

# Zenlabs Ethica Ltd.

CIN NO. : L74900CH1993PLC033112, GSTIN NO. : 03AAFCS6226G1ZL

Regd. Office : Plot No. 194-195, 3rd Floor, Industrial Area, Phase-II, Chandigarh -160 002

Tel. : 0172-465 1105, Fax : 0172-265 6855

E-mail: queries@zenlabsethica.com, Website : www.zenlabsethica.com

The General Manager  
Corporate Relationship Department  
**BSE LIMITED**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400001  
Maharashtra

Date: 07.09.2022

**Subject: Submission of Annual Report for FY 2021-22**

**Ref: Zenlabs Ethica Limited- Scrip code: 530697**

Respected Madam/Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of the Annual Report comprising of the notice of the 29<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Friday 30<sup>th</sup> September, 2022 at 11:30 AM at the registered office of the Company to transact the business as set out in the Notice.

You are requested to kindly take the same on your record.

Thanking you,

Yours truly,

**For ZENLABS ETHICA LIMITED**

**Tanvi** Digitally signed  
by Tanvi Chhabra  
**Chhabra** Date: 2022.09.07  
11:14:47 +05'30'

**Tanvi Chhabra**  
**Company Secretary**



**ZENLABS ETHICA LIMITED**

***29<sup>th</sup> ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED  
31.03.2022***

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**29<sup>th</sup> ANNUAL GENERAL MEETING**

Date: 30<sup>th</sup> September, 2022

Day: Friday

Time: 11:30 A.M.

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



Zenlabs

# ZENLABS ETHICA LIMITED

## CORPORATE INFORMATION

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### **BOARD OF DIRECTORS**

**SANJEEV KUMAR**

Managing Director & CEO

**HIMJYOTI**

Executive Director

**SANJAY DHIR**

Whole Time Director  
(Executive Director)

**ASHOK KUMAR GUPTA**

Independent Director

**ANURAG MALHOTRA**

Independent Director

**KULDEEP SINGH**

Independent Director

### **CHIEF FINANCIAL OFFICER**

**SANJAY DHIR**

### **COMPANY SECRETARY & COMPLIANCE OFFICER**

**TANVI CHHABRA**

### **STATUTORY AUDITORS**

M/s. N Kumar Chhabra & Co., Chartered  
Accountants, Chandigarh (Registration  
No.000837N)

### **SECRETARIAL AUDITORS**

**JASPREET DHAWAN & ASSOCIATES**  
**COMPANY SECRETARIES**

H. No. 705, Phase- 10, Sector- 64,  
Mohali- 160062, Punjab

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### **REGISTERED OFFICE**

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

### **REGISTRAR & TRANSFER AGENT**

**Bigshare Services Pvt. Ltd**

Office No S6-2, 6th Floor, Pinnacle  
Business Park, Next to Ahura Centre,  
Mahakali Caves Road, Andheri (East)  
Mumbai – 400093

### **WEBSITE**

[www.zenlabsethica.com](http://www.zenlabsethica.com).

## **NOTICE OF 29<sup>th</sup> ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE 29<sup>TH</sup> ANNUAL GENERAL MEETING OF THE ZENLABS ETHICA LIMITED WILL BE HELD ON FRIDAY, THE 30<sup>TH</sup> DAY OF SEPTEMBER 2022 AT 11:30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT PLOT NO. 194-195, 3<sup>RD</sup> FLOOR, INDUSTRIAL AREA, PHASE II, RAM DARBAR, CHANDIGARH-160002**

**TO TRANSACT THE FOLLOWING BUSINESS:**

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### **ORDINARY BUSINESS:**

#### **Item no. 1 – Adoption of audited financial statements**

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the Reports of the Board of Directors and the Auditors thereon.

#### **Item no. 2 - Appointment of a director**

To appoint a Director in the place of Mr. Sanjay Dhir (DIN: 02452461), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, seeks re-appointment.

### **SPECIAL BUSINESS:**

#### **Item no. 3 - To increase in authorized share capital of the company**

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

**“RESOLVED THAT** subject to the provisions of Section 13, 61 and other applicable provisions of the Companies Act, 2013, the Authorized Share Capital of the company be and is hereby increased from Rs. 7,00,00,000/- (Rupees Seven Crore Only) divided into 70,00,000 (Seventy Lakh) Equity Shares of Rs. 10/ (Rupees Ten) each to Rs. 20,00,00,000/- (Rupees Twenty Crore Only) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten) each ranking pari - passu with the existing shares.

**RESOLVED FURTHER THAT** subsequent to the passing of the above resolution, the Clause V of the Memorandum of Association be and is hereby altered by substituting the same with the following:

V. The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crore Only) divided into 2,00,00,000 (Two Crore Only) Equity shares of Rs.10/- each..

**RESOLVED FURTHER THAT** the Board of Directors of the Company and 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/-  
Sanjay Dhir  
Wholetime Director  
DIN: 02452461**

**Date: 05<sup>th</sup> September, 2022  
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 Saturday, 24th September, 2022 to Friday 30th September, 2022 (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 the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of AGM and e-Voting instructions only in electronic form to the registered e-mail addresses of the shareholders. Therefore, those shareholders who have not yet registered their e-mail address are requested to get their e-mail addresses registered by following the procedure given below:
  - I. Those shareholders who have registered/not registered their e-mail address or registered an incorrect e-mail address and mobile numbers including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with M/s. Bigshare Services Private Limited, Registrar & Share Transfer Agent of the Company ("RTA") in case the shares are held in physical form.
  - II. Shareholders who have or registered an incorrect email address and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may also temporarily get their email address and mobile number registered with the Company's RTA, by clicking the link: [www.Bigshareonline.com](http://www.Bigshareonline.com) for sending the Annual Report, Notice of AGM and e-voting notice.
10. 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.

11. 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.
12. 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.
13. 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.
14. Members are requested to correspond with RTA for all matters relating to shareholding in the Company.

**THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:**

In compliance with Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulation 44 of 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.

- (i) The remote e-voting period begins on the Tuesday 27<sup>th</sup> day of September, 2022 (9.00 a.m. IST) and ends on Thursday, the 29<sup>th</sup> day of September, 2022 (5.00 p.m. IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday the 23<sup>rd</sup> September, 2022 (Record Date), may cast their vote electronically.
- (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) A person who is not a member as on cut-off date i.e. Friday the 23<sup>rd</sup> September, 2022, should treat this Notice for information purpose only.
- (iv) A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, viz., Friday, the 23<sup>rd</sup> September, 2022, only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through electronic voting system.
- (v) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of Friday the 23<sup>rd</sup> September, 2022.
- (vi) 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.
- (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 Friday the 23<sup>rd</sup> September, 2022.

- (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](http://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 BSE.
- (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 cast votes by both modes, then voting done through e-voting shall prevail and the voting at AGM shall be treated as invalid.
- (xi) **The details of the process and manner for remote e-voting / e-voting is explained herein below:**

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.

However, it has been observed that the participation by the public non-institutional shareholders /retail shareholders is at a negligible level.

**Login method for Individual shareholders holding securities in demat mode 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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> 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 e-voting 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. 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 <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing</p> |



|   |   |
|---|---|
|   | Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> . 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 e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.  |
| Individual Shareholders holding securities in demat mode with <b>NSDL</b>                                     | <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: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> 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 <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> 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 held 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 <b>Depository Participants</b> | 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.   |

**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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30              |

- (xii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (xiii) Click on “Shareholders” module.
- (xiv) 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.
- (xv) Next enter the Image Verification as displayed and Click on Login.
- (xvi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (xvii) 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  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>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.</li> </ul> |
| Dividend Bank Details<br><br><b>OR</b><br><br>Date of Birth(DOB) | 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. <ul style="list-style-type: none"> <li>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.</li> </ul>                   |

- (xviii) After entering these details appropriately, click on “SUBMIT” tab.
- (xix) 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.
- (xx) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xxi) Click on the **EVSN (220829036)** for the relevant **ZENLABS ETHICA LIMITED** on which you choose to vote.

- (xxii) 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.
- (xxiii) Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.
- (xxiv) 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.
- (xxv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xxvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xxvii) 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.
- (xxviii) 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](http://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](mailto: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](mailto: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](mailto: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, 2022** 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

15. The shareholders can also access the Annual Report 2021-2022 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](http://www.zenlabsethica.com).
16. Members are requested to come and occupy their seats at least 15 minutes before commencement of 29th 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 29th 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 29th AGM venue at the owners’ risk.

17. 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.
18. 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 29th ANNUAL GENERAL MEETING".
19. 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.
20. 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.
21. 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.

**On behalf of the Board  
For Zenlabs Ethica Limited**

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

**Date: 05<sup>th</sup> September, 2022  
Place: Chandigarh**

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (“the Act”)**

**ITEM NO. 3**

The Company in order to fund its expansionary activities needs further funds in the shape of share capital. Whereas the existing authorized share capital being insufficient, and shall be required to be raised so as to accommodate the proposed new issue of shares. Accordingly, it is proposed to increase the Authorized Share capital of the company from Rs. 7,00,00,000/- (Rupees Seven Crore Only) divided into 70,00,000 (Seventy Lakh) Equity Shares of Rs. 10/ (Rupees Ten) each to Rs. 20,00,00,000/- (Rupees Twenty Crore Only) divided into 2,00,00,000 ( Two Crore ) Equity Shares of Rs. 10/-(Rupees Ten). It is also informed that new shares so created shall rank pari-passu with the existing shares of the company.

Whereas the provisions of section 13 and 61 of the Companies Act, 2013 require the consent of the shareholders through an ordinary resolution before the respective clause V of the Memorandum of Association is amended. Accordingly, your Board recommends the passing of proposed resolution as an ordinary resolution.

A copy of the Memorandum and Articles of Association of the Company is available at the Corporate Office of the Company for inspection during the office hours till the conclusion of the General Meeting.

None of the directors, key managerial personnel of the Company and their respective relatives are in any way concerned or interested, financial or otherwise, in the resolution.

**On behalf of the Board  
For Zenlabs Ethica Limited**

**Date: 05<sup>th</sup> September, 2022  
Place: Chandigarh**

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

**THE DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT, PERTAINING TO THE ITEM NO. 2 OF THE NOTICE**

(pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India)

| <b>S.N.</b> | <b>NATURE OF INFORMATION</b>   | <b>ITEM NO. 2 OF THE NOTICE</b>  |
|-------------|--|--|
| 1           | <b>Name of Director</b>  | Mr. Sanjay Dhir (DIN: 02452461)  |
| 2           | <b>Brief Profile and Nature of Expertise</b>   | Mr. Sanjay Dhir, Wholetime Director, CFO and Promoter of the Company.  |
| 3           | <b>Date of Birth/ Age</b>  | 19/02/1971/51 years  |
| 4           | <b>Nationality</b>   | Indian   |
| 5           | <b>Date of First Appointment</b>   | 01/06/2016   |
| 6           | <b>Qualification</b>   | Bachelors in Pharmacy with 27 Years of experience  |
| 7           | <b>Directorship of other Boards</b>  | Holds Directorship in 5 Companies:-<br><ol style="list-style-type: none"> <li>1. QUIXOTIC PHARMA PRIVATE LIMITED</li> <li>2. PREET REMEDIES LIMITED</li> <li>3. OASIS PHARMA AND PHYTOMOLECULES PRIVATE LIMITED</li> <li>4. ZEN LABS INDIA PRIVATE LIMITED</li> <li>5. HEXFORD LABORATORIES PRIVATE LIMITED</li> </ol>                 |
| 8           | <b>Chairmanship/ Membership of Board Committees of the other companies</b>   | Zenlabs Ethica Limited: Member of Stakeholder Relationship Committee   |
| 9           | <b>Number of meetings of the Board attended during the Year</b>  | 8 (eight)  |
| 10          | <b>Listed Entities from which resigned in the past three years</b>   | Nil  |
| 11          | <b>Shareholding in the Company (including shareholding as beneficial owner)</b>  | 8,57,728 equity share of Rs. 10/-  |
| 12          | <b>Skills and Capabilities possessed for Reappointment and the manner in which Director meets the requirements of re-appointment</b> | Mr. Sanjay Dhir has extensive experience in leading operations of large organizations and possess expertise in developing and implementing business strategies for the company. Further, he possesses deep understanding of Consumer behavior in diverse environments and conditions pertaining to core business areas of the Company. |
| 13          | <b>Terms and conditions for re-appointment</b>   | Mr. Sanjay Dhir has consented to retire by rotation at the ensuing Annual General Meeting, for compliance with the requirement of Section 152 of the Companies Act, 2013, and being eligible, offers himself for reappointment.  |
| 14          | <b>Remuneration</b>  | The remuneration payable will be governed by the Remuneration Policy for Directors, Key Managerial Personnel and other employees.  |
| 15          | <b>Relationship with other Directors and Key Managerial Personnel of the Company</b>   | Husband Of Mrs. Himjyoti, Director and Promoter of the Company   |

## DIRECTORS' REPORT

**Dear Shareholders,**

The Board of Directors is pleased to present the 29<sup>th</sup> 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, 2022. 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, 2022 is summarized below:

(Rs. in Lakh)

| Particulars  | 2021-22         | 2020-21         |
|--|-----------------|-----------------|
| <b>Operating Income</b>  | 6,908.78        | 5,664.02        |
| <b>Other Income</b>  | 8.73            | 12.41           |
| <b>Total Income</b>  | <b>6,917.51</b> | <b>5,676.43</b> |
| <b>Less: Total Expenditure</b>                                       | 6,791.36        | 5,590.43        |
| <b>Profit before tax</b>   | <b>126.15</b>   | <b>86.00</b>    |
| <b>Less: Provision for Tax</b>                                       | 43.90           | 9.26            |
| <b>Profit after tax</b>  | <b>82.25</b>    | <b>76.74</b>    |
| <b>Other Comprehensive Income</b>                                    | <b>(1.21)</b>   | <b>15.31</b>    |
| <b>Total Comprehensive Income/expenses for the year</b>              | 81.04           | 92.05           |
| <b>Earning per equity share(nominal value of shares Rs. 10 each)</b> |                 |                 |
| <b>Basic</b>   | <b>1.26</b>     | <b>1.18</b>     |
| <b>Diluted</b>   | <b>1.26</b>     | <b>1.18</b>     |

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

Further, there has been no change in nature of business of the Company.

## 2. TRANSFER TO RESERVES

During the financial year 2021-22 the Company has transferred INR 82.25 Lakh (Profit after tax) to the general reserves.

## 3. DIVIDEND

Your Board has not recommended any Dividend on the Equity Shares of the Company for Financial Year ended March 31, 2022.

## 4. 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 2022, the authorized share capital of the Company is Rs. 7,00,00,000 (Rupees Seven Crore only) divided into 70,00,000 (Seventy Lakhs only) equity shares of Rs. 10/- (Rupees Ten only) and paid-up share capital is Rs. 6,51,00,150 (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 Rs. 10/- (Rupees Ten only).

The detailed break-up of the share capital is furnished in Note-15 to the 'Notes to Accounts' of the Audited Financial Statements of the Company.

## 5. ANNUAL RETURN

The Annual Return of the Company as on March 31, 2022 in Form MGT – 7 in accordance with Section 92(3) and Section 134(3)(a) of the Act as amended from time to time and the Companies (Management and Administration) Rules, 2014, will be made available on the website of the Company at <https://www.zenlabsethica.com>.

## 6. MEETINGS OF BOARD

The Board met 8 times during the year under review. The details of such meetings is given below. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Act.

The Attendance of the Directors at the Board Meetings are as under:

| Name of Directors       | 26th<br>May<br>2021 | 10th<br>July<br>2021 | 22nd<br>July<br>2021 | 3rd<br>September<br>2021 | 30 <sup>th</sup><br>October<br>2021 | 23rd<br>November<br>2021 | 14th<br>February<br>2022 | 31st<br>March<br>2022 |
|-------------------------|---------------------|----------------------|----------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|-----------------------|
| Mr.Satish Kumar         | -                   |                      |                      |                          | NA                                  | NA                       | NA                       | NA                    |
| Mr.Harpreet Singh       | -                   | -                    |                      |                          | NA                                  | NA                       | NA                       | NA                    |
| Mr.Chander Sheel Baweja |                     | -                    |                      |                          | NA                                  | NA                       | NA                       | NA                    |
| Mr.Sanjeev Kumar        |                     |                      |                      | -                        |                                     |                          |                          |                       |
| Mrs. Him Jyoti          |                     |                      |                      |                          |                                     |                          |                          |                       |
| Mr.Ashok Kumar Gupta    |                     |                      |                      |                          |                                     |                          |                          | -                     |
| Mr. Sanjay Dhir         |                     |                      |                      |                          |                                     |                          |                          |                       |
| Mr.Anurag Malhotra      |                     |                      | -                    |                          |                                     |                          |                          |                       |





## 7. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Act read with the rules made thereunder. The Committee comprises of members who possess financial and accounting expertise/exposure.

During the year under review, 5 Meetings of the Audit Committee were held as follows:

| Meeting | 1 <sup>st</sup> Meeting    | 2 <sup>nd</sup> Meeting     | 3 <sup>rd</sup> Meeting        | 4 <sup>th</sup> Meeting         | 5 <sup>th</sup> Meeting         |
|---------|----------------------------|-----------------------------|--------------------------------|---------------------------------|---------------------------------|
| Date    | 26 <sup>th</sup> May, 2021 | 22 <sup>nd</sup> July, 2021 | 30 <sup>th</sup> October, 2021 | 22 <sup>nd</sup> November, 2021 | 14 <sup>th</sup> February, 2022 |

Composition of the Committee and details of attendance of each Member at the Audit Committee Meetings are as follows:

| S. No. | Name   | DESIGNATION                              | Number of meetings during the financial year 2021-22 |          |
|--------|--|--|--|----------|
|        |  |  | Entitled to Attend                                   | Attended |
| 1      | Mr. Ashok Kumar Gupta<br>(Chairman & Member) | Independent<br>Director<br>Non Executive | 5  | 5        |
| 2      | Mr. Anurag Malhotra<br>(Member)              | Independent<br>Director<br>Non Executive | 5  | 5        |
| 3      | Mr. Sanjay Dhir<br>(Member)                  | Executive<br>Director                    | 5  | 5        |

The Manager, Chief Financial Officer, Internal Auditors, Statutory Auditors and other senior executives of the Company attended the Audit Committee Meetings as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

## 8. NOMINATION AND REMUNERATION COMMITTEE

The composition, powers, role and terms of reference of the Nomination and Remuneration Committee are in accordance with the requirements mandated under Section 178 of the Act. Apart from the above, the Committee also carries out such functions/responsibilities entrusted on it by the Board of Directors from time to time.

During the year under review, 3 (Three) Meetings of the Committee were held as follows:

| Meeting | 1 <sup>st</sup> Meeting    | 2 <sup>nd</sup> Meeting         | 3 <sup>rd</sup> Meeting      |
|---------|----------------------------|---------------------------------|------------------------------|
| Date    | 3 <sup>rd</sup> July, 2021 | 3 <sup>rd</sup> September, 2021 | 26 <sup>th</sup> March, 2022 |

Composition of NRC and details of attendance of the Members at Meetings of the Committee are as follows:

| Sr. No. | Name   | Number of meetings during the financial year 2021-22 |          |
|---------|--|--|----------|
|         |  | Entitled to Attend                                   | Attended |
| 1       | Mr. Ashok Kumar Gupta<br>(Chairman & Member) | 3  | 3        |
| 2       | Mr. Chander Sheel Baweja<br>(Member)         | 1  | 1        |
| 3       | Mr. Satish Kumar<br>(Member)                 | 1  | NIL      |
| 4       | Mr. Anurag Malhotra<br>(Member)              | 2  | 1        |
| 5       | Mr. Kuldeep Singh<br>(Member)                | 2  | 2        |

#### 9. STAKEHOLDER RELATIONSHIP COMMITTEE

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 178 of the Act.

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-<br>(Chairman & Member)   | 5  | 5        |
| 2       | Ms. Him Jyoti<br>(Member)                  | 8  | 7        |
| 3       | Mr. Ashok Kumar Gupta<br>(Member)          | 8  | 8        |
| 4       | Mr. Anurag Malhotra<br>(Chairman & Member) | 8  | 6        |

\* Mr. Satish Kumar (DIN: 00763060) resigned from the position of Directorship on 03/09/2021.

#### 10. DECLARATION OF INDEPENDENT DIRECTORS:

All the Independent Directors of the Company have given their declarations to the Company under Section 149(7) of the Act that they meet the criteria of independence as provided under Section 149(6) of the Act and are not disqualified from continuing as Independent Directors. Based on the disclosures received, the Board is of the opinion that, all the Independent Directors fulfill the conditions specified in the Act and Listing Regulations and are independent of the management.

## 11. STATUTORY AUDITORS:

In terms of provisions of the Companies Act, 2013, M/s. N Kumar Chhabra & Co., Chartered Accountants, Chandigarh (Registration No.000837N), had been appointed as Statutory Auditors of the Company in the 28th Annual General Meeting held on September 30, 2021 to hold the office from the conclusion of the said Annual General Meeting until the conclusion of the 33<sup>rd</sup> Annual General Meeting to be held in year 2026.

Pursuant to Section 139 and 141 of the Act and relevant Rules prescribed thereunder, the Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.

Statutory Auditor of the company have audited the accounts of your Company for the FY 2021-22 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.

## 12. 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.

## 13. SECRETARIAL AUDITOR & REPORT

Pursuant to Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s Jaspreet Dhawan & Associates, a firm of Company Secretaries in Practice to conduct the Secretarial Audit of the Company for year ended March 31, 2022.

The Report of the Secretarial Audit is annexed herewith as **Annexure - A**. The said Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks and disclaimer.

## 14. 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:

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.

#### **15. 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.

#### **16. 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 2021-22 is given below:

| <b>Foreign Exchange Earnings and Outgo</b> |                     |                       |
|--|---------------------|-----------------------|
| <b>Particulars</b>                         | <b>Current Year</b> | <b>Previous Year</b>  |
| A-Foreign Exchange Earnings (Exports)      | -                   | 87,30,525.03          |
| <b>Total</b>                               | -                   | <b>87,30,525.03</b>   |
| B- Foreign Exchange Outgo                  | -                   |                       |
| 1. Expense (Imports)                       | -                   | 1,18,13,987.63        |
| 2. Dividend on Equity Shares               | -                   | -                     |
| 3. Dividend on Preference Shares (CCPS)    | -                   | -                     |
| <b>Total</b>                               | -                   | <b>1,18,13,987.63</b> |

#### **17. 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, 2022.

#### **18. 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**.

## **19. BUY BACK OF SHARES:**

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

## **20. 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, 2022, the Company's Paid up Capital is of Rs. 6,51,00,150/- (Rupees Six Crore Fifty One Lakhs and One Hundred Fifty only) and Net worth INR 9,37,46,000/- (Indian Rupees Nine Crore Thirty Seven Lakh Forty Six Thousand Only).

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

## **21. 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 15.03.2022, 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.

## **22. DIRECTORS / KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE FINANCIAL YEAR UNDER REVIEW AND UP TO THE DATE OF THIS REPORT:**

During the period under review following changes took place in the composition of Board of directors and Key Managerial Personnel of company:

| <b>NAME</b> | <b>DIN/PAN</b> | <b>DESIGNATION</b> | <b>DATE OF APPOINTMENT/CHANGE IN DESIGNATION /CESSATION</b> | <b>NATURE OF CHANGE</b> |
|-------------|----------------|--------------------|---|-------------------------|
|             |                |                    |   |                         |

|                          |            |   |            |             |
|--------------------------|------------|---|------------|-------------|
| Mr. Chander Sheel Baweja | 00763060   | Independent Director                    | 03/09/2021 | RESIGNATION |
| Mr. Satish Kumar         | 00763060   | Non-Executive, Non-Independent Director | 03/09/2021 | RESIGNATION |
| Mr. Harpreet Singh       | 00834180   | Non-Executive, Non-Independent Director | 03/09/2021 | RESIGNATION |
| Ginny Uppal              | AEDPU1155P | Company Secretary & Compliance officer  | 30/06/2021 | RESIGNATION |
| Divya Gupta              | BFSPG1861D | Company Secretary & Compliance officer  | 10/07/2021 | APPOINTMENT |

After the closure of financial year and before the date of signing of Board report following changes took place in the Key Managerial Personnel of company:

| NAME                 | DIN/PAN    | DESIGNATION                            | DATE OF APPOINTMENT/CHANGE IN DESIGNATION /CESSATION | NATURE OF CHANGE |
|----------------------|------------|--|--|------------------|
| <b>Divya Gupta</b>   | BFSPG1861D | Company Secretary & Compliance officer | 03/06/2022   | RESIGNATION      |
| <b>Tanvi Chhabra</b> | ARXPC9818N | Company Secretary & Compliance officer | 30/06/2022   | APPOINTMENT      |

### 23. 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 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 behaviour, actual or suspected fraud or violation of the Company’s Code of Conduct or ethics policy.

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

Details of the Whistle Blower Policy are made available on the Company's website [www.zenlabsethica.com](http://www.zenlabsethica.com).

#### **24. SUBSIDIARIES/ ASSOCIATES/JOINT VENTURES**

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

#### **25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All contracts/ arrangements/ transactions entered by the Company during FY 2021-22 with related parties were on an arm's length basis and in the ordinary course of business. There were no material Related Party Transactions (RPTs) undertaken by the Company during the year that require Shareholders' approval under Section 188 of the Act. The approval of the Audit Committee was sought for all RPTs. Certain transactions which were repetitive in nature were approved through omnibus route. All the transactions were in compliance with the applicable provisions of the Act and SEBI Listing Regulations.

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**.

#### **26. 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 31<sup>st</sup> March, 2022.

#### **27. 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.

#### **28. 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.

### **29. 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.

### **30. 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.

### **31. 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.

### **32. 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.

### **33. 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 as per **Annexure D**.

### **34. STATEMENT REGARDING COMPLIANCE OF SECRETARIAL STANDARDS**

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.



### **35. 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: 05<sup>th</sup> September, 2022  
Place: Chandigarh**

**Sd/-  
Sanjeev Kumar  
Managing Director  
DIN: 01154896**

**Sd/-  
Sanjay Dhir  
WholeTime Director  
DIN: 02452461**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,**  
**The Members**  
**Zenlabs Ethica Limited**  
**CIN: L74900CH1993PLC033112**  
**Plot No. 194-195, 3<sup>rd</sup> 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, 2022, 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, 2022 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, 2018 **(Not Applicable to the Company during the Audit Period);**
  - d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not Applicable to the Company during the Audit Period);**
  - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **Not Applicable as the Company has not delisted/ proposed to delist its equity shares from any Stock Exchange during the financial year under review;**
  - 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 (Buy back of Securities) Regulations, 2018 **(Not Applicable to the Company during the Audit Period);**
- h. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 **(Not Applicable to the Company during the Audit Period).**

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

- i. Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS- 2) issued by The Institute of Company Secretaries of India;
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 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**

**Date: 02/09/2022  
Place: Mohali**

**Jaspreet Singh Dhawan  
FCS 9372  
CP. No: 8545  
UDIN- F009372D000893992**

*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 Secretarial Audit Report**

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

**Secretarial Audit Report of even date is to be read along with this letter.**

1. Maintenance of secretarial records is the responsibility of the management. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions or corporate and other applicable laws, rules, regulations, standards, is the responsibility of management. Our examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Jaspreet Dhawan & Associates  
Company Secretaries**

**Date: 02/09/2022  
Place: Mohali**

**Jaspreet Singh Dhawan  
FCS 9372  
CP. No: 8545  
UDIN- F009372D000893992**

**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 31/03/2022: Rs. 87,00,000.

Remuneration given to directors:

| <b>S. No.</b> | <b>Name of Director</b> | <b>Remuneration as on 01/04/2021</b> | <b>Remuneration as on 31/03/2022</b> | <b>% Change</b> |
|---------------|-------------------------|--------------------------------------|--------------------------------------|-----------------|
| <b>1</b>      | Sanjeev Kumar           | 49,80,000                            | 49,80,000                            | -               |
| <b>2</b>      | Sanjay Dhir             | 37,20,000                            | 37,20,000                            | -               |

- b) % increase in remuneration of each Director, KMP and of % increase in median remuneration of employees  
% increase in remuneration of CMD: Nil  
% increase in remuneration of KMP: Nil  
% increase in remuneration of median: Nil
- c) Number of permanent employees on the rolls of the company as on 31<sup>st</sup> March, 2022 is 62 (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 2021-22 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: 05<sup>th</sup> September,2022  
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   | <b>N.A.</b> |
| (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:**

(In Lakhs)

| <b>Name(s) of the related party</b>    | <b>Nature of contracts/ arrangement/ transactions</b> | <b>Duration of the contracts/ arrangements / transactions</b> | <b>Salient terms of the contracts or arrangements or transactions including the value, if any</b> | <b>Date(s) of approval by the Board, if any</b> | <b>Amount paid as advances, if any:</b> |
|--|---|---|---|---|---|
| <b>Preet Remedies Ltd.</b>             | Purchase of Traded Goods                              | Ongoing   | Rs. 3,285.02  | 30-05-2016                                      | Nil                                     |
| <b>Quixotic Healthcare Unit-I</b>      | Purchase of Traded Goods                              | Ongoing   | Rs. (6.98)  | 30-05-2016                                      | Nil                                     |
| <b>Alpha Products</b>                  | Purchase of Traded Goods                              | Ongoing   | Rs. 2.81  | 30-05-2016                                      | Nil                                     |
| <b>Ultrachiron Healthcare Pvt. Ltd</b> | Purchase of Traded Goods                              | Ongoing   | Rs. 179.95  | 30-05-2016                                      | Nil                                     |
| <b>Quixotic Pharma Pvt Ltd.</b>        | Purchase of Traded Goods                              | Ongoing   | Rs. 1,982.79  | 30-05-2016                                      | Nil                                     |
| <b>Quixotic Pharma Pvt Ltd.</b>        | Sale of Traded Goods                                  | Ongoing   | Rs. 35.61   | 30-05-2016                                      | Nil                                     |

|                      |           |          |        |            |     |
|----------------------|-----------|----------|--------|------------|-----|
| <b>Sanjeev Kumar</b> | Rent Paid | 12 month | Rs. 24 | 26-05-2021 | Nil |
| <b>Sanjay Dhir</b>   | Rent Paid | 12 month | Rs.27  | 26-05-2021 | Nil |
| <b>Himjyoti</b>      | Rent Paid | 12 month | Rs.24  | 26-05-2021 | Nil |

**On behalf of the Board  
For Zenlabs Ethica Limited**

**Date: 05<sup>th</sup> September,2022  
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. 2021-22 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. 6,908.78 Lakhs/-. However, the company reported profit of Rs. 82.25 Lakhs/- net profit after tax as against previous year profit of Rs. 76.74 Lakhs/-

**(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 endeavours 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 62 employees in the company.

(i) **Key Financial Ratios**

| Ratio/Measure   | Methodology  | As at 31 <sup>st</sup> March, | As at 31 <sup>st</sup> March, | % Variance     |
|---|--|-------------------------------|-------------------------------|----------------|
| <b>Current Ratio (times)</b>                                  | Current assets/ Current liabilities  | 1.28                          | 1.28                          | <b>-0.15%</b>  |
| <b>Debt – Equity Ratio (%)<sup>Note 1</sup></b>               | (Non current borrowings + Current borrowings + Non current Lease liabilities + Current lease)/ | 41.64%                        | 30.34%                        | <b>37.22%</b>  |
| <b>Debt Service Coverage Ratio (Times)</b>                    | EBITDA/ (Interest expense +Borrowings)   | 2.01                          | 2.40                          | <b>-16.59%</b> |
| <b>Return on Equity (ROE) (%)</b>                             | Net Profit after tax/ Average Shareholder’s Equity   | 9.17%                         | 9.61%                         | <b>-4.56%</b>  |
| <b>Inventory turnover ratio (Times)</b>                       | Revenue from operation/ Average Inventory  | 9.98                          | 11.57                         | <b>-13.72%</b> |
| <b>Trade receivables turnover ratio</b>                       | Revenue from operation/ Average Trade Receivable   | 3.49                          | 2.75                          | <b>26.59%</b>  |
| <b>Trade payables turnover ratio (Times)<sup>Note 3</sup></b> | Purchases of services and other expenses/ Average Trade Payables                               | 3.10                          | 2.41                          | <b>28.72%</b>  |
| <b>Net capital turnover ratio (Times)</b>                     | Revenue from operation/ Average Working Capital  | 10.36                         | 9.46                          | <b>9.52%</b>   |
| <b>Net profit ratio (%)</b>                                   | Net Profit/ Revenue from operation   | 1.19%                         | 1.35%                         | <b>-12.13%</b> |
| <b>Return on Capital employed (%)<sup>Note 4</sup></b>        | Earning before interest and taxes/ Capital Employed  | 18.13%                        | 14.33%                        | <b>26.51%</b>  |

**Explanation for change in the ratio by more than 25%**

- 1 Due to increase in current borrowings.
- 2 Working capital deployment has increased in trade receivables.
- 3 Working capital deployment is compensated by increase in trade payables.
- 4 Better operational performance.

**On behalf of the Board  
For Zenlabs Ethica Limited**

**Date: 05<sup>th</sup> September,2022  
Place: Chandigarh**

**Sd/-  
Sanjeev Kumar  
Managing Director  
DIN: 01154896**

**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, 2022:

- A. We have reviewed financial statements and the cash flow statement for the year March 31, 2022 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: 5<sup>th</sup> September, 2022  
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: 5<sup>th</sup> September, 2022  
Place: Chandigarh**

**Sd/-  
Sanjeev Kumar  
Managing Director  
DIN: 01154896**

## INDEPENDENT AUDITOR'S REPORT

### To the members of Zenlabs Ethica Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Zenlabs Ethica Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, its profit including other comprehensive income, its cash flow and changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of Matter

Attention is invited to note 53 to the financial statements which states that "The Company has considered the possible impact of pandemic relating to Novel Corona Virus (COVID-19) on its financial results/position using the internal and external sources of information available up to the date of approval of these financial results and expects to recover the carrying value of its assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial results, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results."

Attention is invited to note 46 to the financial statements which states that "The balances of trade receivable, trade payable, advances given, and other financial and non-financial assets and liabilities are received in most of the cases. In few cases, such balances are subject to confirmation/reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact."

Our opinion is not qualified in respect of the matters as stated in the Emphasis of Matters section.

#### Key Audit Matters

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

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

| <b>The Key Audit matter</b>  | <b>How the matter was addressed in our audit</b>  |
|--|---|
| <p><b>Revenue recognition</b><br/>(Refer note 3 (m) and 27 to the financial Statements)<br/>Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion insofar as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.</p> | <p>We applied audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches / deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.</p> |

### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions, if required.

### **Responsibilities of Management for the 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 financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its Directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
2. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- (e) The matter described in the Emphasis of Matters, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- (h) 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 did not have any pending litigations on its financial position as at 31<sup>st</sup> March, 2022;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv.
    - (a) The management has represented that, to the best of it’s knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
    - (b) The management has represented, that, to the best of it’s knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided further under clause (a) and (b) above, contain any material mis-statement.

- v. The Company has not declared or paid dividend during the financial year 2021-22, hence, reporting under Rule 11 (f) of Companies (Audit and Auditors) Rules, 2014 is not applicable.

*for* **N Kumar Chhabra and Co.**  
Chartered Accountants  
ICAI Firm Registration Number 00837N

**CA. Ashish Chhabra**  
*FCA, Partner*  
Membership Number 507083  
**UDIN:** 22507083AISJRK2992

**Place of Signature:** Chandigarh  
**Date:** 10<sup>th</sup> May, 2022

### **Annexure A to the Independent Auditors' Report**

**Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Zenlabs Ethica Limited ('the Company') on the financial statements for the year ended 31<sup>st</sup> March, 2022. We report that:**

- (i) (a) (A) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
(B) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company doesn't own any Intangible assets, hence, reporting under clause 3 (i)(a)(B) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has physically verified all its property, plant and equipment. In our opinion, the frequency of verification is reasonable considering the size of the Company and nature of its property, plant and equipment. 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 and on the basis of our examination of the records of the Company, the Company doesn't own any immovable property, hence, reporting under clause 3 (i)(c) of the Order is not applicable.
- (d) The Company has not revalued its property, plant and equipment (including Right of use assets) during the year ended 31<sup>st</sup> March, 2022.
- (e) According to the information and explanation given to us and the records of the Company examined by us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.  
(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limit in excess of Rs. 5 crores on the basis of security of current assets, in aggregate, at any point of time during the year from banks and financial institutions and hence reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) In respect of Investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties:
  - (a) During the year, the Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year and hence reporting under clause 3(iii)(a) is not applicable to the Company.
  - (b) According to the information and explanations given to us, during the year, the Company has not made any investment and hence reporting under clause 3(iii)(b) of the Order is not applicable to the Company.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has not given any loans or advances in the nature of loans to any party and hence reporting under clause 3(iii)(c) of the Order is not applicable to the Company.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year and hence reporting under clause 3(iii)(d) of the Order is not applicable to the Company.
  - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties and hence reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
  - (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment and hence reporting under clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has not made investments, granted any loans, provided guarantee and security under Section 185 and 186 of the Act, to the extent applicable and hence reporting under clause 3(iv) of the Order is not applicable to the Company.
  - (v) In our opinion and according to the information and explanations given to us, no deposits or amounts which are deemed to be deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 have been accepted by the Company and hence reporting under clause 3(v) of the Order is not applicable to the Company.
  - (vi) According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under Section 148 (1) of the Act for any of the activities of the Company and hence reporting under clause 3(vi) of the Order is not applicable to the Company.
  - (vii)
    - (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income tax, sales tax, custom duty, duty of excise, value added tax, cess and other statutory dues during the year with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
    - (b) According to the information and explanations given to us and on the basis of our examination of the records, there are no statutory dues mentioned in clause vii (a) above which have not been deposited on account of any dispute.
  - (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) and hence reporting under clause 3(viii) of the order is not applicable to the Company.
  - (ix)
    - (a) Based on our audit procedures and on the basis of information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of loans or other borrowings or in the repayment of interest thereon to the lender and hence reporting under clause 3(ix) (a) of the Order is not applicable to the Company.
    - (b) On the basis of information and explanations given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.
    - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not taken any term loan during the year and hence reporting under clause 3(ix)(c) of the Order is not applicable to the

- Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not raised any short-term funds and hence reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
  - (e) Based on our audit procedures and on the basis of information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and hence reporting under clause 3(ix)(e) of the Order is not applicable to the Company.
  - (f) Based on our audit procedures and on the basis of information and explanations given to us, during the year the Company has not raised any funds on the pledge of securities held in its subsidiaries and hence reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
  - (x)
    - (a) The Company has not raised any money by way of Initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable to the Company.
    - (b) The Company has not made any preferential allotment, private placement of shares or fully or partly convertible debentures during the year or in the recent past and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.
  - (xi)
    - (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by the management.
    - (b) During the year, no report under sub section 12 of Section 143 of the Act has been filed in Form ADT-4 as prescribed in rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
    - (c) Based on our audit procedure performed and according to the information and explanations given to us, no whistle blower complaints were received by the Company during the year and hence reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
  - (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
  - (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all the transactions with related parties are in compliance with Section 177 and 188 of the Act and all the details have been disclosed in the financial statements as required by the applicable Accounting Standard. (Refer Note 40 to the financial statements).
  - (xiv)
    - (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has an adequate internal audit system commensurate with the size and nature of its business.
    - (b) We have considered the internal audit reports for the year under audit issued to the Company during the year and till date, in determining nature, timing and extent of our audit procedure.
  - (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions prescribed under Section 192 of the Act with directors or persons connected with them during the year.
  - (xvi)
    - (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable to the Company.
    - (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi)(d) of the

Order is not applicable to the Company.

- (xvii) The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year and hence reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios disclosed in note 51 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not fulfil the criteria as specified under Section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, accordingly there is no requirement for the Company to spend any amount under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The Company doesn't have any subsidiary, accordingly, the reporting under clause (xxi) is not applicable in respect of audit of financial statements of the Company.

*for* **N Kumar Chhabra and Co.**  
Chartered Accountants  
ICAI Firm Registration Number 00837N

**CA. Ashish Chhabra**  
*FCA, Partner*  
Membership Number 507083  
**UDIN:** 22507083AISJRK2992

**Place of Signature:** Chandigarh  
**Date:** 10<sup>th</sup> May, 2022

## **Annexure - B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Zenlabs Ethica Limited** ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2022, 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 ICAI.

*for* **N Kumar Chhabra and Co.**  
Chartered Accountants  
ICAI Firm Registration Number 00837N

**CA. Ashish Chhabra**  
*FCA, Partner*  
Membership Number 507083  
**UDIN:** 22507083AISJRK2992

**Place of Signature:** Chandigarh  
**Date:** 10<sup>th</sup> May, 2022



| Balance Sheet as at 31 <sup>st</sup> March, 2022                                       |                |                                    |                                    |
|--|----------------|------------------------------------|------------------------------------|
| ₹ in Lakhs   |                |                                    |                                    |
| Particulars  | Note           | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
| <b>Assets</b>  |                |                                    |                                    |
| <b>Non-current assets</b>  |                |                                    |                                    |
| Property, plant and equipment  | 4              | 127.71                             | 149.37                             |
| Right of use of assets   | 5              | 225.08                             | 201.95                             |
| Financial assets   |                |                                    |                                    |
| Investments  | 6              | 70.20                              | 70.20                              |
| Other financial assets   | 7              | 3.45                               | 4.56                               |
| Deferred tax assets (net)  | 8              | 23.44                              | 44.68                              |
| <b>Total Non - Current Assets</b>  |                | <b>449.88</b>                      | <b>470.76</b>                      |
| <b>Current assets</b>  |                |                                    |                                    |
| Inventories  | 9              | 865.50                             | 518.49                             |
| Financial assets   |                |                                    |                                    |
| Trade receivables  | 10             | 2,074.47                           | 1,887.96                           |
| Cash and cash equivalents  | 11             | 150.84                             | 157.33                             |
| Bank balances other than above   | 12             | -                                  | 12.64                              |
| Other financial assets   | 13             | 6.78                               | 1.16                               |
| Other current assets   | 14             | 242.44                             | 171.75                             |
| <b>Total Current Assets</b>  |                | <b>3,340.03</b>                    | <b>2,749.33</b>                    |
| <b>Total Assets</b>  |                | <b>3,789.91</b>                    | <b>3,220.09</b>                    |
| <b>Equity and Liabilities</b>  |                |                                    |                                    |
| <b>Equity</b>  |                |                                    |                                    |
| Equity share capital   | 15             | 651.00                             | 651.00                             |
| Other equity   | 16             | 286.46                             | 205.42                             |
| <b>Total Equity</b>  |                | <b>937.46</b>                      | <b>856.42</b>                      |
| <b>Non-current liabilities</b>   |                |                                    |                                    |
| Financial liabilities  |                |                                    |                                    |
| Borrowings   | 17             | 17.02                              | 23.41                              |
| Lease liabilities  | 18             | 191.40                             | 166.16                             |
| Provisions   | 19             | 33.95                              | 28.82                              |
| <b>Total Non - Current Liabilities</b>   |                | <b>242.37</b>                      | <b>218.39</b>                      |
| <b>Current liabilities</b>   |                |                                    |                                    |
| Financial liabilities  |                |                                    |                                    |
| Borrowings   | 20             | 119.30                             | 14.29                              |
| Lease liabilities  | 21             | 62.62                              | 56.02                              |
| Trade payables   |                |                                    |                                    |
| Total outstanding dues of micro enterprises and small enterprises                      | 22             | 1,590.15                           | 1,194.45                           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 22             | 593.25                             | 729.24                             |
| Other financial liabilities  | 23             | 118.12                             | 43.29                              |
| Other current liabilities  | 24             | 113.55                             | 101.06                             |
| Provisions   | 25             | 3.78                               | 3.17                               |
| Current tax liabilities (net)  | 26             | 9.31                               | 3.76                               |
| <b>Total Current Liabilities</b>   |                | <b>2,610.08</b>                    | <b>2,145.28</b>                    |
| <b>Total Liabilities</b>   |                | <b>2,852.45</b>                    | <b>2,363.67</b>                    |
| <b>Total Equity and Liabilities</b>  |                | <b>3,789.91</b>                    | <b>3,220.09</b>                    |
| <b>See accompanying notes forming part of the financial statements</b>                 | <b>1 to 54</b> |                                    |                                    |

This is the balance sheet referred to in our report of even date.

for **N Kumar Chhabra and Co.**  
Chartered Accountants  
ICAI Firm Registration Number 00837N

for and on behalf of the Board of Directors

**CA. Ashish Chhabra**  
FCA, Partner  
Membership Number 507083  
Place : Chandigarh  
Date : 10<sup>th</sup> May, 2022  
UDIN: 22507083AISJRK2992

**Sanjeev Kumar**  
Managing Director cum  
Chief Executive Officer  
DIN 01154896  
Place : Chandigarh  
Date : 10<sup>th</sup> May, 2022

**Sanjay Dhir**  
Whole Time Director cum Chief  
Financial Officer  
DIN 08649906

**Divya Gupta**  
Company Secretary  
Membership Number  
A66127



| Statement of Profit and Loss for the year ended 31 <sup>st</sup> March, 2022 |                |  |  |
|--|----------------|--|--|
| ₹ in Lakhs   |                |  |  |
| Particulars  | Note           | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
| Revenue from operations  | 27             | 6,908.78   | 5,664.02   |
| Other income   | 28             | 8.73   | 12.41  |
| <b>Total Income</b>  |                | <b>6,917.51</b>                                    | <b>5,676.43</b>                                    |
| <b>Expenses</b>  |                |  |  |
| Purchases of stock-in-trade  | 29             | 5,986.41   | 4,730.77   |
| Changes in inventories of stock-in-trade                                     | 30             | (347.01)   | (58.00)  |
| Employee benefits expense  | 31             | 389.68   | 342.01   |
| Finance costs  | 32             | 37.09  | 28.81  |
| Depreciation and amortisation expense  | 33             | 89.11  | 71.42  |
| Other expenses   | 34             | 636.08   | 475.42   |
| <b>Total Expenses</b>  |                | <b>6,791.36</b>                                    | <b>5,590.43</b>                                    |
| <b>Profit before tax</b>   |                | <b>126.15</b>                                      | <b>86.00</b>                                       |
| <b>Tax expense</b>   | 35             |  |  |
| Current tax  |                | 31.51  | 9.26   |
| Short/ (Excess) tax provision for earlier years                              |                | 0.02   | -  |
| Deferred Tax   |                | 12.37  | -  |
| <b>Total tax expenses</b>  |                | <b>43.90</b>                                       | <b>9.26</b>  |
| <b>Profit for the year</b>   |                | <b>82.25</b>                                       | <b>76.74</b>                                       |
| <b>Other comprehensive income</b>  |                |  |  |
| Items that will not be reclassified to profit or Loss                        |                |  |  |
| Remeasurement of post employment benefit obligation                          |                | (1.67)   | 15.31  |
| Income tax relating to these items   |                | 0.46   | -  |
| <b>Total other comprehensive income/ (expense) for the year</b>              |                | <b>(1.21)</b>                                      | <b>15.31</b>                                       |
| <b>Total comprehensive income/ (expense) for the year</b>                    |                | <b>81.04</b>                                       | <b>92.05</b>                                       |
| <b>Earning per equity share (nominal value of shares ₹ 10 each) in ₹</b>     | 36             |  |  |
| Basic  |                | 1.26   | 1.18   |
| Diluted  |                | 1.26   | 1.18   |
| <b>See accompanying notes forming part of the financial statements</b>       | <b>1 to 54</b> |  |  |

This is the statement of profit and loss referred to in our report of even date.

for **N Kumar Chhabra and Co.**

**Chartered Accountants**

ICAI Firm Registration Number 00837N

for and on behalf of the **Board of Directors**

**CA. Ashish Chhabra**

FCA, Partner

**Membership Number** 507083

**Place :** Chandigarh

**Date :** 10<sup>th</sup> May, 2022

**UDIN:** 22507083AISJRK2992

**Sanjeev Kumar**

Managing Director cum

Chief Executive Officer

DIN 01154896

**Place :** Chandigarh

**Date :** 10<sup>th</sup> May, 2022

**Sanjay Dhir**

Whole Time Director cum Chief

Financial Officer

DIN 08649906

**Divya Gupta**

Company Secretary

Membership Number

A66127

| Statement of Cash Flow for the year ended 31 <sup>st</sup> March, 2022          |  |  |
|---|--|--|
| ₹ in Lakhs  |  |  |
| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
| <b>A. Cash flow from operating activities</b>                                   |  |  |
| Profit before tax   | 126.15   | 86.00  |
| Adjustments for   |  |  |
| Depreciation and amortisation expenses  | 89.11  | 71.42  |
| Loss/ (Profit) on property, plant and equipment sold/discarded                  | -  | 1.26   |
| Finance cost  | 37.09  | 28.81  |
| Interest income   | (8.49)   | (9.57)   |
| Operating profit before working changes in working capital                      | 243.86   | 177.92   |
| Adjustments for changes in working capital                                      |  |  |
| (Increase)/Decrease inventories   | (346.77)   | (57.99)  |
| (Increase)/Decrease trade receivable  | (186.51)   | 336.30   |
| Increase/(Decrease) trade payables  | 259.71   | 316.13   |
| Increase/(Decrease) provisions  | 5.74   | -  |
| (Increase)/Decrease other financial and non-financial assets                    | (72.63)  | (1,056.42)   |
| Increase/(Decrease) other financial and non-financial liabilities               | 70.91  | (547.80)   |
| Cash Generated from operations  | (25.69)  | (831.87)   |
| Income tax paid   | (12.02)  | (9.26)   |
| Net gain / loss on foreign currency transactions                                | (0.24)   | -  |
| <b>Net cash flow from/ (used in) operating activities (A)</b>                   | <b>(37.95)</b>                                     | <b>(841.13)</b>                                    |
| <b>B. Cash flow from investing activities</b>                                   |  |  |
| Capital expenditure on property, plant and equipment including capital advances | (2.72)   | (0.16)   |
| Proceeds from sale of property, plant and equipment                             | -  | 6.00   |
| Interest received   | 2.87   | 9.57   |
| <b>Net cash flow from/ (used in) investing activities (B)</b>                   | <b>0.15</b>  | <b>15.41</b>                                       |
| <b>C. Cash flow from financing activities</b>                                   |  |  |
| Proceeds from/ (repayment of) long-term borrowings                              | (14.29)  | (9.08)   |
| Proceeds from/ (repayment of) short-term borrowings                             | 125.55   | -  |
| Payment of lease liabilities  | (74.42)  | (39.55)  |
| Interest paid   | (5.53)   | (3.73)   |
| <b>Net cash generated from financing activities (C)</b>                         | <b>31.31</b>                                       | <b>(52.36)</b>                                     |
| Net increase/ (decrease) in cash and cash equivalents during the year (A+B+C)   | (6.49)   | (878.08)   |
| Add: Cash and cash equivalents as at the beginning of the year                  | 157.33   | 1,035.41   |
| <b>Cash and cash equivalents as at the end of the year (refer Note 11)</b>      | <b>150.84</b>                                      | <b>157.33</b>                                      |
| <b>See accompanying notes forming part of the financial statements</b>          |  |  |

**Notes to the Cash Flow Statement**

1. The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
2. All the figures in brackets indicates cash outflow.
3. Previous year's figures have been regrouped wherever necessary.



Notes to the Cash Flow Statement (Contd.)

4. Cash and cash equivalents included in the Statement of Cash Flows comprise the following

| Particulars  | ₹ in Lakhs                         |                                    |
|--|------------------------------------|------------------------------------|
|  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
| Cash on hand (including imprest)                         | 0.62                               | 0.45                               |
| Balances with banks                                      |                                    |                                    |
| in current accounts                                      | 0.56                               | 8.37                               |
| in deposit accounts with original maturity upto 3 months | 149.66                             | 148.51                             |
| <b>Total</b>   | <b>150.84</b>                      | <b>157.33</b>                      |

This is the cash flow statement referred to in our report of even date.

for **N Kumar Chhabra and Co.**

**Chartered Accountants**

ICAI Firm Registration Number 00837N

for and on behalf of the **Board of Directors**

**CA. Ashish Chhabra**

*FCA, Partner*

**Membership Number** 507083

**Place :** Chandigarh

**Date :** 10<sup>th</sup> May, 2022

**UDIN:** 22507083AISJRK2992

**Sanjeev Kumar**

Managing Director cum

Chief Executive Officer

DIN 01154896

**Place :** Chandigarh

**Date :** 10<sup>th</sup> May, 2022

**Sanjay Dhir**

Whole Time Director cum Chief

Financial Officer

DIN 08649906

**Divya Gupta**

Company Secretary

Membership Number

A66127

| Statement of Change in Equity for the year ended 31 <sup>st</sup> March, 2022 |                  |                 |
|---|------------------|-----------------|
| A. Equity share capital   |                  |                 |
| Particulars   | Number of shares | ₹ in Lakhs      |
| Balance as on 1 <sup>st</sup> April, 2020                                     | 6510015          | 6,510.02        |
| Changes in equity share capital during the year                               | -                | -               |
| Issue of equity shares  | -                | -               |
| <b>Balance at on 31<sup>st</sup> March, 2021</b>                              | <b>6510015</b>   | <b>6,510.02</b> |
| Changes in equity share capital during the year                               | -                | -               |
| Issue of equity shares  | -                | -               |
| <b>Balance at on 31<sup>st</sup> March, 2022</b>                              | <b>6510015</b>   | <b>6,510.02</b> |

| B. Other equity  |                     |  | ₹ in Lakhs    |
|--|---------------------|--|---------------|
| Particulars  | Reserve and Surplus | Accumulated Other Comprehensive Income | Total         |
|  | Retained Earnings   | Actuarial gains/ (losses)              |               |
| Balance as on 1 <sup>st</sup> April, 2020                        | 103.46              | (13.38)                                | 90.08         |
| Changes in accounting policy or prior period errors              | 14.03               | -                                      | 14.03         |
| <b>Restated balance at the beginning of the reporting period</b> | <b>117.49</b>       | <b>(13.38)</b>                         | <b>104.11</b> |
| Profit for the year  | 76.74               | -                                      | 76.74         |
| Remeasurements of net defined benefit plans (Net of taxes)       | -                   | 15.31                                  | 15.31         |
| MAT credit recognised  | 9.26                | -                                      | 9.26          |
| Any other change (to be specified)                               | -                   | -                                      | -             |
| <b>Balance at on 31<sup>st</sup> March, 2021</b>                 | <b>203.49</b>       | <b>1.93</b>                            | <b>205.42</b> |
| Profit for the year  | 82.25               | -                                      | 82.25         |
| Remeasurements of net defined benefit plans (Net of taxes)       | -                   | (1.21)                                 | (1.21)        |
| Any other change (to be specified)                               | -                   | -                                      | -             |
| <b>Balance at on 31<sup>st</sup> March, 2022</b>                 | <b>285.73</b>       | <b>0.72</b>                            | <b>286.46</b> |

This is the statement of changes in equity referred to in our report of even date.

for **N Kumar Chhabra and Co.**  
Chartered Accountants  
ICAI Firm Registration Number 00837N

for and on behalf of the Board of Directors

**CA. Ashish Chhabra**  
FCA, Partner  
Membership Number 507083  
Place : Chandigarh  
Date : 10<sup>th</sup> May, 2022  
UDIN: 22507083AISJRK2992

**Sanjeev Kumar**  
Managing Director cum Chief  
Executive Officer  
DIN 01154896  
Place : Chandigarh  
Date : 10<sup>th</sup> May, 2022

**Sanjay Dhir**  
Whole Time Director cum Chief Financial Officer  
DIN 08649906

**Divya Gupta**  
Company Secretary  
Membership  
Number A66127

**Note 1 Corporate Information**

M/s Zenlabs Ethica Limited (the 'Company') is a public company domiciled and incorporated on 20<sup>th</sup> July 1993 [Corporate Identification Number (CIN) U63023CH1995SGC016299]. The shares of the Company are listed and traded on the BSE Limited in India. The Company deals in marketing and distribution of pharmaceutical products.

The financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company on 10<sup>th</sup> May, 2022.

**Note 2 Basis of Preparation****a) Statement of compliance**

These financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, under Section 133 of the Companies Act, 2013 (the "Act").

**b) Functional and presentation currency**

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be 'Indian Rupees' [INR (₹)]. The financial statements are presented in INR (₹) which is Company's functional and presentational currency.

**c) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items

| Items                                    | Measurement Basis |
|--|-------------------|
| Certain financial assets and liabilities | Fair value        |

**e) Critical accounting estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31<sup>st</sup> March, 2022 is included in the following notes:

Note 3 (f) - measurement of useful lives and residual values to property, plant and equipment;

Note 3 (p) - leases: whether an arrangement contains a lease;

Note 3 (p) - lease classification; and

Note 3 (h) - measurement of useful lives of intangible assets;

Note 3 (j) - measurement of defined benefit plans;

Note 3 (k), and 3 (l) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

**Note 3 Summary of Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**a) Current and non-current classification**

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

**Assets**

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

Ø It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

Ø It is held primarily for the purpose of being traded;

Ø It is expected to be realised within 12 months after the reporting date; or

Ø It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

## Liabilities

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

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

Current liabilities include the current portion of financial liabilities some part of which may be noncurrent. All other liabilities are classified as non-current.

## Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non-current.

## b) Fair value measurement

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

- ☞ In the principal market for the asset or liability, or
- ☞ In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 – Quoted (unadjusted) 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) 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.

### i. Financial assets

#### Initial recognition and measurement

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not valued at fair value through profit or loss, are added to the fair value on initial recognition.

#### Classification and subsequent measurement

#### Classification

For the purpose of subsequent measurement, the Company classifies financial assets in following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL)

A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met

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

A financial asset being equity instrument is measured at FVTPL.

All financial assets not classified are measured at amortised cost are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Subsequent measurement

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the statement of profit and loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the statement of profit and loss.

#### Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in the statement of profit and loss.

#### Impairment

The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, is recognised as an impairment gain or loss in the statement of profit and loss.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## ii. Financial liabilities

#### Initial recognition and measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the liability.

#### Classification and subsequent measurement

Financial liabilities are classified and measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

#### Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

## iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.



**d) Equity share capital**

Proceeds from issuance of ordinary shares are recognised as equity share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

**e) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**f) Property, plant and equipment****Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress includes assets under construction and cost attributable to construction of assets not ready for use before the year end.

**Subsequent expenditure**

Subsequent expenditure are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

**Depreciation methods, estimated useful lives and residual value**

- i. Depreciation on property, plant and equipment has been provided as per guidance set out in Schedule II of the Companies Act, 2013 on straight line basis.
- ii. Depreciation method, useful lives and residual values are reviewed at each reporting period end.

**g) Intangible assets****Recognition and measurement**

Intangible assets are recognised if it is probable that the future economic benefits attributable to the assets will flow to the enterprise and cost of the asset can be measured reliably in accordance with the notified Indian Accounting Standard – 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

**Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**Amortisation**

- i. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired;
- ii. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period;
- iii. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

**h) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**i) Inventories**

The stock-in-trade and promotional items are valued at lower of cost or net realizable value in accordance with Accounting Standard. The stock-in-trade and promotional items costs are based on 'first in first out' method. Cost of inventories include all costs of purchase, cost and other cost incurred in bringing the inventories to their present condition and location.

**j) Employee benefits****i. Short-term obligations**

All employee benefits payable / available within twelve months of rendering the service such as salaries, wages and bonus etc., are classified as short-term employee benefits and are recognised in the statement of profit and loss in the period in which the employee renders the related service.

**ii. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees. The Company makes specified contributions towards the following schemes:

**Employees' provident fund**

The Company has a scheme of state insurance for its employees, registered with the regional state insurance commissioner. The Company's contribution to the state insurance is charged to the statement of profit and loss every year.

**Employees' provident fund**

All directly recruited employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan. Both employee and employer make monthly contribution to the plan at a predetermined rate of employee's basic salary and dearness allowance. These contributions to provident fund are administered by the provident fund commissioner. Employer's Contribution to provident fund is expensed in the statement of profit and loss as and when incurred.

**iii. Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

**Gratuity**

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan) covering all directly recruited eligible employees. In accordance with the payment of Gratuity Act, 1972, the Gratuity plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment.

The calculation of defined benefit obligation is performed annually by a qualified actuary separately for each plan using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit, are recognised immediately in the balance sheet a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

#### k) Provisions

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

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If, the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

#### m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and the revenue can be reliably measured regardless of when the payment is being made. Revenue excludes goods and service tax which are collected by the Company on behalf of the Government and deposited to the credit of respective Governments.

##### Sale of goods

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer. Revenue from sales is based on the price in the sales contracts, net of Goods and Services Tax (GST). When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

##### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### Export Incentives

Export incentives under various schemes notified by the Government are recognised as and when the right to receive is established.

##### Other non-operative income

Other non-operative income is recognised when no significant uncertainty as to its determination or realisation exists.

**Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is received.

**n) Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs (for general and specific borrowings) directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time (qualifying assets) to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**o) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they are related to income taxes levied by the same tax authority.

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income Tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

**p) Lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Company as a lessee****Right of use assets and lease liabilities**

For any new contracts entered into on or after 1<sup>st</sup> April, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. The Company enters into leasing arrangements for various assets. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company obtains substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

**Recognition and initial measurement**

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

**Subsequent measurement**

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in standalone statement of profit and loss on a straight-line basis over the lease term.

**Where the Company is the lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**q) Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

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

**r) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**s) Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Managing Director and Chief Financial Officer of the Company are the chief operating decision makers.

**t) Government subsidy / grants**

Government grant is recognized only when there is a reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

∅ Subsidy related to assets is recognized as deferred income which is recognized in the Standalone Statement of Profit and Loss on systematic basis over the useful life of the assets.

∅ Purchase of assets and receipts of related grants are separately disclosed in Standalone Statement of Cash Flow.

∅ Grants related to income are treated as other operating income in Standalone Statement of Profit and Loss subject to due disclosure about the nature of grant.

#### **u) Foreign currency transactions and translations**

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Standalone Statement of Profit and Loss in the year in which they arise.

v) Policies not specifically mentioned are consistent with generally accepted accounting principles.

#### **w) Recent accounting pronouncements**

Recent pronouncements - Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23<sup>rd</sup> March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below

- ❖ Ind AS 16 – Property, Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after 1<sup>st</sup> April, 2022.
- ❖ Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after 1<sup>st</sup> April, 2022, although early adoption is permitted.
- ❖ Ind AS 103 – Reference to Conceptual Framework – The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103.
- ❖ Ind AS 109 – Annual Improvements to Ind AS (2021) – The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.
- ❖ Ind AS 106 – Annual Improvements to Ind AS (2021) – The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.

The Company has evaluated the above amendments and there is no material impact on its standalone financial statements.

## Note 4 Property, Plant and Equipment

₹ in Lakhs

| Particulars           | Gross Block                          |                           |                      |                                       | Accumulated depreciation             |              |                                    |                         |                                       | Net Block                             |
|-----------------------|--------------------------------------|---------------------------|----------------------|---------------------------------------|--------------------------------------|--------------|------------------------------------|-------------------------|---------------------------------------|---------------------------------------|
|                       | As at<br>1 <sup>st</sup> April, 2021 | Additions/<br>Capitalised | Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2022 | As at<br>1 <sup>st</sup> April, 2021 | For the year | Adjustment to<br>retained earnings | On Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2022 |
| Machinery             | 1.07                                 | -                         | -                    | 1.07                                  | 0.61                                 | 0.07         | -                                  | -                       | 0.68                                  | 0.39                                  |
| Electrical equipments | 21.14                                | -                         | -                    | 21.14                                 | 3.20                                 | 3.64         | -                                  | -                       | 6.84                                  | 14.29                                 |
| Motor vehicles        | 188.73                               | -                         | -                    | 188.73                                | 66.13                                | 17.92        | -                                  | -                       | 84.05                                 | 104.68                                |
| Furniture and fixture | 21.75                                | -                         | -                    | 21.75                                 | 20.63                                | 0.03         | -                                  | -                       | 20.66                                 | 1.09                                  |
| Office equipment      | 16.60                                | 2.72                      | -                    | 19.32                                 | 10.98                                | 2.03         | -                                  | -                       | 13.01                                 | 6.31                                  |
| Computer              | 15.87                                | -                         | -                    | 15.87                                 | 14.24                                | 0.69         | -                                  | -                       | 14.93                                 | 0.94                                  |
| <b>Total</b>          | <b>265.15</b>                        | <b>2.72</b>               | <b>-</b>             | <b>267.87</b>                         | <b>115.79</b>                        | <b>24.38</b> | <b>-</b>                           | <b>-</b>                | <b>140.17</b>                         | <b>127.71</b>                         |

| Particulars           | Gross Block                          |                           |                      |                                       | Accumulated depreciation             |              |                                    |                         |                                       | Net Block                             |
|-----------------------|--------------------------------------|---------------------------|----------------------|---------------------------------------|--------------------------------------|--------------|------------------------------------|-------------------------|---------------------------------------|---------------------------------------|
|                       | As at<br>1 <sup>st</sup> April, 2020 | Additions/<br>Capitalised | Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 | For the year | Adjustment to<br>retained earnings | On Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2021 | As at<br>31 <sup>st</sup> March, 2021 |
| Machinery             | 1.07                                 | -                         | -                    | 1.07                                  | 0.54                                 | 0.09         | (0.02)                             | -                       | 0.61                                  | 0.46                                  |
| Electrical equipments | 1.98                                 | 19.16                     | -                    | 21.14                                 | 1.88                                 | 1.31         | 0.01                               | -                       | 3.20                                  | 17.93                                 |
| Motor vehicles        | 164.11                               | 42.33                     | 17.71                | 188.73                                | 58.76                                | 21.91        | (4.08)                             | 10.45                   | 66.13                                 | 122.60                                |
| Furniture and fixture | 21.75                                | -                         | -                    | 21.75                                 | 19.45                                | 1.55         | (0.37)                             | -                       | 20.63                                 | 1.12                                  |
| Office equipment      | 16.60                                | -                         | -                    | 16.60                                 | 8.96                                 | 1.67         | 0.35                               | -                       | 10.98                                 | 5.62                                  |
| Computer              | 15.87                                | -                         | -                    | 15.87                                 | 13.12                                | 0.82         | 0.30                               | -                       | 14.24                                 | 1.63                                  |
| <b>Total</b>          | <b>221.38</b>                        | <b>61.49</b>              | <b>17.71</b>         | <b>265.15</b>                         | <b>102.71</b>                        | <b>27.35</b> | <b>(3.82)</b>                      | <b>10.45</b>            | <b>115.79</b>                         | <b>149.37</b>                         |

## Note 5 Right of Use of Assets

₹ in Lakhs

| Particulars  | Gross Block                          |                           |                      |                                       | Accumulated depreciation             |              |                         |                                       |                                       | Net Block |
|--------------|--------------------------------------|---------------------------|----------------------|---------------------------------------|--------------------------------------|--------------|-------------------------|---------------------------------------|---------------------------------------|-----------|
|              | As at<br>1 <sup>st</sup> April, 2021 | Additions/<br>Capitalised | Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2022 | As at<br>1 <sup>st</sup> April, 2021 | For the year | On Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2022 |           |
| Building     | 285.24                               | 87.86                     | -                    | 373.10                                | 83.29                                | 64.73        | -                       | 148.02                                | 225.08                                |           |
| <b>Total</b> | <b>285.24</b>                        | <b>87.86</b>              | <b>-</b>             | <b>373.10</b>                         | <b>83.29</b>                         | <b>64.73</b> | <b>-</b>                | <b>148.02</b>                         | <b>225.08</b>                         |           |

| Particulars  | Gross Block                          |                           |                      |                                       | Accumulated depreciation             |              |                         |                                       |                                       | Net Block |
|--------------|--------------------------------------|---------------------------|----------------------|---------------------------------------|--------------------------------------|--------------|-------------------------|---------------------------------------|---------------------------------------|-----------|
|              | As at<br>1 <sup>st</sup> April, 2020 | Additions/<br>Capitalised | Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 | For the year | On Sale/<br>Adjustments | As at<br>31 <sup>st</sup> March, 2021 | As at<br>31 <sup>st</sup> March, 2021 |           |
| Building     | 156.89                               | 128.35                    | -                    | 285.24                                | 39.22                                | 44.07        | -                       | 83.29                                 | 201.95                                |           |
| <b>Total</b> | <b>156.89</b>                        | <b>128.35</b>             | <b>-</b>             | <b>285.24</b>                         | <b>39.22</b>                         | <b>44.07</b> | <b>-</b>                | <b>83.29</b>                          | <b>201.95</b>                         |           |

## Note 6 Non-current Financial Assets - Investment

₹ in Lakhs

| Particulars                      | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|----------------------------------|------------------------------------|------------------------------------|
| <b>Investment in equity</b>      |                                    |                                    |
| Investment in Equity Instruments | 70.20                              | 70.20                              |
| <b>Total</b>                     | <b>70.20</b>                       | <b>70.20</b>                       |

## Note 6A Aggregate Value of Investments

₹ in Lakhs

| Particulars                             | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|---|------------------------------------|------------------------------------|
| Aggregate value of unquoted investments | 70.20                              | 70.20                              |
| <b>Total</b>                            | <b>70.20</b>                       | <b>70.20</b>                       |

**Note 7 Other Non-current Financial Assets**
**₹ in Lakhs**

| Particulars       | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|-------------------|------------------------------------|------------------------------------|
| Security deposits | 3.45                               | 4.56                               |
| <b>Total</b>      | <b>3.45</b>                        | <b>4.56</b>                        |

**Note 8 Deferred Tax Assets (Net)**
**₹ in Lakhs**

| Particulars  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Deferred tax liability arising on account of   |                                    |                                    |
| Difference between written down value of property, plant and equipment as per the books of accounts and income tax act, 1961 | 4.07                               | 8.13                               |
| Right of use assets and lease liabilities  | 8.05                               | -                                  |
| Unabsorbed depreciation and carry forward losses   | -                                  | 17.49                              |
| Accrued expenses deductible on payment   | 10.50                              | 8.90                               |
| MAT credit   | 0.82                               | 10.16                              |
| <b>Total</b>   | <b>23.44</b>                       | <b>44.68</b>                       |

**Note 9 Inventories**
**₹ in Lakhs**

| Particulars    | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|----------------|------------------------------------|------------------------------------|
| Stock-in-trade | 865.50                             | 518.49                             |
| <b>Total</b>   | <b>865.50</b>                      | <b>518.49</b>                      |

**Note 10 Current Financial Assets - Trade Receivables**
**₹ in Lakhs**

| Particulars                                   | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|---|------------------------------------|------------------------------------|
| Trade receivables considered good - unsecured | 2,074.47                           | 1,887.96                           |
| <b>Total</b>                                  | <b>2,074.47</b>                    | <b>1,887.96</b>                    |

 Ageing for trade receivables as at 31<sup>st</sup> March, 2022 is as follows

| Particulars                                    | Outstanding for following periods from due date of payment |                   |           |           |                   | Total    |
|--|--|-------------------|-----------|-----------|-------------------|----------|
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |          |
| Undisputed Trade Receivables – considered good | 1,923.49   | 1.94              | 17.83     | 58.88     | 72.33             | 2,074.47 |

 Ageing for trade receivables as at 31<sup>st</sup> March, 2021 is as follows

| Particulars                                    | Outstanding for following periods from due date of payment |                   |           |           |                   | Total    |
|--|--|-------------------|-----------|-----------|-------------------|----------|
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |          |
| Undisputed Trade Receivables – considered good | 1,752.54   | 16.40             | 59.34     | 0.41      | 59.27             | 1,887.96 |

**Note 11 Cash and Cash Equivalents**
**₹ in Lakhs**

| Particulars   | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|---|------------------------------------|------------------------------------|
| Cash on hand  | 0.62                               | 0.45                               |
| Bank balances   |                                    |                                    |
| in current accounts   | 0.56                               | 8.37                               |
| in fixed deposit accounts with original maturity upto 3 months<br>(Held as lien marked for overdraft) | 149.66                             | 148.51                             |
| <b>Total</b>  | <b>150.84</b>                      | <b>157.33</b>                      |



For the purpose of statement of cash flows, cash and cash equivalents comprises following

₹ in Lakhs

| Particulars                                    | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Cash and cash equivalents as per balance sheet | 150.84                             | 157.33                             |
| <b>Total</b>                                   | <b>150.84</b>                      | <b>157.33</b>                      |

**Note 12 Bank Balances Other Than Cash and Cash Equivalents**

₹ in Lakhs

| Particulars    | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|----------------|------------------------------------|------------------------------------|
| Bank overdraft | -                                  | 12.64                              |
| <b>Total</b>   | <b>-</b>                           | <b>12.64</b>                       |

**Note 13 Other Current Financial Assets**

₹ in Lakhs

| Particulars      | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|------------------|------------------------------------|------------------------------------|
| Interest accrued | 6.78                               | 1.16                               |
| <b>Total</b>     | <b>6.78</b>                        | <b>1.16</b>                        |

**Note 14 Other Current Assets**

₹ in Lakhs

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Prepaid expenses                    | 3.72          | 0.55          |
| Amount recoverable from             |               |               |
| Employees                           | 0.08          | 1.73          |
| Balance with government authorities | 3.97          | 17.38         |
| Others                              | 234.67        | 152.09        |
| <b>Total</b>                        | <b>242.44</b> | <b>171.75</b> |

**Note 15 Share Capital**

₹ in Lakhs

| Particulars  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| <b>Authorised shares</b>   |                                    |                                    |
| 7000000 (March 31, 2021 - 7000000) equity shares of ₹ 10/- each with voting rights | 700.00                             | 700.00                             |
| <b>Issued, Subscribed and fully paid-up shares</b>                                 |                                    |                                    |
| 6510015 (March 31, 2021 - 6510015) equity shares of ₹ 10/- each with voting rights | 651.00                             | 651.00                             |
| <b>Total</b>   | <b>651.00</b>                      | <b>651.00</b>                      |

**Note 15A Rights, preference and restrictions attached to equity shares**

₹ in Lakhs

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**Note 15B Reconciliation of Number of Shares Outstanding at the Beginning and End of the Year**

| Particulars            | As at 31 <sup>st</sup> March, 2022 |            | As at 31 <sup>st</sup> March, 2021 |            |
|------------------------|------------------------------------|------------|------------------------------------|------------|
|                        | Number                             | ₹ in Lakhs | Number                             | ₹ in Lakhs |
| Opening balance        | 6510015                            | 651.00     | 6510015                            | 651.00     |
| Issued during the year | -                                  | -          | -                                  | -          |
| Closing balance        | 6510015                            | 651.00     | 6510015                            | 651.00     |

**Note 15C The details of shareholders holding more than 5% shares as at March 31, 2022 is set out as below\***

| Particulars            | As at 31 <sup>st</sup> March, 2022 |            | As at 31 <sup>st</sup> March, 2021 |            |
|------------------------|------------------------------------|------------|------------------------------------|------------|
|                        | Number                             | Percentage | Number                             | Percentage |
| Preet Remedies Limited | 2004003                            | 30.78%     | 2004003                            | 30.78%     |
| Sanjeev Kumar          | 678074                             | 10.42%     | 678074                             | 10.42%     |
| Satish Kumar           | 359000                             | 5.51%      | 359000                             | 5.51%      |
| Harpreet Singh         | 677957                             | 10.41%     | 677957                             | 10.41%     |
| Sanjay Dhir            | 678228                             | 10.42%     | 678228                             | 10.42%     |

\* The above information is furnished as per the shareholder's register as at the year end.

**Note 15D Shareholding of Promoters**

| Particulars              | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--------------------------|------------------------------------|------------------------------------|
|                          | Number of shares                   | Number of shares                   |
| Number of shares         |                                    |                                    |
| Sanjeev Kumar            | 857728                             | 678074                             |
| Sanjay Dhir              | 857574                             | 678228                             |
| Harpreet Singh           | -                                  | 677957                             |
| Satish Kumar             | -                                  | 359000                             |
| Preet Remedies Limited   | 2681960                            | 2004003                            |
| Himjyoti                 | 1000                               | 1000                               |
| Daman Singal             | 1000                               | 1000                               |
| Harjinder Kaur           | 1000                               | 1000                               |
| Jasbir Singh             | 1000                               | 1000                               |
| % of total shares        |                                    |                                    |
| Sanjeev Kumar            | 13.18%                             | 10.42%                             |
| Sanjay Dhir              | 13.17%                             | 10.42%                             |
| Harpreet Singh           | -                                  | 10.41%                             |
| Satish Kumar             | -                                  | 5.51%                              |
| Preet Remedies Limited   | 41.20%                             | 30.78%                             |
| Himjyoti                 | 0.02%                              | 0.02%                              |
| Daman Singal             | 0.02%                              | 0.02%                              |
| Harjinder Kaur           | 0.02%                              | 0.02%                              |
| Jasbir Singh             | 0.02%                              | 0.02%                              |
| % Change during the year |                                    |                                    |
| Sanjeev Kumar            | 26.49%                             | -                                  |
| Sanjay Dhir              | 26.44%                             | -                                  |
| Harpreet Singh           | -100.00%                           | -                                  |
| Satish Kumar             | -100.00%                           | -                                  |
| Preet Remedies Limited   | 33.83%                             | -                                  |
| Himjyoti                 | -                                  | -                                  |
| Daman Singal             | -                                  | -                                  |
| Harjinder Kaur           | -                                  | -                                  |
| Jasbir Singh             | -                                  | -                                  |

**Note 16 Other Equity**
**₹ in Lakhs**

| Particulars                            | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Retained earnings                      | 285.73                             | 203.49                             |
| Accumulated other comprehensive income | 0.72                               | 1.93                               |
| <b>Total</b>                           | <b>286.46</b>                      | <b>205.42</b>                      |

**Nature and Purpose of the Reserve**

**Retained Earnings:** Retained earnings are the accumulated profits earned by the Company till date, less dividend paid to the shareholders.

## Note 16 Other Equity (Contd.)

₹ in Lakhs

## Retained earnings

| Particulars                           | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|---------------------------------------|------------------------------------|------------------------------------|
| Balance at the beginning of the year  | 203.49                             | 103.46                             |
| Previous years adjustment             | -                                  | 14.03                              |
| Profit for the year                   | 82.25                              | 76.74                              |
| MAT credit recognised                 | -                                  | 9.26                               |
| <b>Balance at the end of the year</b> | <b>285.73</b>                      | <b>203.49</b>                      |

## Accumulated other comprehensive income

| Particulars  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Balance at the beginning of the year                       | 1.93                               | (13.38)                            |
| Remeasurements of net defined benefit plans (Net of taxes) | (1.21)                             | 15.31                              |
| <b>Balance at the end of the year</b>                      | <b>0.72</b>                        | <b>1.93</b>                        |

## Note 17 Non-current Borrowing

₹

| Particulars       | As at 31 <sup>st</sup> March, 2022 |             | As at 31 <sup>st</sup> March, 2021 |              |
|-------------------|------------------------------------|-------------|------------------------------------|--------------|
|                   | Non current                        | Current     | Non current                        | Current      |
| Secured           |                                    |             |                                    |              |
| Vehicle loan      |                                    |             |                                    |              |
| From banks        |                                    |             |                                    |              |
| HDFC Bank Limited | 17.02                              | 6.39        | 23.41                              | 14.29        |
| <b>Total</b>      | <b>17.02</b>                       | <b>6.39</b> | <b>23.41</b>                       | <b>14.29</b> |

## Secured

## Vehicle loan

## From banks

## HDFC Bank Limited

The loan of ₹ 33,00,000/- is taken during financial year 2020-21 at the rate 7.9% from HDFC Bank Limited against hypothecation of vehicle. The loan is payable in 60 equal instalments of ₹ 0.67/- Lakhs per month including interest. The repayment of principal due within next 12 months is ₹ 6.39 Lakhs (previous year ₹ 5.91 Lakhs).

The loan of ₹ 25,00,000/- is taken during financial year 2018-19 from HDFC Bank Limited against hypothecation of vehicle. The loan is payable in 60 equal instalments of ₹ 0.80 Lakhs per month including interest. The loan has been squared up during the year. The repayment of principal due within next 12 months is ₹ Nil (previous year ₹ 8.38 Lakhs).

## Note 18 Non-current Lease Liabilities

₹ in Lakhs

| Particulars       | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|-------------------|------------------------------------|------------------------------------|
| Lease liabilities | 191.40                             | 166.16                             |
| <b>Total</b>      | <b>191.40</b>                      | <b>166.16</b>                      |

## Note 19 Long-term Provisions

₹

| Particulars                      | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|----------------------------------|------------------------------------|------------------------------------|
| Provisions for employee benefits |                                    |                                    |
| Gratuity                         | 33.95                              | 28.82                              |
| <b>Total</b>                     | <b>33.95</b>                       | <b>28.82</b>                       |

Disclosures as per IND AS 19 in respect of provision made towards various employee benefits are made in note 37 employee benefits expense.

**Note 20 Current Borrowings**
**₹ in Lakhs**

| Particulars                                    | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Secured  |                                    |                                    |
| Loan repayable on demand, from banks           |                                    |                                    |
| Bank overdraft (against fixed deposit receipt) | 112.91                             | -                                  |
| Current maturities of long-term borrowing      | 6.39                               | 14.29                              |
| <b>Total</b>                                   | <b>119.30</b>                      | <b>14.29</b>                       |

**Note 21 Current Lease Liabilities**
**₹ in Lakhs**

| Particulars       | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|-------------------|------------------------------------|------------------------------------|
| Lease liabilities | 62.62                              | 56.02                              |
| <b>Total</b>      | <b>62.62</b>                       | <b>56.02</b>                       |

**Note 22 Trade Payables**
**₹ in Lakhs**

| Particulars  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Total outstanding dues of micro enterprises and small enterprises (Refer note 41)      | 1,590.15                           | 1,194.45                           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 593.25                             | 729.24                             |
| <b>Total</b>   | <b>2,183.40</b>                    | <b>1,923.69</b>                    |

 Ageing for trade payable as at 31<sup>st</sup> March, 2022 is as follows

| Particulars              | Outstanding for following periods from due date of payment |           |           |                   | Total    |
|--------------------------|--|-----------|-----------|-------------------|----------|
|                          | Less than 1 Year   | 1-2 years | 2-3 years | More than 3 years |          |
| Undisputed dues - MSME   | 1,590.15   | -         | -         | -                 | 1,590.15 |
| Undisputed dues - Others | 592.09   | 0.17      | -         | 0.99              | 593.25   |
| Disputed dues - MSME     | -  | -         | -         | -                 | -        |
| Disputed dues - Others   | -  | -         | -         | -                 | -        |

 Ageing for trade payable as at 31<sup>st</sup> March, 2021 is as follows

| Particulars              | Outstanding for following periods from due date of payment |           |           |                   | Total    |
|--------------------------|--|-----------|-----------|-------------------|----------|
|                          | Less than 1 Year   | 1-2 years | 2-3 years | More than 3 years |          |
| Undisputed dues - MSME   | 1,194.45   | -         | -         | -                 | 1,194.45 |
| Undisputed dues - Others | 514.59   | 213.81    | -         | 0.84              | 729.24   |
| Disputed dues - MSME     | -  | -         | -         | -                 | -        |
| Disputed dues - Others   | -  | -         | -         | -                 | -        |

**Note 23 Other Current Financial Liabilities**
**₹ in Lakhs**

| Particulars                            | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Interest accrued but not on borrowings | 0.03                               | -                                  |
| Other payables towards                 |                                    |                                    |
| Services and others                    | 118.09                             | 43.29                              |
| <b>Total</b>                           | <b>118.12</b>                      | <b>43.29</b>                       |

**Note 24 Other Current Liabilities**

₹ in Lakhs

| Particulars            | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|------------------------|------------------------------------|------------------------------------|
| Statutory dues         | 10.80                              | 7.30                               |
| Advance from customers | 102.75                             | 93.76                              |
| <b>Total</b>           | <b>113.55</b>                      | <b>101.06</b>                      |

**Note 25 Short-term Provisions**

₹ in Lakhs

| Particulars                     | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|---------------------------------|------------------------------------|------------------------------------|
| Provision for employee benefits |                                    |                                    |
| Gratuity                        | 3.78                               | 3.17                               |
| <b>Total</b>                    | <b>3.78</b>                        | <b>3.17</b>                        |

Disclosures as per IND AS 19 in respect of provision made towards various employee benefits are made in note 37 employee benefits expense.

**Note 26 Current Tax Liabilities (net)**

₹ in Lakhs

| Particulars   | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|---|------------------------------------|------------------------------------|
| Provision for income tax including interest thereon [Net of advance income tax / TDS] | 9.31                               | 3.76                               |
| <b>Total</b>  | <b>9.31</b>                        | <b>3.76</b>                        |

**Note 27 Revenue from Operations**

₹ in Lakhs

| Particulars            | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|------------------------|--|--|
| Sale of stock-in-trade | 6,908.78   | 5,664.02   |
| <b>Total</b>           | <b>6,908.78</b>                                    | <b>5,664.02</b>                                    |

**Note 28 Other Income**

₹ in Lakhs

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| Interest income from financial assets measured at amortised cost |  |  |
| On fixed deposit with banks                                      | 7.53   | 9.43   |
| On security deposits   | 0.22   | -  |
| Income tax refund Interest on income-tax refund                  | 0.74   | 0.14   |
| Foreign currency transactions and translations (net)             | 0.24   | 1.55   |
| Other income   | -  | 1.29   |
| <b>Total</b>   | <b>8.73</b>  | <b>12.41</b>                                       |

**Note 29 Purchases of Stock-in-trade**

₹ in Lakhs

| Particulars                 | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|-----------------------------|--|--|
| Purchases of stock-in-trade | 5,986.41   | 4,730.77   |
| <b>Total</b>                | <b>5,986.41</b>                                    | <b>4,730.77</b>                                    |

**Note 30 Changes in Inventories of Stock-in-Trade**
**₹ in Lakhs**

| Particulars    | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|----------------|--|--|
| Opening stock  |  |  |
| Stock-in-trade | 518.49   | 460.49   |
| Closing stock  |  |  |
| Stock-in-trade | 865.50   | 518.49   |
| <b>Total</b>   | <b>(347.01)</b>                                    | <b>(58.00)</b>                                     |

**Note 31 Employee Benefits Expense**
**₹ in Lakhs**

| Particulars                   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|-------------------------------|--|--|
| Salary, wages, and bonus      | 381.18   | 332.40   |
| Contribution to welfare funds | 4.49   | 4.27   |
| Staff welfare expenses        | 4.01   | 5.34   |
| <b>Total</b>                  | <b>389.68</b>                                      | <b>342.01</b>                                      |

Disclosures as per IND AS 19 in respect of provision made towards various employee benefits are made in note 37 employee benefits expense.

**Note 32 Finance Costs**
**₹ in Lakhs**

| Particulars            | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|------------------------|--|--|
| Interest expenses on   |  |  |
| Overdraft              | 0.15   | 0.01   |
| Term loan              | 2.53   | 3.45   |
| Lease liability        | 31.00  | 25.03  |
| Others <sup>Note</sup> | 2.82   | -  |
| Other borrowing costs  | 0.59   | 0.32   |
| <b>Total</b>           | <b>37.09</b>                                       | <b>28.81</b>                                       |

**Note:** The above interest includes provision for interest on income-tax for the financial year 2021-22 under section 234B and 234C of Income Tax Act, 1961.

**Note 33 Depreciation and Amortisation Expense**
**₹ in Lakhs**

| Particulars                                   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Depreciation on property, plant and equipment | 24.38  | 27.35  |
| Depreciation on right-of-use-assets           | 64.73  | 44.07  |
| <b>Total</b>                                  | <b>89.11</b>                                       | <b>71.42</b>                                       |

**Note 34 Other Expenses**
**₹ in Lakhs**

| Particulars                    | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--------------------------------|--|--|
| Advertisement Expenses         | 5.65   | 1.73   |
| Auditor Remuneration           | 4.00   | 4.16   |
| Business Promotion Expenses    | 42.54  | 42.03  |
| Freight and forwarding charges | 241.54   | 193.73   |
| Communication expenses         | 1.87   | 2.23   |
| Discount and Commission        | 119.88   | 22.87  |

## Note 34 Other Expenses (Contd.)

₹ in Lakhs

| Particulars                                   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Power and fuel                                | 4.18   | 4.70   |
| Rate, fees and taxes                          | 0.32   | 8.90   |
| Insurance expenses                            | 4.94   | 9.23   |
| Loss on sale of property, plant and equipment | -  | 1.26   |
| Miscellaneous expenses                        | 6.41   | 4.99   |
| Office expenses                               | 5.74   | 10.63  |
| Printing and stationary                       | 2.48   | 2.26   |
| Legal and professional charges                | 17.86  | 12.31  |
| Rent expenses                                 | 27.27  | 27.51  |
| Repair and maintenance expenses               | 10.15  | 9.87   |
| Watch and ward expenses                       | 15.05  | 13.06  |
| Tour and travel expenses                      | 126.20   | 103.95   |
| <b>Total</b>                                  | <b>636.08</b>                                      | <b>475.42</b>                                      |

## Note 34A Auditor's Remuneration

₹ in Lakhs

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Payments to the Auditor (net of taxes, wherever applicable) |  |  |
| Statutory audit fee   | 4.00   | 4.16   |
| <b>Total</b>  | <b>4.00</b>  | <b>4.16</b>  |

## Note 35 Income Tax Expense

₹ in Lakhs

a) Income tax expense recognised in Statement of profit and loss

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Current tax   |  |  |
| In respect of the current year                                | 31.51  | 9.26   |
| In respect of the previous year                               | 0.02   | -  |
| Deferred tax  |  |  |
| Relating to origination and reversal of temporary differences | 12.37  | -  |
| <b>Total</b>  | <b>43.90</b>                                       | <b>9.26</b>  |

b) Income tax on other comprehensive income

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| Arising on income and expenses recognised in other comprehensive income: |  |  |
| Remeasurement of Defined Benefit Obligations                             | 0.46   | -  |
| <b>Total</b>   | <b>0.46</b>  | <b>-</b>   |

**Note 35 Income Tax Expense (Cont.)**
**₹ in Lakhs**

c) The income tax expense for the year can be reconciled to the accounting profit as follows

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| Profit before tax  | 126.15   | 86.00  |
| Income tax expense calculated at 27.82% (2020-21: 27.82%)  | 35.09  | 23.93  |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense: |  |  |
| Others   | 8.81   | (14.67)  |
| <b>Income-tax recognised in profit or loss</b>   | <b>43.90</b>                                       | <b>9.26</b>  |
| Income tax rate  |  |  |
| Basic rate   | 25.00%   | 25.00%   |
| Surcharge - 7% (applied on basic rate)   | 1.75%  | 1.75%  |
| Cess - 4% (applied on basic plus surcharge)  | 1.07%  | 1.07%  |
|  | <b>27.82%</b>                                      | <b>27.82%</b>                                      |

**Note 36 Earnings per share (EPS)**

| Particulars  | Unit       | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--|------------|--|--|
| Profit/ (loss) after tax attributable to equity shareholders         | ₹ in Lakhs | 82.25  | 76.74  |
| Weighted average number of equity shares outstanding during the year | in number  | 6510015  | 6510015  |
| Nominal value per share  | ₹          | 10   | 10   |
| Basic earnings per share   | ₹          | 1.26   | 1.18   |
| Diluted earnings per share   | ₹          | 1.26   | 1.18   |

**Note 37 Employee Benefits Expense**
**₹ in Lakhs**

During the year, the Company has recognized the following amounts in the Profit & Loss Account

**Defined Contribution Plans**

Contribution to defined contribution plan i.e. Employer's contribution to employee state insurance and Employer's contribution to Provident fund for the year is charged to statement profit and loss. These amounts are shown as under:

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Employer's contribution to employee state insurance | 0.64   | 0.69   |
| Employer's contribution to provident fund           | 3.85   | 3.57   |

**Defined Benefit Plans**
**Gratuity (non-funded)**

The Company provides gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The weighted average duration of the defined benefit obligation is 6.66.

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>Change in present value of defined benefit obligation during the year</b> |  |  |
| Present value of obligation as at the beginning of the period                | 31.99  | 40.83  |
| Interest Cost  | 2.28   | 2.55   |
| Current Service Cost   | 2.22   | 3.92   |
| Benefits Paid  | (0.43)   | -  |
| Total Actuarial (Gain)/Loss on obligation                                    | 1.67   | (15.31)  |
| Present value of obligation as at the end of the period                      | 37.73  | 31.99  |



## Note 37 Employee Benefits Expense (Contd.)

₹ in Lakhs

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Current portion   | 3.78   | 3.17   |
| Non-current portion   | 33.95  | 28.82  |
| <b>Change in fair value of plan assets during the year</b>                    |  |  |
| Fair value of plan assets at the beginning of the period                      | -  | -  |
| Expected interest income  | -  | -  |
| Employer contribution   | -  | -  |
| Benefits Paid   | (0.43)   | -  |
| Actuarial (Gain)/Loss for the year on asset                                   | -  | -  |
| Fair value of plan assets at the end of the period                            | (0.43)   | -  |
| <b>Net asset/(liability) recognised in the balance sheet</b>                  |  |  |
| Present value of obligation at the end  | 37.73  | 31.99  |
| Fair value of plan asset  | (0.43)   | -  |
| Unfunded Liability/provision in the balance sheet                             | 38.16  | 31.99  |
| <b>Expenses Recognised in the statement of profit or loss during the year</b> |  |  |
| Service cost  | 2.22   | 3.92   |
| Net interest cost   | 2.28   | 2.55   |
| Total expenses recognised in employee benefit expenses                        | 4.50   | 6.47   |
| <b>Recognised in other comprehensive income for the year</b>                  |  |  |
| Net cumulative unrecognised actuarial (gain)/loss opening                     | -  | -  |
| Actuarial (gain)/loss for the year of PBO                                     | (1.67)   | 15.31  |
| Actuarial (gain)/loss for the year on asset                                   | -  | -  |
| Unrecognised actuarial (gain)/loss at the end of the year                     | (1.67)   | 15.31  |
| <b>Actuarial assumptions</b>  |  |  |
| Discount rate   | 7.15%  | 0.06   |
| Future salary in increase   | 6.00%  | 0.05   |
| Retirement age (years)  | 58 Years   | 58 Years   |
| Mortality rates inclusive of provision for disability                         | 100% of IALM (2012-14)                             | 100% of IALM (2012-14)                             |

## Note

- i) The actuarial valuation of the present valuation of defined benefit obligation were carried out as at 31<sup>st</sup> March, 2022. The present value of defined benefit obligation and the related current service cost, were measured using the projected unit credit method.
- ii) Discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term
- iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

## Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow

- A. Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- B. Investment Risk – If Plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- C. Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- D. Mortality & disability – Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

## Note 38 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust the capital structure, the Company may return capital to shareholders, raise new debt or issue new shares.

The Company monitors capital on the basis of the debt to capital ratio, which is calculated as interest-bearing debts divided by total capital (equity attributable to owners of the parent plus interest-bearing debts).

**Note 38 Capital Management (Contd.)**
**₹ in Lakhs**

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| Non-current borrowings (refer note 17)             | 17.02  | 23.41  |
| Non-current lease liabilities (refer note 18)      | 191.40   | 166.16   |
| Other financial liabilities (refer note 20 and 21) | 181.92   | 70.31  |
| Less: Cash and cash equivalents (refer note 11)    | (150.84)   | (157.33)   |
| <b>Net Debt</b>                                    | <b>239.50</b>                                      | <b>102.55</b>                                      |
| Equity share capital (refer note 15)               | 651.00   | 651.00   |
| Other equity (refer note 16)                       | 286.46   | 205.42   |
| <b>Total Capital</b>                               | <b>937.46</b>                                      | <b>856.42</b>                                      |
| <b>Capital and net debt</b>                        | <b>1,176.96</b>                                    | <b>958.97</b>                                      |
| <b>Gearing ratio</b>                               | <b>0.20</b>  | <b>0.11</b>  |

In order to achieve this overall objective, the Company's capital Management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

**Loan covenants**

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants which include Debt Service Coverage Ratio (DSCR), Fixed Asset Coverage Ratio (FACR) etc. The Company has complied with these covenants throughout the reporting period.

**Note 39 Financial instruments – Fair values and risk management**
**₹ in Lakhs**
**A. Financial instruments – by category and fair values hierarchy**

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| Categories of financial instruments | As at 31 <sup>st</sup> March, 2022 | Fair Value |          |              |
|-------------------------------------|------------------------------------|------------|----------|--------------|
|                                     |                                    | Level 1    | Level 2  | Level 3      |
| <b>Financial assets</b>             |                                    |            |          |              |
| Non-current                         |                                    |            |          |              |
| Investments                         | 70.20                              | -          | -        | 70.20        |
| Others                              | 3.45                               | -          | -        | -            |
| Current                             |                                    |            |          |              |
| Trade receivables                   | 2,074.47                           | -          | -        | -            |
| Cash and bank balances              | 150.84                             | -          | -        | -            |
| Other financial assets              | 6.78                               | -          | -        | -            |
| <b>Total</b>                        | <b>2,305.74</b>                    | <b>-</b>   | <b>-</b> | <b>70.20</b> |
| <b>Financial liabilities</b>        |                                    |            |          |              |
| Non-current                         |                                    |            |          |              |
| Borrowings                          | 17.02                              | -          | -        | -            |
| Lease liabilities                   | 191.40                             | -          | -        | -            |
| Current                             |                                    |            |          |              |
| Borrowings                          | 119.30                             | -          | -        | -            |
| Lease liabilities                   | 62.62                              | -          | -        | -            |
| Trade payables                      | 2,183.40                           | -          | -        | -            |
| Other financial liabilities         | 118.12                             | -          | -        | -            |
| <b>Total</b>                        | <b>2,691.86</b>                    | <b>-</b>   | <b>-</b> | <b>-</b>     |

| Categories of financial instruments | As at 31 <sup>st</sup> March, 2021 | Fair Value |         |              |
|-------------------------------------|------------------------------------|------------|---------|--------------|
|                                     |                                    | Level 1    | Level 2 | Level 3      |
| <b>Financial assets</b>             |                                    |            |         |              |
| Non-current                         |                                    |            |         |              |
| Investments                         | 70.20                              | -          | -       | 70.20        |
| Others                              | 4.56                               | -          | -       | -            |
| Current                             |                                    |            |         |              |
| Trade receivables                   | 1,887.96                           | -          | -       | -            |
| Cash and bank balances              | 169.97                             | -          | -       | -            |
| Other financial assets              | 1.16                               | -          | -       | -            |
| <b>Total</b>                        | <b>2,133.85</b>                    | -          | -       | <b>70.20</b> |
| <b>Financial liabilities</b>        |                                    |            |         |              |
| Non-current                         |                                    |            |         |              |
| Borrowings                          | 23.41                              | -          | -       | -            |
| Lease liabilities                   | 166.16                             | -          | -       | -            |
| Current                             |                                    |            |         |              |
| Borrowings                          | 14.29                              | -          | -       | -            |
| Lease liabilities                   | 56.02                              | -          | -       | -            |
| Trade payables                      | 1,923.69                           | -          | -       | -            |
| Other financial liabilities         | 43.29                              | -          | -       | -            |
| <b>Total</b>                        | <b>2,226.86</b>                    | -          | -       | -            |

## B. Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the country in which customers operate.

At the end of the reporting period, there are no significant concentrations of credit risk. The carrying amount reflected above represents the maximum exposure to credit risk.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**B. Financial Risk Management (Contd.)**

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances other than cash and cash equivalent of ₹ 150.84 Lakhs as at 31<sup>st</sup> March 2022 (Previous Year ₹ 157.33 Lakhs), and anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The table below provides amortized value of (discounted) cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

| ₹ in Lakhs                         |                 |               |                  |               |
|------------------------------------|-----------------|---------------|------------------|---------------|
| Particulars                        | Carrying Amount | On Demand     | Less than 1 year | Above 1 years |
| As at 31 <sup>st</sup> March, 2022 |                 |               |                  |               |
| Interest bearing borrowings        | 277.43          | -             | 69.01            | 208.42        |
| Overdraft bank balances            | 112.91          | 112.91        | -                | -             |
| Trade payable                      | 2,183.40        | -             | 2,183.40         | -             |
| Other financial liabilities        | 118.12          | -             | 118.12           | -             |
| <b>Total</b>                       | <b>2,691.86</b> | <b>112.91</b> | <b>2,370.53</b>  | <b>208.42</b> |
| As at 31 <sup>st</sup> March, 2021 |                 |               |                  |               |
| Interest bearing borrowings        | 259.88          | -             | 70.31            | 189.57        |
| Overdraft bank balances            | 593.25          | 593.25        | -                | -             |
| Trade payable                      | 1,923.69        | -             | 1,923.69         | -             |
| Other financial liabilities        | 43.29           | -             | 43.29            | -             |
| <b>Total</b>                       | <b>2,820.11</b> | <b>593.25</b> | <b>2,037.29</b>  | <b>189.57</b> |

**Market risk**

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a risk management committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing/ mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments (Fixed deposits). The Board provides oversight and reviews the Risk management policy on a quarterly basis.

**a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive interest rate risk management.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

**b) Foreign currency risk management**

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 are as below:

| ₹ in Lakhs        |                                    |                                    |
|-------------------|------------------------------------|------------------------------------|
| Particulars       | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
| Trade receivables | 3.39                               | 3.18                               |
| <b>Total</b>      | <b>3.39</b>                        | <b>3.18</b>                        |

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31<sup>st</sup> March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| Particulars       | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 | As at 31 <sup>st</sup> March, 2021 |
|-------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Trade receivables | 0.03                               | (0.03)                             | 0.03                               | (0.03)                             |

## c) Competition and price risk

The Company faces competition from local competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

## Note 40 Related Party Disclosures

In accordance with the Indian Accounting Standard 24 (Ind AS 24) on related party disclosure, the related party including key management personnel, where control exists or where significant influence exists and with whom transactions have taken place, are mentioned below:

## Details of Related Parties

| Description of relationship  | Names of related parties                        |   |
|--|---|---|
| Key Management Personnel (KMP) and Relatives of the Key Management Personnel with whom the Company has any transaction during the year   | Sanjeev Kumar                                   | Managing Director cum Chief Executive Officer   |
|  | Himjyoti  | Women Director                                  |
|  | Sanjay Dhir                                     | Whole Time Director cum Chief Financial Officer |
|  | Ashok Kumar Gupta                               | Independent Director                            |
|  | Anurag Malhotra                                 | Independent Director                            |
|  | Kuldeep Singh                                   | Director  |
|  | Divya Gupta                                     | Company Secretary (from 10-07-2021)             |
|  | Ginny Uppal                                     | Company Secretary (till 30-06-2021)             |
|  | Saroj Singhal                                   | Wife of director                                |
| Entities over which key management personnel/or Relatives of key management personnel are able to exercise significant influence with which the Company has any transactions during the year | Preet Remedies Limited                          |   |
|  | Quixotic Pharma Private Limited                 |   |
|  | Ultra Chiron Pharmaceuticals Private Limited    |   |
|  | Oasis Pharma and Phytomolecules Private Limited |   |
|  | Quixotic Healthcare Unit I                      |   |

## Note 40 Related Party Disclosures (contd.)

## Detail of related parties transactions

₹ in Lakhs

| Particulars   | Key Management Personnel (KMP)                     |  | Joint Venture                                      |  |
|---------------|--|--|--|--|
|               | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
| Remuneration  |  |  |  |  |
| Sanjeev Kumar | 49.80  | 49.80  | -  | -  |
| Sanjay Dhir   | 37.20  | 37.20  | -  | -  |
| Divya Gupta   | 3.42   | -  | -  | -  |
| Ginny Uppal   | -  | 1.60   | -  | -  |
| Rent Paid     |  |  |  |  |
| Sanjeev Kumar | 24.00  | 19.78  | -  | -  |
| Sanjay Dhir   | 27.00  | -  | -  | -  |
| Himjyoti      | 24.00  | 19.78  | -  | -  |

**Note 40 Related Party Disclosures (contd.)**
**Detail of related parties transactions**
**₹ in Lakhs**

| Particulars                                     | Key Management Personnel (KMP)                     |  | Joint Venture                                      |  |
|---|--|--|--|--|
|   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
| Purchase stock-in-trade                         |  |  |  |  |
| Preet Remedies Limited                          | -  | -  | 3,285.02   | 2,104.36   |
| Quixotic Pharma Private Limited                 | -  | -  | 1,982.79   | 1,598.45   |
| Ultra Chiron Pharmaceuticals Private Limited    | -  | -  | 179.95   | 193.65   |
| Quixotic Healthcare Unit I                      | -  | -  | (6.98)   | 12.97  |
| Alpha Products                                  | -  | -  | 2.81   | -  |
| Oasis Pharma and Phytomolecules Private Limited | -  | -  | -  | 49.58  |
| Sale of stock-in-trade                          |  |  |  |  |
| Quixotic Pharma Private Limited                 | -  | -  | 35.61  | -  |

**Note:** All the transactions with related parties are reported gross of Goods and Service Tax, wherever applicable.

**Balance outstanding at the year end**
**₹ in Lakhs**

| Particulars                                     | Key Management Personnel (KMP)     |                                    | Joint Venture                      |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
| Remuneration payable                            |                                    |                                    |                                    |                                    |
| Sanjeev Kumar                                   | 3.00                               | 3.00                               | -                                  | -                                  |
| Sanjay Dhir                                     | 2.33                               | 2.33                               | -                                  | -                                  |
| Divya Gupta                                     | 0.38                               | -                                  | -                                  | -                                  |
| Ginny Uppal                                     | -                                  | 0.32                               | -                                  | -                                  |
| Rent payable                                    |                                    |                                    |                                    |                                    |
| Sanjay Dhir                                     | 2.70                               | -                                  | -                                  | -                                  |
| Trade payables                                  |                                    |                                    |                                    |                                    |
| Preet Remedies Limited                          | -                                  | -                                  | 1,059.94                           | 699.48                             |
| Quixotic Pharma Private Limited                 | -                                  | -                                  | 482.85                             | 432.00                             |
| Quixotic Healthcare Unit I                      | -                                  | -                                  | -                                  | 329.02                             |
| Ultra Chiron Pharmaceuticals Private Limited    | -                                  | -                                  | 47.36                              | 62.97                              |
| Alpha Products                                  | -                                  | -                                  | -                                  | 9.27                               |
| Amount recoverable                              |                                    |                                    |                                    |                                    |
| Oasis Pharma and Phytomolecules Private Limited | -                                  | -                                  | 72.12                              | 8.97                               |

**Note 41 Disclosures of Micro, Small and Medium Enterprises Development**

₹ in Lakhs

The Company has certain dues to suppliers (trade and capital) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | 1,590.15   | 1,194.45   |
| b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year   | -  | -  |
| c) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year                                   | -  | -  |
| d) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | -  | -  |
| e) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year            | -  | -  |
| f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made   | -  | -  |
| g) Further interest remaining due and payable for earlier years   | -  | -  |

Disclosure of payable to vendors as defined under the MSMED Act is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

**Note 42 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. Managing Director and Chief Financial Officer of the Company are the chief operating decision makers. The Company operates in a solitary business segment i.e. 'pharmaceuticals formulations only', which primarily includes marketing and distribution of pharmaceutical products, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

**Note 43 disclosure as per Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'**

Restatement for the year ended 31<sup>st</sup> March, 2021 and as at 1<sup>st</sup> April, 2020

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31<sup>st</sup> March, 2021 and 1<sup>st</sup> April, 2020 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2021 for the reasons as stated in the notes below. Reconciliation of financial statement line items which are retrospectively restated are as under:

Reconciliation of restated items of Balance Sheet as at 31<sup>st</sup> March 2021 and 1<sup>st</sup> April 2020

₹ in Lakhs

| Particulars                        | Note        | For the year ended 31 <sup>st</sup> March, 2021 |             |               | For the year ended 1 <sup>st</sup> April, 2020 |              |               |
|------------------------------------|-------------|---|-------------|---------------|--|--------------|---------------|
|                                    |             | As previously reported                          | Adjustment  | As restated   | As previously reported                         | Adjustment   | As restated   |
| Property, plant and equipment      | (a)         | 138.79  | 10.58       | 149.37        | 111.93   | 6.74         | 118.67        |
| Right of use of assets             | (b)         | -   | 201.95      | 201.95        | -  | 117.67       | 117.67        |
| Other Non-current financial assets | (c)         | -   | 4.56        | 4.56          | -  | 2.90         | 2.90          |
| Deferred tax assets (net)          | (d)         | 34.52   | 10.16       | 44.68         | 34.53  | 0.90         | 35.43         |
| Cash and cash equivalents          | (e)         | 153.39  | 3.94        | 157.33        | 152.80   | 3.94         | 156.74        |
| Other financial assets             | (c) and (g) | 5.60  | (4.44)      | 1.16          | 4.16   | (2.90)       | 1.26          |
| Other current assets               | (c) and (d) | 389.48  | (217.73)    | 171.75        | 284.53   | (114.75)     | 169.78        |
| <b>Total Assets</b>                |             | <b>721.78</b>                                   | <b>9.02</b> | <b>730.80</b> | <b>587.95</b>                                  | <b>14.50</b> | <b>602.45</b> |
| Other equity                       | (a) and (e) | 190.90  | 14.52       | 205.42        | 89.61  | 14.50        | 104.11        |
| Other current liabilities          | (f)         | 346.79  | (9.26)      | 337.53        | -  | -            | -             |
| Current tax liabilities (net)      | (f) and (g) | -   | 3.76        | 3.76          | -  | -            | -             |
| <b>Total Equity and Liability</b>  |             | <b>537.69</b>                                   | <b>9.02</b> | <b>546.71</b> | <b>89.61</b>                                   | <b>14.50</b> | <b>104.11</b> |

**Note 43 disclosure as per Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (Contd.)**

 Reconciliation of restated items of Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2021

₹ in Lakhs

| Particulars   | Note             | As previously reported | Adjustments | As restated |
|---|------------------|------------------------|-------------|-------------|
| Employee benefits expense                           | (h)              | 335.41                 | 6.60        | 342.01      |
| Finance costs                                       | (i)              | 3.73                   | 25.08       | 28.81       |
| Depreciation and amortisation expense               | (j)              | 27.36                  | 44.07       | 71.43       |
| Other expenses                                      | (h), (i) and (j) | 544.70                 | (69.28)     | 475.42      |
| Profit for the year                                 | (h), (i) and (j) | 83.19                  | 6.47        | 76.72       |
| Remeasurement of post employment benefit obligation | (h)              | 8.84                   | 6.47        | 15.31       |
| Total comprehensive income/ (expense) for the year  | (h), (i) and (j) | 92.03                  | -           | 92.03       |

 There is no impact on Statement of Cash Flows for the year ended 31<sup>st</sup> March, 2021.

**Note**

- (a) Correction of depreciation.
- (b) 'Right of use of assets' have been shifted from 'Other current assets'.
- (c) Security deposits have been shifted from 'Other financial assets' and 'Other current assets' to 'Other Non-current financial assets'.
- (d) MAT credit have been shifted from 'Other current assets' to 'Deferred tax assets (net)'.
- (e) Correction of 'Balance in fixed deposit accounts with original maturity upto 3 months'.
- (f) Current tax have been shifted from 'Other current liabilities' to 'Current tax liabilities (net)'.
- (g) Advance tax have been shifted from 'Other current assets' to 'Current tax liabilities (net)'.
- (h) 'Remeasurement of post employment benefit' obligation has been from 'Employee benefits expense'.
- (i) 'Interest expenses on lease liability' has been shifted from 'Other expenses' to 'Finance Cost'.
- (j) 'Depreciation on right-of-use-assets' has been shifted from 'Other expenses' to 'Depreciation and amortisation expense'.

**Earnings Per Share**

As a result of the above-mentioned adjustments, basic and diluted earnings per share for the financial year 2020-21 changed as below:

| Particulars  | As previously reported | Adjustments due to restatement [refer notes (h), (i) and (j) above] | As restated |
|--|------------------------|---|-------------|
| Basic & Diluted (₹) (from operations including regulatory deferral account balances) | 1.41                   | (0.23)  | 1.18        |

Certain reclassifications have been made to the comparative period's financial statements to enhance comparability with the current year's financial statements.

**Note 44 Disclosures regarding leases as per Ind As 116 'Leases'**
**Assets taken on operating lease**

The Company has leases for office building, warehouses and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.



**Note 44 Disclosures regarding leases as per Ind As 116 'Leases' (Contd)**

The following is the break-up of current and non-current lease liabilities as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021

₹ in Lakhs

| Particulars                   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|-------------------------------|--|--|
| Current lease liabilities     | 62.62  | 56.02  |
| Non-current lease liabilities | 191.40   | 166.16   |
| <b>Total</b>                  | <b>254.02</b>                                      | <b>222.18</b>                                      |

The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021

₹ in Lakhs

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Opening balance   | 222.18   | 121.98   |
| Additions   | 87.86  | 128.35   |
| Payment of lease liabilities and finance cost accrued during the period | (56.02)  | (28.15)  |
| Closing balance   | 254.02   | 222.18   |

The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March 31, 2021 on an undiscounted basis:

₹ in Lakhs

| Particulars          | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|----------------------|--|--|
| Less than one year   | 88.02  | 87.02  |
| One to five years    | 226.73   | 314.76   |
| More than five years | -  | -  |
| <b>Total</b>         | <b>314.75</b>                                      | <b>401.78</b>                                      |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expenses recorded for short-term leases is ₹ 27.00 Lakhs during year ended 31<sup>st</sup> March, 2022 (Previous year ₹ 27.51 Lakhs).

**Note 45 Disclosures on revenue pursuant to Ind AS 115 - Revenue from contracts with customers**

₹ in Lakhs

**Disaggregation revenue information**

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2022 | For the year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| Sale of stock-in-trade   | 6,908.78   | 5,664.02   |
| <b>Total</b>   | <b>6,908.78</b>                                    | <b>5,664.02</b>                                    |
| Revenue from contracts with customers disaggregated based on geography |  |  |
| Home market  | 6,908.78   | 5,576.71   |
| Export   | -  | 87.31  |
| <b>Total</b>   | <b>6,908.78</b>                                    | <b>5,664.02</b>                                    |

**Note 45 Disclosures on revenue pursuant to Ind AS 115 - Revenue from contracts with customers (Contd.)**
**Timing of revenue recognition**
**₹ in Lakhs**

| Particulars            | For the year ended 31 <sup>st</sup> March, 2022 |                    | For the year ended 31 <sup>st</sup> March, 2021 |                    |
|------------------------|---|--------------------|---|--------------------|
|                        | At a point in time                              | Over a period time | At a point in time                              | Over a period time |
| Sale of stock-in-trade | 6,908.78  | -                  | 5,664.02  | -                  |
| <b>Total</b>           | <b>6,908.78</b>                                 | <b>-</b>           | <b>5,664.02</b>                                 | <b>-</b>           |

**Contract balances**
**₹ in Lakhs**

| Particulars  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| Trade receivables (Note 10)                              | 2,074.47                           | 1,887.96                           |
| Contract liabilities - advances from customers (Note 24) | 102.75                             | 93.76                              |

**Significant movement in the contract liabilities balances during the year**
**₹ in Lakhs**

| Particulars  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--|------------------------------------|------------------------------------|
| At the beginning of the reporting period   | 93.76                              | 93.76                              |
| Amount received against contract liability/ performance obligation satisfied in current year | 8.99                               | -                                  |
| At the end of the reporting period   | 102.75                             | 93.76                              |

**Note 46**

The balances of trade receivable, trade payable, advances given and other financial and non-financial assets and liabilities are subject to reconciliation and confirmation from respective parties. The balance of said trade receivable, trade payable, advances given and other financial and non-financial assets and liabilities are taken as shown by the books of accounts. The ultimate outcome of such reconciliation and confirmation cannot presently be determined, therefore, no provision for any liability that may result out of such reconciliation and confirmation has been made in the financial statement, the financial impact of which is unascertainable due to the reasons as above stated.

**Note 47 Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows**
**₹ in Lakhs**

| Particulars   | Non-current borrowings | Current borrowings | Total         |
|---|------------------------|--------------------|---------------|
| As at 1 <sup>st</sup> April, 2020   | 154.47                 | -                  | 154.47        |
| Proceeds from non-current borrowings (including current maturities) (net) | 16.61                  | -                  | 16.61         |
| Recognition of lease liability (including current) (net)                  | 88.80                  | -                  | 88.80         |
| Proceeds of current borrowings (net)                                      | -                      | -                  | -             |
| <b>As at 31<sup>st</sup> March, 2021</b>                                  | <b>259.88</b>          | <b>-</b>           | <b>259.88</b> |
| Repayment of non-current borrowings (including current maturities) (net)  | (14.29)                | -                  | (14.29)       |
| Recognition of lease liability (including current) (net)                  | 19.20                  | -                  | 19.20         |
| Proceeds of current borrowings (net)                                      | -                      | 125.55             | 125.55        |
| <b>As at 31<sup>st</sup> March, 2022</b>                                  | <b>264.79</b>          | <b>125.55</b>      | <b>390.34</b> |

**Note 48 Disclosure as per Ind AS 1 'Presentation of Financial Statements'**

Certain changes/ updates have been made in the policies and notes to accounts for improved disclosures. There is no impact on the financial statements due to these changes, however, the policy numbers have been rearranged in the current year as required.

**Note 49 Disclosure as per Ind AS 36 'Impairment of Assets'**

The Company has reviewed the carrying amount of its tangible and intangible assets (being a cash generating unit) with its future present value of cash flows and there has been no indication of impairment of the carrying amount of the Company's such Assets taking consideration into external and internal sources of information.

**Note 50 Event occurring after reporting date**

No adjusting or significant non-adjusting events have occurred between 31<sup>st</sup> March, 2022 and the date of authorisation of the Company's financial statements.

**Note 51 Financial Ratios**

| Ratio/Measure  | Methodology   | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 | % Variance |
|--|---|------------------------------------|------------------------------------|------------|
| Current Ratio (times)                                      | Current assets/ Current liabilities   | 1.28                               | 1.28                               | -0.15%     |
| Debt – Equity Ratio (%) <sup>Note1</sup>                   | (Non current borrowings + Current borrowings + Non current Lease liabilities + Current lease)/ Total equity | 41.64%                             | 30.34%                             | 37.22%     |
| Debt Service Coverage Ratio (Times) <sup>Note 2</sup>      | EBITDA/ (Interest expense +Borrowings)  | 1.66                               | 2.29                               | -27.49%    |
| Return on Equity (ROE) (%) <sup>Note 3</sup>               | Net Profit after tax/ Average Shareholder's Equity  | 4.89%                              | 1.16%                              | 322.19%    |
| Inventory turnover ratio (Times)                           | Revenue from operation/ Average Inventory   | 9.98                               | 11.57                              | -13.72%    |
| Trade receivables turnover ratio (Times) <sup>Note 4</sup> | Revenue from operation/ Average Trade Receivable  | 3.49                               | 2.75                               | 26.59%     |
| Trade payables turnover ratio (Times) <sup>Note 5</sup>    | Purchases of services and other expenses/ Average Trade Payables  | 3.10                               | 2.41                               | 28.72%     |
| Net capital turnover ratio (Times)                         | Revenue from operation/ Average Working Capital   | 10.36                              | 9.46                               | 9.52%      |
| Net profit ratio (%)                                       | Net Profit/ Revenue from operation  | 1.19%                              | 1.35%                              | -12.13%    |
| Return on Capital employed (%)                             | Earning before interest and taxes/ Capital Employed   | 16.53%                             | 13.73%                             | 20.39%     |

Explanation for change in the ratio by more than 25%

- 1 Due to increase in current borrowings.
- 2 Due to increase in finance cost.
- 3 Reflects better operational performance.
- 4 Reflects better operational performance.
- 5 Input cost has risen during the year.

**Note 52 Additional Regulatory Disclosures as per Schedule III of Companies Act, 2013**

- a) The Company doesn't have any immovable property and investment property.
- b) As per the Company's accounting policy, Property, Plant and Equipment (including Right of Use Assets) and intangible assets are carried at historical cost (less accumulated depreciation & impairment, if any), hence the revaluation related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable.
- c) The Company has not granted Loans or Advances in the nature of loan to any promoters, Directors, KMPs and the related parties (As per Companies Act, 2013) , which are repayable on demand or without specifying any terms or period of repayments.
- d) No proceedings have been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- e) The Company has sanctioned facilities from banks on the basis of security of current assets (against fixed deposit receipt). As such there is no requirement of periodic returns to be filed by the Company with such banks.
- f) The Company has adhered to debt repayment and interest service obligations on time. Wilful defaulter related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable.
- g) There are no transactions with the Companies whose name are struck off under Section 248 of The Companies Act, 2013 or Section 560 of the Companies Act, 1956 during the year ended 31<sup>st</sup> March, 2022.
- h) All applicable cases where registration of charges or satisfaction is required to be filed with Registrar of Companies have been filed. No registration or satisfaction is pending at the year ended 31<sup>st</sup> March, 2022.
- i) The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- j) No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.
- k) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiary
- l) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiary
- m) The Company has not operated in any crypto currency or Virtual Currency transactions.
- n) During the year the Company has not disclosed or surrendered, any income other than the income recognised in the books of accounts in the tax assessments under Income Tax Act, 1961.

**Note 53 Impact of COVID-19**

The Company has considered the possible impact of pandemic relating to Novel Corona Virus (COVID-19) on its financial results/position using the internal and external sources of information available up to the date of approval of these financial results and expects to recover the carrying value of its assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial results, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.

**Note 54**

The figures of the financial statements are represented as ₹ in lakhs upto two decimal places leaving the scope of rounding up variations.

In terms of our report attached

*for* **N Kumar Chhabra and Co.**

**Chartered Accountants**

ICAI Firm Registration Number 00837N

*for* **and on behalf of the Board of Directors**

**CA. Ashish Chhabra**

*FCA, Partner*

**Membership Number** 507083

**Place :** Chandigarh

**Date :** 10<sup>th</sup> May, 2022

**UDIN:** 22507083AISJRK2992

**Sanjeev Kumar**

Managing Director cum

Chief Executive Officer

DIN 01154896

**Place :** Chandigarh

**Date :** 10<sup>th</sup> May, 2022

**Sanjay Dhir**

Whole Time Director

cum Chief Financial

DIN 08649906

**Divya Gupta**

Company Secretary

Membership Number

A66127

**ZENLABS ETHICA LIMITED**

**Regd. Office:** Plot No. 194-195, 3<sup>rd</sup> Floor, Industrial Area, Phase II  
Ram Darbar, Chandigarh-160002  
CIN: L74900CH1993PLC033112  
Tel No.0172-4651105  
Website: [www.zenlabsethica.com](http://www.zenlabsethica.com)  
Email ID: [queries@zenlabsethica.com](mailto:queries@zenlabsethica.com)

**ATTENDANCE SLIP**

(To be presented at the entrance)

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

I/We hereby record my/our presence at the **29<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Friday, the 30<sup>th</sup> September, 2022 at 11:30 A.M. at the registered office of the Company situated at Plot No. 194-195, 3<sup>rd</sup> Floor, Industrial Area, Phase II, Ram Darbar, Chandigarh-160002.

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

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Electronic Voting Particulars: -

| <b>EVSN (Electronic Voting Sequence Number)</b> | <b>Default PAN/Sequence</b> |
|---|-----------------------------|
| <b>220829036</b>                                | <b>USE YOUR PAN</b>         |

**Note:** Please read the instructions printed at note 21 of the Notice of 29<sup>th</sup> Annual General Meeting. The E-Voting period starts on Tuesday, the 27<sup>th</sup> day of September, 2022 (9.00 a.m. IST) and ends on Thursday, the 29<sup>th</sup> day of September, 2022 (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, 3<sup>rd</sup> Floor, Industrial Area, Phase II, Ram Darbar, Chandigarh-160002  
CIN: L74900CH1993PLC033112  
Tel No.0172-4651105  
Website: [www.zenlabsethica.com](http://www.zenlabsethica.com)  
Email ID: [queries@zenlabsethica.com](mailto: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: .....

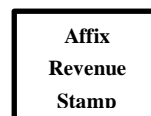
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual  
general meeting of the company, to be held on the Friday, 30<sup>th</sup> September, 2022 at 11:30 A.M at Plot No.  
194-195, 3<sup>rd</sup> Floor, Industrial Area, Phase II, Ram Darbar, Chandigarh-160002 and at any adjournment  
thereof in respect of such resolutions as are indicated below:

| No.                      | Resolutions  |
|--------------------------|--|
| <b>Ordinary Business</b> |  |
| 1                        | To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the Reports of the Board of Directors and the Auditors thereon. |
| 2                        | To appoint a Director in the place of Mr. Sanjay Dhir (DIN: 02452461), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, seeks re-appointment.          |
| <b>Special Business</b>  |  |
| 3                        | To increase in authorized share capital of the company   |

Signed this --- of September, 2022

Signature of Shareholder

Signature of Proxy holder(s)



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

