-
	TOTAL	1,90,90,134	90,08,344

Retained Earnings

These are free reserves of the company which are kept aside out of company's profit to meet the future requirements as and when they arise.

Note 13 - Borrowings

Particulars	As at March 31, 2021	As at March 31,2020
Secured Loans		
Vehicle Loan- HDFC Bank	23,40,797	16,75,897
Vehicle Loan- Kotak Mahindra Bank	-	15,72,423
TOTAL	23,40,797	32,48,320

Note: The said loans are secured against the vehicles of the company.

Note 14 - Long-Term Provisions

Particulars	As at March 31, 2021	As at March 31,2020
Provision for gratuity	28,81,890	36,84,974
TOTAL	28,81,890	36,84,974

Note 15 - Short Term Borrowing

Particulars	As at March 31, 2021	As at March 31,2020
Bank Overdraft	-	-
TOTAL	-	-

Note 16 - Trade Payables

Particulars	As at March 31, 2021	As at March 31,2020
Total outstanding dues of MSME	5,54,82,618	11,34,54,508
Total outstanding dues of creditors other than MSME	13,68,85,964	11,05,27,225
	19,23,68,582	22,39,81,733

Note 17 - Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31,2020
Audit fee payable	1,04,000	2,01,600
Expenses payable	42,24,104	1,10,57,277
TOTAL	43,29,104	1,12,58,877

Note 18- Other Current Liabilities

Particulars	As at March 31, 2021	As at March 31,2020
Current Maturities of Long Term Debt	14,29,067	
Lease Liability (Saroj Satish Singal)	45,87,549	40,66,135
Lease Liability (Himjyoti Dhir)	88,15,369	40,66,135
Lease Liability (Sanjeev Singal)	88,15,369	40,66,135
Other Payable		
Duties, taxes and other statutory dues payable	16,55,574	16,83,206
Advance from Customers	93,76,000	93,76,000
Total	3,46,78,928	232,57,611

Note 19 –Short-term Provisions

Particulars	As at March 31, 2021	As at March 31,2020
Provision for Gratuity	3,16,920	3,97,959
TOTAL	3,16,920	3,97,959

Note 20 - Revenue from Operations

Particulars	Current Reporting Period	Previous Reporting Period
Sale of Products	56,64,01,654	59,94,94,496
GRAND TOTAL	56,64,01,654	59,94,94,496

Note 21 – Other Income

Particulars	Current Reporting Period	Previous Reporting Period
Other Income		
Foreign exchange gain/(Loss)	1,54,647	(2,20,134)
Duty drawback	1,17,902	97,820
Interest on FDR	9,43,411	5,86,004
Insurance Claim A/c	9,188	-
Interest on it Refund	13,553	-
Misc. Income	5	2,573
Miscellaneous Accounts W/off		54,446
Discount Income	1,992	-
TOTAL	12,40,698	5,20,709

Note 22 - Purchases of Stock-in-Trade

Particulars	Current Reporting Period	Previous Reporting Period
Purchase of Pharmaceutical products	47,10,05,676.2	49,61,10,523
Custom Duty	20,71,078.4	-
TOTAL	47,30,76,755	49,61,10,523

Note 23 - Changes in Inventories

Particulars	Current Reporting Period	Previous Reporting Period
(a) At the end of the period Stock-in-Trade	5,18,48,669	4,60,49,310
(a) At the beginning of the period Stock-in-Trade	4,60,49,310	4,45,30,777
TOTAL	(57,99,358)	(15,18,533)

Note 24 - Employees Benefits Expenses

Particulars	Current Reporting Period	Previous Reporting Period
Salaries and wages	2,39,85,654	307,44,273
Director's Remuneration	85,36,500	73,50,000
Employer contribution to ESI	69,448	1,11,827
Employer contribution to PF	3,57,322	4,17,465
Staff welfare expenses	5,34,268	7,87,671
Gratuity expenses	-	-
Incentive/Bonus to Staff	57,800	2,92,759
TOTAL	3,35,40,992	3,97,03,995

Note 25 - Finance Cost

Particulars	Current Reporting Period	Previous Reporting Period
Bank Interest	3,45,566	7,39,567
Bank Charges	27,109	37,719
TOTAL	3,72,674	7,77,286

Note 26 - Other Expenses

Particulars	Current Reporting Period	Previous Reporting Period
Advertisement Expenses	1,73,360	28,03,876
Auditor Remuneration	4,16,000	4,16,000

Bad debt	-	1,34,656
Boarding and Lodging Expenses	10,77,219	12,98,130
Business Promotion Expenses	40,53,264	26,22,560
Carriage Inward and Outward	1,82,80,954	1,73,10,649
Courier and postage	36,771	-
Damages Charges	34,404	
Discount & Commission	9,57,296	1,45,18,303
Donation & Charity	-	-
Electricity and water expenses	4,27,590	2,71,996
Fees and Taxes	1,11,116	1,56,471
Festival expenses	43,660	44,950
Fuel Charges	42,000	83,500
Insurance expenses	9,23,158	9,43,854
Interest & Penalty	13,230	5,810
Lab Expenses	19,000	-
Lease Amortisation Expenses	44,06,200	39,22,233
Lease Interest Expenses	25,03,299	15,36,873
Listing Fees	3,22,500	3,22,500
Loading and unloading expenses	10,50,210	9,50,319
Loss on Sale of Fixed asset	1,25,674	-
Meeting/Promotional expenses	-	2,11,434
Miscellaneous expenses	62,058	1,69,185
Office expenses	10,62,925	5,83,170
Overtime Allowance	12,834	-
Port Charges	42,098	-
Postage & Telegram	-	1,36,106
Printing and stationery	2,26,288	3,21,781
Professional charges	12,31,334	14,45,771
Processing Fee	4,959	-
Promotional & Welfare Expenses	1,50,000	-
Purchase Expenses	3,959	5,649

Rebate and Discount	13,30,195	-
Rent expenses	27,51,114	28,41,040
Repair and maintenance expenses	2,95,481	3,48,637
Security expenses	13,05,920	14,41,018
GST exps	7,78,787	-
Software Renewal Expenses	-	-
Software Development Charges	3,39,570	54,000
Telephone Expenses	1,85,798	2,18,929
Tour and Travel Expenses	83,89,737	1,79,70,843
Travelling and conveyance expenses	9,28,183	2,26,888
Vehicle Running & Maint. Expenses	3,52,350	3,82,047
TOTAL	5,44,70,495	7,36,99,175

Note 27– Earning Per Share

	Particulars	Current Reporting Period
(a)	Net profit after tax but before Deferred Tax attributable to equity shareholders for Basic EPS	9,203
	Add/Less: Adjustment relating to potential equity shares	-
	Net profit after tax but before Deferred Tax attributable to equity shareholders for Diluted EPS	9,203
(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	1.41
	Diluted EPS	1.41
	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	6,510,015
	Add: Potential equity shares	-
	No. of shares used for calculating Diluted EPS	6,510,015

Note 28

Financial Instruments

(i) Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debts (Total Borrowings offset by Cash and Bank Balance) and total equity of the company

Gearing Ratio:

The Gearing Ratio at the end of the reporting period was as follow:

Particulars	2020-21	2019-20
Total Borrowings	37,69,864	32,48,320
Less : Cash and Bank Balances	1,66,02,897	2,09,29,976
Net Borrowings	-1,28,33,033	-1,76,81,655
Total Equity	8,41,90,284	7,41,08,494
Net Debts to Equity Ratio (%)	-0.15	-0.24

(ii) Financial risk management objectives

Liquidity Risk Management

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting its financial obligation as they fall due.

Credit Risk Management

Credit risk refers to risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has big reputed corporate as customer based due to which credit risk is very less. Significant portion of the Company's financial assets as at March 31, 2021 comprise of trade receivable, which are held with reputed and credit worthy reputed corporate customers.

(iii) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates) or in the price of market risk sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the Company's exposure to market risk is a function of operating activities in foreign currencies.

(iv) Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the profit and loss account, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

Particulars	2020-21	2019-20
Trade Payables Rs.	19,23,68,582	22,39,81,733

Sensitivity analysis

A 10% strengthening / weakening of the respective foreign currencies with respect to functional currency of Company would result in increase or decrease in profit or loss as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Effect in INR Profit or (loss)

Strengthening Weakening

As at 31st March, 2021	1, 54,647 INR
As at 31st March, 2020	(2, 20,134) INR

(Note: The impact is indicated on the profit / loss before tax basis)

(iv) Interest Rate Risk Management

The Company is not exposed to interest rate risk because company borrows funds at Fixed Interest Rate.

Note 29

Disclosures required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006

Particulars	2020-21
Principal amount remaining unpaid to any supplier as at the year end	5,54,82,618
Interest due thereon - -	
Amount of interest paid by the Company in terms of Section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil

For Vijay Darji And Associates

Chartered Accountants

FRN: 118614W

UDIN NUMBER:21105197AAAAAJ2858

For and on behalf of the Board

Sd/-

CA Vijay Darji

Proprietor

Mem No : 105197

Sd/-

Sanjeev Kumar

Managing Director & CEO

DIN: 01154896

Sd/-

Sanjay Dhir

WholeTime Director & CFO

DIN: 02452461

Place: Chandigarh

Date: 26,May ,2021

Sd/-

Ginny Uppal

Company Secretary

Mem. No. A53483

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 **28th ANNUAL GENERAL MEETING** of the Company held on Thursday, the 30th September, 2021 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
210903100	USE YOUR PAN

Note: Please read the instructions printed at note 21 of the Notice of Twenty Eight Annual General Meeting. The E-Voting period starts on Monday the 27th day of September, 2021 (9.00 a.m. IST) and ends on Wednesday, the 29th day of Wednesday, 2021 (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 28th Annual general meeting of the company, to be held on the Thursday, 30th September, 2021 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:

No.	Resolutions
Ordinary Business	
1	To receive, consider and adopt the audited financial statements for the year ended 31 st March, 2021 together with the reports of the Board of Directors and Auditors thereon.
2	To appoint a Director in place of Mr. Kuldeep Singh (DIN: 08454422) Director of the company who retires by rotation and being eligible offers himself for re-appointment.
3	To appoint N Kumar Chhabra & Co., Chartered Accountants, Chandigarh (Registration No.000837N) as Statutory Auditors and to fix their remuneration.
Special Business	
4	Re-appointment of Sh. Anurag Malhotra (DIN: 07552713) as an Independent Director.

Signed this --- of September, 2021

Signature of Shareholder

Affix
Revenue
Stamp

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

